

Stock Code: 2838

# Union Bank of Taiwan

2016 General Shareholders Meeting

# Procedure Manual

9 a.m., 8 June 2016

No. 187, Jinghua Street, Taipei City (National Chengchi University,  
Center for Public & Business Administration Education, General  
Building, 6F Auditorium)

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# Union Bank of Taiwan

## 2016 General Shareholders Meeting Agenda

Time of Meeting: 9 a.m., 8 June 2016 (Wednesday)

Place of Meeting: No. 187, Jinhua Street, Taipei City (National Chengchi University, Center for Public & Business Administration Education, General Building, 6F Auditorium)

1. Announcement to Commence
2. Chairman Takes Stand
3. Chairman's Words
4. Discussions

Proposed amendment to certain clauses of the Articles of Association of the Bank.

5. Reports

(1) 2015 Business Report

(2) 2015 Audit Committee Audit Report

(3) 2015 Report on Employee and Director Remuneration Distribution Status

(4) Report on Merger between the Bank and Union Bank Insurance.

6. Approvals

(1) Approval of 2015 Business Report and Financial Statements

(2) Approval of 2015 Profit Distribution Proposal

7. Motions

8. Adjournment

## 1. Discussions

Proposal No. 1

**Subject:** The proposed amendment to certain clauses of the Articles of Association of the Bank is submitted for approval.  
(Proposed by Board of Directors)

**Illustration:** The Bank has filed an application to operate the business of physical insurance agent and to add the business of property insurance agent. It is proposed that Article 10 of the company's articles of association be amended to increase the scope of business pursuant to the requirement of the competent authority. Also, in accordance with Articles 235, 235-1 and 240 of the newly amended Company Act, it is proposed to amend certain clauses of the company's articles of association about the manner of distribution of director remuneration and employee remuneration. For a table of comparison showing clauses before and after the amendment, please refer to Attachment 5 (pages 28 to 30 of this manual).

Resolution:

## 2. Reports

### **Proposal No. 1**

**Subject:** The 2015 Business Report is submitted for review.

**Illustration:** Please refer to Attachment 1 Business Report (pages 6 to 8 of this manual).

### **Proposal No. 2**

**Subject:** The 2015 Audit Committee Audit Report is submitted for review.

**Illustration:** Please refer to Attachment 2 Audit Committee Audit Report Report (page 9 of this manual).

### **Proposal No. 3**

**Subject:** The 2015 Report on Employee and Director Remuneration Distribution Status is submitted for review.

**Illustration:** The Bank's 2015 net profit before tax before deduction of distribution of employee and director remuneration is NT\$3,831,360,176. In accordance with the Article of Association of the Bank, it is proposed that NT\$70,497,025 be provided as employee remuneration and NT\$3,448,224 be provided as director remuneration, all to be issued in cash. The above amounts are consistent with the annual provision.

### **Proposal No. 4**

**Subject:** The Report on Merger between the Bank and Union Bank Insurance is submitted for review.

**Illustration:**

1. In cooperation with the competent authority's improvement of the bank insurance channel, to reinforce the protection for consumers' interest, to increase the level of due care as good administrators by banks in the performance of bank insurance business and to effectively consolidate the overall resources between the Bank and Union Bank Insurance (hereinafter "UBI") and upgrade business performance and competitiveness, it has been agreed for the Bank to merge with by absorbing UBI through merger.
2. The merger contract has been approved by all directors attending the Bank's second meeting of the 9<sup>th</sup> term of the board of directors

on 26 August 2015 and the chairman has been authorized to sign documents for this purpose.

3. Since UBI is a 100% subsidiary of the Company, this merger is a merger between a parent and a subsidiary. The merger shall have no impact on the shareholders' interest, nor is there any ratio for share swap, adjustment to share swap ratio or estimated issuance or exchange of new shares.
4. The Bank's application to operate the physical insurance agent business and to add the property insurance agent business has been approved by the Financial Supervisory Commission on 21 March 2016 by letter Jing-Guang-Bao-Zong-Zhi No. 10502022990. Both parties have agreed to a contemplated merger record date of 1 August 2016.

### **3. Approvals**

#### **Proposal No. 1**

**Subject:** The 2015 business report and financial statements are submitted for approval. (Proposed by Board of Directors)

**Illustration:**

1. The 2015 financial statements of the Bank (including consolidated financial statements) have been audited by accountants Huang Rui Chang and Cheng Shu Rang of Deloitte & Touche and have, together with the business report, been approved by the audit committee and the 7<sup>th</sup> meeting of the 9<sup>th</sup> term of the board of directors of the Bank. They are submitted for approval.
2. Please refer to the above-cited documents in Attachment 1 (pages 6 to 8 of this manual) and Attachment 3 (pages 10 to 26 of this manual).

**Resolution:**

#### **Proposal No. 2**

**Subject:** The 2015 Profit Distribution Proposal is submitted for approval. (Proposal by Board of Directors)

**Illustration:**

1. This profit distribution proposal relates to the 2015 distributable profit of NT\$2,154,741,137. It is proposed that the distribution be made as shown in Attachment 4 (page 27 of this manual) in accordance with the articles of association of the Bank.
  - (1) Ordinary share cash dividend (\$0.4 per share) totaling \$1,042,060,971.
  - (2) Undistributed profit: NT\$1,112,680,166.
2. After the profit distribution proposal is approved by the general shareholders meeting, the board of managing directors is authorized to determine the record date for

dividend distribution and to handle cash distribution related matters.

3. In accordance with the regulation of the Ministry of Finance Tai-Cao-Shui No. 871941343 date 30 April 1998, in distributing profit, individual identification should be adopted. The 2015 profit should be distributed in priority in this profit distribution.
4. If the total number of outstanding shares is subsequently changed due to buy-back of the Bank's shares or the transfer, exchange or cancellation of treasury shares or any other event, resulting in the change of dividend distribution ratio, the shareholders meeting should authorize the board of directors to carry out the change.

### **Resolution:**

## **4. Motions**

## **Adjournment**



# 2015 Business Report

## Attachment 1

### 1. Domestic and Overseas Financial Status

The global economic growth in 2015 was less than expected, mainly due to the slow recovery of the advanced countries and decreasing growth of the emerging and developing countries. The slowed economic growth of Mainland China had a particularly significant impact on the global economy. Influenced by the US's announcement for interest rate increase, most Asian currencies have depreciated. The Euro appreciated due to a level of monetary relaxation by the European Central Bank that was less than expected. The global economy and the stock market started high and went low, bringing a negative impact on the overseas business development by domestic banks.

With weak global economic recovery and increased competition among industries in both Taiwan and Mainland China and international brands, both domestic and overseas demand perspectives turned prudent. Coupled with decreasing international oil price and the price of raw materials, decreasing stock markets both domestically and overseas which increased the investment losses for domestic banks, increased cost due to overseas mergers and the disposition of electronic finance, an international trend that is less favorable than expected and the requirement for provisions to answer to a low housing market and the risk in the Chinese market, even with the support from the business growth of domestic banks, the profitability level is only break-even.

Although the 2016 global economy is expected to go on a positive trend, each economy has very different performance. The weakening growth of the Chinese economy drags down the economic performance in our country. It may be difficult to achieve investment return. Enterprise funding requirements have also turned conservative. In addition, the Financial Supervisory Commission opened up several OBU businesses and banking investment in financial technology businesses. This will encourage domestic banks to continue reinforcing the overseas lending market and syndication projects in 2016. Direct acquisitions in the overseas market has also become possible, allowing banks to expand and diversify their operation scope. The overall competitiveness of domestic banks is increasing.

### 2. 2015 Operating Results and Main Business Status

With the joint effort by all employees of the Bank in 2015, good performance has been demonstrated in terms of various operational benchmarks. In terms of profitability, the 2015 net profit after tax is \$3.121 Billion, representing a growth of 0.88% compared to 2014. The earnings per share after tax (EPS) is \$1.20. Total asset rate of return (ROA) is 0.63%. Net value rate of return (ROE) is 9.33%. In terms of asset quality, the overdue lending ratio is 0.05%. Bad debt coverage ratio is

1839.97%. Asset quality is maintained at a good level.

For years, the Bank has continuously developed different businesses with stable growth and under an operational strategy of in-depth local efforts. On 7 January 2016, the long-term and short-term credit of the Bank was rated "twA/twA-1" by Taiwan Ratings Corporation. Each rating perspective remains "stable". Overall, the Bank's operational status, capital, profitability level and asset quality are well acknowledged. Multiple benchmarks are above average among domestic banks.

Below is a summary report on the operational status of the Bank's main businesses in 2015:

(1) Deposits (including foreign currency and OBU)

New Taiwan Dollar and foreign currency deposit balance at the end of 2015 is \$423.367 Billion, representing a growth of 5.71% from \$22.874 Billion at the end of 2014. In terms of deposit structure, current deposit balance is \$179.057 Billion, representing 42.29% of total deposit. Term deposit balance is \$244.310 Billion, representing 57.71% of total deposit.

(2) Lending

At the end of 2015, NT Dollar and foreign currency lending balance is NT\$283.5 Billion, representing an increase of NT\$23.4 Billion compared to the end of 2014 and a growth of 9%. Among this, secured lending is NT\$212.3 Billion, representing 74.89% of total lending. Unsecured lending is NT\$71.2 Billion, representing 25.11% of total lending.

(3) Credit Card

The event "2% Cash Back on Even-Numbered Days" was introduced to concentrate consumption and procure the growth of average amount per transaction. The "gas station, hypermarket, online purchase, 3C physical channel and department store channel" were reinforced to maintain basic credit card transaction amount. Total credit card transaction amount in 2015 is \$65.416 Billion, representing a growth of 16.97% from 2014.

In terms of card issuance strategy, benefits for top-level cards are maintained and discount events are held to recruit good-quality clientele. Emphasis is made on first-year cycle management for new clients. Online and mobile usage is promoted and application procedures are simplified. Cooperation with a second transportation card is reinforced to control the emerging mobile payment market. Mobile credit cards such as OTA and HCE are developed to reinforce market competitiveness and to seek new clients. As of December 2015, the number of outstanding cards is 1,825,288.

#### (4) Fortune Management

The number of fortune management accounts and the total balance of assets under management by the Bank in 2015 grew 15% from 2014. In terms of operating income, business income from specific monetary trust grew 7% compared to last year (including 50% from quasi-discretionary insurance investment project). Insurance business grew 26% compared to same period of last year (including 50% from quasi-discretionary insurance investment project). The Bank will provide clients with more diversified financial products for their choice, expand the spectrum of specific monetary trust and insurance products and increase the overall fortune management income. The full-year operating income from fortune management business is \$937 Million, representing a growth of 18% compared to 2014.

#### (5) Operating Performance

The net interest income in 2015 is \$6.17 Billion. Non-interest net income is \$3.452 Billion. Total net income is \$9.622 Billion, representing an increase of \$772 Million, or a growth of 8.73%, compared to \$8.85 Billion in 2014. After bad debt provision of \$114 Million and deduction of operating cost of \$5.979 Billion, the full-year profit before tax is \$3.757 Billion, representing an increase of \$81.86 Million or a growth of 2.23% compared to 2014.

#### (6) Care for Local Community and Enterprise Responsibility

In 2015, the Bank launched image advertisements during the Chinese New Year period. To continue the Bank's brand spirit of caring for the local community and "saving simple happiness", the theme of the advertisement is the preservation of the mother tongue culture of the indigenous people in Taiwan, hoping that the people will care about and focus on Taiwan. In addition, the Bank is also dedicated to promoting various public interest, artistic and cultural and financial events, including public interest garden parties on Mother's Day in Taipei and Kaohsiung, purchase of carnations and roses from local flower growers, adoption of community parks, purchase of iPASS cards for donation to the Children Are Us Foundation and sponsorship of the LuKai Tribe Stone House Visit. The Bank also sponsored the oil painting art and children's painting competitions organized by the Union Culture and Art Foundation to nurture local artistic talents. In summer, children's finance camps are organized to promote financial knowledge and education. Through the invitation of the Youth Career Development Foundation, the Bank co-hosted the Cross Generation Exchange and Enterprise Visits to

engage in exchanges with the youth. At the end of the year, the Bank sponsored the 2016 Taipei Highest New Year Town, where the 12 traditional animals and kongming lanterns were displayed, creating a brand image of innovation for the Bank.

### **3. 2016 Operational Plan and Development Guidelines by Business**

(1) This year, the Bank will reinforce the expansion of scale of each business.

In terms of operational objectives, the Bank will insist on the spirit of local services, create long-term client relationships and create win-win values.

- i. Deposits: Continuously develop and upgrade functions combining deposits and financial services (launch of iPASS Debit card, ATM No-Card Withdrawal) to increase the stickiness of business dealings between the clients and the Bank. Launch payment forwarding services such as domestic electronic payments and Cash Outbound in order to provide the depositors with a full-service payment tool. Develop different deposit plans tailored for different clienteles (such as “Large Amount Term Deposit Interest Plan”, “Public and Educational Staff Deposit Plan”, “High Interest Current Savings Deposit” and “Interest Plus – Discretionary Payment Interest Plan”) to seek current deposits and new clients.
- ii. Corporate Finance: Adjust the product pricing strategy to increase profitability. Reinforce risk management. Maintain good asset quality. Actively develop industrial and commercial enterprise loans. Undertake self-repayment loans and loans for local manufacturing plants in Taiwan in priority. Reinforce general industrial financing. Increase debt protection through good-quality collaterals and credit endorsement funds. Focus on mid and small size enterprise loans in accordance with government policy. Provide government related project loans in a timely manner.
- iii. Consumer Finance: Promote housing loan credit business in a stable manner. Carefully select clients borrowing for own housing and with track record and repayment capability as main targets. Preference for collaterals with sound secondary markets. For vehicle loans, actively enter into alliance with good quality vehicle dealers for loan project cooperation in order to stabilize channels for used car loans. Develop the value of branch channels. Engage in targeted marketing based on market requirements. Observe market changes continuously and design consumer financing loan proposals targeted at different demographics to seek consistency

with market trend.

- iv. Credit Card: Continue the “2% Cash Back on Even-Numbered Days” event. Execute credit card promotions through seasonal projects or channels. Develop behavior of using United cards as the main transaction cards. Improve credit card market share. Reinforce digitalization of application procedure. Develop credit card mobile payment business. Continuously develop mid and large size and chain store merchants to promote Union Pay cards and installment plans.
- v. Fortune Management: Develop in-depth client relationship. Reinforce development of effective clients. Increase market share. Continuously introduce diversified products (such as: ETF, domestic structured products, overseas bonds, etc.) Increase options of diversified asset placement for clients.

## (2) Channel Development

- i. The Bank currently has 90 business locations inside the country. To develop overseas operational footprint and to expand the operational basis, the Bank has acquired the approval from the Financial Supervisory Commission to set up Hong Kong branches in Hong Kong. This will answer to the market trend of internationalization.
- ii. To provide the clients with more convenient services, the Bank has been actively developing off-bank ATMs over the past years. The objective is to improve the Bank’s brand image and recognition through channel extension. At the end of 2015, the Bank has set up a total of 736 in-bank and off-bank ATMs.
- iii. To answer to the clients’ full-service financing needs and to seek the most appropriate scale for the securities business, the Bank acquired the approval from the Financial Supervisory Commission in 2015 to add 3 new securities branches. Among them, Da Yeh and Sing Chong branches will open in January 2016. Fu Chiang branch is expected to open at the end of April 2016.

## (3) The Bank’s 2016 Estimated Operational Targets

i.

Type of Business	2016 Target
Deposit (including foreign currencies)	Average balance of NT\$459.1 Billion at the end of the year
Lending (excluding credit card)	Average balance of NT\$281.3 Billion at the end of the year

Foreign Exchange	Annual transaction of US\$4.675 Billion
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- ii. Improvement of operating performance related benchmarks:  
Including a level of lending ratio that is equal to or lower than the industry average and maintaining a capital level that is consistent with all capital ratio criteria in 2019 pursuant to BASEL 3 requirements.

With the supervision of all shareholders and the effort of all employees, we hope to achieve all operating targets and create even more outstanding performance to answer to the expectations of the shareholders and the society. We hope that all shareholders will continue to encourage and guide the Bank.

Chairman: Li Sian Chang    Manager: Lin, Jeff    Accounting Head: Yang Ju Chang

# **Union Bank of Taiwan**

## **Audit Committee Audit Report**

The Audit Committee has reviewed the 2015 business report and profit distribution table submitted by the board of directors of the Bank and the balance sheet, consolidated profit and loss statement, change of shareholders' equity, cash flow statement and consolidated financial statements audited by accountants Cheng Shu Rang and Huang Rui Chang of Deloitte and Touche and has found them to be consistent. This report is prepared in accordance with Article 14-4 of the Securities and Transaction Act and Article 219 of the Company Act.

To

Union Bank of Taiwan 2016 General Shareholder Meeting

Union Bank of Taiwan

Chairman of Audit Committee: Li Guo Chang

**16 March 2016**

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Union Bank of Taiwan

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Bank of Taiwan as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks.

March 16, 2016

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*



**UNION BANK OF TAIWAN**  
**BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**  
(In Thousands of New Taiwan Dollars)

	2015		2014	
	Amount	%	Amount	%
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 7,839,492	2	\$ 9,476,656	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Note 7)	63,312,965	13	67,260,453	14
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	8,815,810	2	18,373,136	4
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 9)	22,052,189	4	26,350,581	5
RECEIVABLES, NET (Notes 4, 5, 10 and 12)	15,141,373	3	14,678,252	3
CURRENT TAX ASSETS (Note 4)	316,861	-	326,786	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11, 12 and 40)	280,781,558	56	257,632,121	54
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 5, 13 and 40)	22,911,977	5	13,699,485	3
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4 and 14)	4,191,245	1	521,266	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 15)	2,801,929	1	2,616,318	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 16 and 41)	60,966,251	12	56,639,357	12
PROPERTY AND EQUIPMENT, NET (Notes 4 and 17)	7,712,684	1	7,722,206	2
INTANGIBLE ASSETS (Note 4)				
Goodwill (Notes 5 and 18)	1,985,307	-	1,985,307	-
Computer software	154,527	-	60,891	-
Total intangible assets	2,139,834	-	2,046,198	-
DEFERRED TAX ASSETS (Notes 4 and 38)	1,750,052	-	2,245,936	-
OTHER ASSETS, NET (Notes 4, 19, 40 and 42)	2,192,481	-	1,962,732	-
<b>TOTAL</b>	<b>\$502,926,701</b>	<b>100</b>	<b>\$481,551,483</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Due to the Central Bank and other banks (Note 20)	\$ 3,163,991	1	\$ 6,164,744	1
Financial liabilities at fair value through profit or loss (Notes 4, 5 and 8)	54,271	-	211,084	-
Securities sold under agreements to repurchase (Notes 4 and 21)	26,986,936	5	31,791,276	7
Accounts payable (Notes 22 and 40)	3,991,542	1	5,456,071	1
Current tax liabilities (Note 4)	28,381	-	-	-
Deposits (Notes 23 and 40)	421,834,194	84	396,410,432	82
Bank debentures (Notes 4 and 24)	9,600,000	2	7,400,000	2
Other financial liabilities (Note 25)	20,408	-	18,928	-
Provisions (Notes 4, 12 and 26)	1,026,155	-	942,785	-
Deferred tax liabilities (Notes 4 and 38)	869,197	-	699,730	-
Other liabilities (Notes 28, 40 and 42)	461,462	-	418,311	-
Total liabilities	468,036,537	93	449,513,361	93
<b>EQUITY</b>				
Capital stock				
Common stock	26,051,524	5	24,509,306	5
Capital surplus	32,413	-	33,006	-
Retained earnings				
Legal reserve	3,450,907	1	2,522,768	-
Special reserve	558,842	-	558,842	-
Unappropriated earnings	3,078,201	1	3,045,300	1
Total retained earnings	7,087,950	2	6,126,910	1
Other equity	1,718,277	-	1,368,900	1
Total equity	34,890,164	7	32,038,122	7
<b>TOTAL</b>	<b>\$502,926,701</b>	<b>100</b>	<b>\$481,551,483</b>	<b>100</b>

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

# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014		Percentage Increase (Decrease)
	Amount	%	Amount	%	
NET INTEREST (Notes 4, 30 and 40)					
Interest revenues	\$ 10,129,098	105	\$ 9,548,551	108	6
Interest expenses	<u>3,959,175</u>	<u>41</u>	<u>3,681,523</u>	<u>42</u>	8
Net interest	<u>6,169,923</u>	<u>64</u>	<u>5,867,028</u>	<u>66</u>	5
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net (Notes 4, 31 and 40)	2,087,504	22	1,954,099	22	7
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 32)	420,635	4	469,382	5	(10)
Realized gain from available-for-sale financial assets, net (Notes 4 and 33)	248,489	3	147,797	2	68
Share of profit of associates (Note 4)	169,441	2	153,314	2	11
Foreign exchange gain, net (Note 4)	495,162	5	205,885	2	141
Impairment loss recognized on financial assets, net (Notes 4, 16 and 34)	(104,843)	(1)	-	-	-
Securities brokerage fee revenues, net (Note 40)	64,113	1	67,461	1	(5)
Gain on financial assets measured at cost, net	48,650	-	49,990	1	(3)
Property loss, net	(948)	-	(1,814)	-	(48)
Other noninterest net gains (losses)	<u>23,887</u>	<u>-</u>	<u>(63,627)</u>	<u>(1)</u>	138
TOTAL NET REVENUES	<u>9,622,013</u>	<u>100</u>	<u>8,849,515</u>	<u>100</u>	9
PROVISIONS (Notes 4 and 12)					
Reversal of allowance for doubtful accounts	<u>(113,942)</u>	<u>(1)</u>	<u>(494,806)</u>	<u>(6)</u>	(77)
OPERATING EXPENSES					
Personnel expenses (Notes 4, 27, 35 and 40)	2,815,815	29	2,743,129	31	3
Depreciation and amortization (Notes 4 and 36)	252,477	3	203,904	2	24
Others (Notes 37 and 40)	<u>2,910,248</u>	<u>30</u>	<u>2,721,734</u>	<u>31</u>	7

(Continued)

**UNION BANK OF TAIWAN**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Total operating expenses	<u>5,978,540</u>	<u>62</u>	<u>5,668,767</u>	<u>64</u>	5
INCOME BEFORE INCOME TAX	3,757,415	39	3,675,554	42	2
INCOME TAX EXPENSE (Notes 4 and 38)	<u>636,513</u>	<u>6</u>	<u>581,759</u>	<u>7</u>	9
NET INCOME	<u>3,120,902</u>	<u>33</u>	<u>3,093,795</u>	<u>35</u>	1
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans (Note 27)	(61,045)	(1)	(72,868)	(1)	(16)
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	162	-	(6,336)	-	103
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 38)	<u>10,378</u>	<u>-</u>	<u>12,387</u>	<u>-</u>	(16)
	<u>(50,505)</u>	<u>(1)</u>	<u>(66,817)</u>	<u>(1)</u>	(24)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	80,338	1	560,226	6	(86)
Unrealized gain on available-for-sale financial assets	340,347	4	224,145	3	52
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	37,123	-	(80,921)	(1)	146
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 38)	<u>(108,431)</u>	<u>(1)</u>	<u>(166,428)</u>	<u>(2)</u>	(35)
	<u>349,377</u>	<u>4</u>	<u>537,022</u>	<u>6</u>	(35)
Other comprehensive income for the year, net of income tax	<u>298,872</u>	<u>3</u>	<u>470,205</u>	<u>5</u>	(36)
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,419,774</u>	<u>36</u>	<u>\$ 3,564,000</u>	<u>40</u>	(4)

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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	2015		2014		Percentag e Increase (Decrease)
	Amount	%	Amount	%	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)					
Basic	<u>\$1.20</u>		<u>\$1.19</u>		
Diluted	<u>\$1.19</u>		<u>\$1.19</u>		

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

(Concluded)

**UNION BANK OF TAIWAN**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(In Thousands of New Taiwan Dollars)**

	Capital Stock (Notes 29 and 35) Common Stock		Retained Earnings (Notes 4 and 29)				Other Equity (Notes 4 and 29)		Total	Total Equity
			Share Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Gain (Loss) on Available-for- sale Financial Assets		
BALANCE AT JANUARY 1, 2014	\$ 22,165,251	\$ 34,288	\$ 1,685,037	\$ 914,439	\$ 2,792,439	\$ 5,391,915	\$ 909,507	\$ (77,629)	\$ 831,878	\$ 28,423,332
Appropriation of the 2013 earnings										
Legal reserve	-	-	837,731	-	(837,731)	-	-	-	-	-
Cash dividends on preferred shares	-	-	-	-	(8,962)	(8,962)	-	-	-	(8,962)
Stock dividends on common shares	2,283,021	-	-	-	(2,283,021)	(2,283,021)	-	-	-	-
Reversal of special reserve	-	-	-	(355,597)	355,597	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	3,093,795	3,093,795	-	-	-	3,093,795
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	(66,817)	(66,817)	120,140	416,882	537,022	470,205
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	3,026,978	3,026,978	120,140	416,882	537,022	3,564,000
Share-based payment	61,034	(1,282)	-	-	-	-	-	-	-	59,752
BALANCE AT DECEMBER 31, 2014	24,509,306	33,006	2,522,768	558,842	3,045,300	6,126,910	1,029,647	339,253	1,368,900	32,038,122
Appropriation of the 2014 earnings										
Legal reserve	-	-	928,139	-	(928,139)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	(637,242)	(637,242)	-	-	-	(637,242)
Stock dividends on common shares	1,470,558	-	-	-	(1,470,558)	(1,470,558)	-	-	-	-
Net income for the for the year ended December 31, 2015	-	-	-	-	3,120,902	3,120,902	-	-	-	3,120,902
Other comprehensive income for the year ended December 31, 2015	-	-	-	-	(50,505)	(50,505)	272,581	76,796	349,377	298,872
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	3,070,397	3,070,397	272,581	76,796	349,377	3,419,774
Share-based payment	71,660	(593)	-	-	(1,557)	(1,557)	-	-	-	69,510
BALANCE AT DECEMBER 31, 2015	\$ 26,051,524	\$ 32,413	\$ 3,450,907	\$ 558,842	\$ 3,078,201	\$ 7,087,950	\$ 1,302,228	\$ 416,049	\$ 1,718,277	\$ 34,890,164

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

**UNION BANK OF TAIWAN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(In Thousands of New Taiwan Dollars)**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,757,415	\$ 3,675,554
Adjustments for:		
Depreciation expenses	207,769	170,911
Amortization expenses	44,708	32,993
Reversal of allowance for doubtful accounts	(113,942)	(494,806)
Net gain on disposal of financial assets designated as at fair value through profit or loss	(420,635)	(469,382)
Interest expenses	3,959,175	3,681,523
Interest revenues	(10,129,098)	(9,548,551)
Dividend income	(228,904)	(87,464)
Share of profit of associates	(169,441)	(153,314)
Loss on disposal of properties and equipment	948	1,814
Gain on disposal of investments	(68,234)	(110,320)
Reversal of impairment losses on nonfinancial asset	(15,157)	-
Impairment loss recognized on financial assets	120,000	-
Loss on disposal of distressed debt	-	65,897
Gain on disposal of collaterals	(6,593)	-
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans banks	1,947,488	(386,401)
Decrease (increase) in financial assets at fair value through profit or loss	10,205,190	(6,350,889)
Increase in accounts receivable	(161,484)	(780,117)
Increase in discounts and loans	(23,205,947)	(27,256,804)
Increase in available-for-sale financial assets	(8,803,577)	(4,864,527)
Increase in held-to-maturity financial assets	(3,657,614)	(95,875)
Decrease (increase) in other financial assets	(4,486,698)	1,359,955
Increase (decrease) in due to the Central Bank and other banks	(3,000,753)	1,240,133
Decrease in financial liabilities at fair value through profit or loss	(389,629)	(1,655,522)
Increase (decrease) in securities sold under repurchase agreements	(4,804,340)	7,208,619
Increase (decrease) in accounts payable	(1,522,300)	1,328,884
Increase in deposits	25,423,762	31,290,271
Increase (decrease) in other financial liabilities	1,480	(182,930)
Increase (decrease) in provisions for employee benefits	(1,203)	7,440
Cash used in operations	(15,517,614)	(2,372,908)
Interest received	10,076,814	9,700,672
Dividend received	259,940	119,996
Interest paid	(3,938,059)	(3,662,732)
Income tax paid	(31,386)	(178,635)
Net cash generated from (used in) operating activities	<u>(9,150,305)</u>	<u>3,606,393</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for properties and equipment	(142,922)	(242,469)

(Continued)

**UNION BANK OF TAIWAN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(In Thousands of New Taiwan Dollars)**

	<b>2015</b>	<b>2014</b>
Proceeds of the disposal of properties and equipment	1,080	95
Increase in settlement fund	-	(845)
Decrease in settlement fund	24,443	-
Increase in refundable deposits	(197,691)	(74,762)
Payments for intangible assets	(89,532)	(31,056)
Proceeds of the disposal of collaterals	21,750	-
Decrease (increase) in other assets	(56,501)	37,973
Net cash used in investing activities	<u>(439,373)</u>	<u>(311,064)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of the issue bank debentures	2,200,000	-
Increase (decrease) in guarantee deposits received	(11,866)	6,302
Increase in other liabilities	27,226	55,922
Cash dividends paid	(637,242)	(8,962)
Net cash generated from financing activities	<u>1,578,118</u>	<u>53,262</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>76,004</u>	<u>554,167</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(7,935,556)	3,902,758
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>85,927,237</u>	<u>82,024,479</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
	<u>\$ 77,991,681</u>	<u>\$ 85,927,237</u>

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2015 and 2014:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Cash and cash equivalents in balance sheets	\$ 7,839,492	\$ 9,476,656
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7 "Cash Flow Statements"	48,100,000	50,100,000
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>22,052,189</u>	<u>26,350,581</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 77,991,681</u>	<u>\$ 85,927,237</u>

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

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
Union Bank of Taiwan

We have audited the accompanying consolidated balance sheets of Union Bank of Taiwan (the "Bank") and its subsidiaries (collectively referred to as the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Bank'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 Rules Governing the Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Union Bank of Taiwan and its subsidiaries as of December 31, 2015 and 2014 and their consolidated financial performance and their consolidated cash flows for the years then ended, in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Union Bank of Taiwan, as of and for the years ended December 31, 2015 and 2014, on which we have issued an unqualified report.

March 16, 2016

### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*



**UNION BANK OF TAIWAN AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**  
(In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 8,346,755	2	\$ 9,590,048	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	63,312,965	12	67,260,453	14
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	9,058,815	2	18,614,020	4
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 9)	22,072,191	4	26,371,487	5
RECEIVABLES, NET (Notes 4, 5, 10 and 12)	15,217,776	3	14,781,594	3
CURRENT TAX ASSETS (Note 4)	322,660	-	332,275	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11, 12 and 43)	278,801,052	55	255,787,180	53
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 5, 13 and 43)	23,319,718	5	13,974,008	3
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4 and 14)	4,207,436	1	534,200	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 16 and 17)	53,794	-	54,183	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 17 and 44)	61,133,831	12	56,835,380	12
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	7,723,438	2	7,732,876	2
INVESTMENT PROPERTIES, NET (Notes 4, 19 and 27)	3,703,410	1	3,691,781	1
INTANGIBLE ASSETS (Notes 4, 5 and 20)				
Goodwill	1,985,307	-	1,985,307	-
Computer software	158,933	-	65,692	-
Total intangible assets	<u>2,144,240</u>	-	<u>2,050,999</u>	-
DEFERRED TAX ASSETS (Notes 4 and 41)	1,886,538	-	2,407,704	-
OTHER ASSETS, NET (Notes 4, 21, 43 and 45)	<u>7,184,578</u>	<u>1</u>	<u>6,463,385</u>	<u>1</u>
<b>TOTAL</b>	<b><u>\$ 508,489,197</u></b>	<b><u>100</u></b>	<b><u>\$ 486,481,573</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Due to the Central Bank and other banks (Note 22)	\$ 3,781,976	1	\$ 6,748,799	1
Financial liabilities at fair value through profit or loss (Notes 4, 5 and 8)	54,271	-	211,084	-
Securities sold under agreements to repurchase (Notes 4 and 23)	26,986,936	5	31,791,276	7
Accounts payable (Note 24)	4,061,998	1	5,567,108	1
Current tax liabilities (Note 4)	49,618	-	9,849	-
Deposits (Notes 25 and 43)	421,018,106	83	395,852,404	81
Bank debentures (Note 26)	9,600,000	2	7,400,000	2
Bonds payable (Note 27)	604,397	-	-	-
Other financial liabilities (Note 28)	2,679,438	1	2,517,176	1
Provisions (Notes 4, 29 and 30)	1,044,534	-	959,941	-
Deferred tax liabilities (Notes 4 and 41)	881,731	-	707,731	-
Other liabilities (Notes 31 and 45)	<u>2,575,775</u>	-	<u>2,409,132</u>	-
Total liabilities	<u>473,338,780</u>	<u>93</u>	<u>454,174,500</u>	<u>93</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK</b>				
Capital stock				
Common stock	<u>26,051,524</u>	<u>5</u>	<u>24,509,306</u>	<u>5</u>
Capital surplus	<u>32,413</u>	-	<u>33,006</u>	-
Retained earnings				
Legal reserve	3,450,907	1	2,522,768	-
Special reserve	558,842	-	558,842	-
Unappropriated earnings	<u>3,078,201</u>	<u>1</u>	<u>3,045,300</u>	<u>1</u>
Total retained earnings	<u>7,087,950</u>	<u>2</u>	<u>6,126,910</u>	<u>1</u>
Other equity	<u>1,718,277</u>	-	<u>1,368,900</u>	-
Total equity attributable to owners of the Bank	34,890,164	7	32,038,122	7
NON-CONTROLLING INTERESTS	<u>260,253</u>	-	<u>268,951</u>	-
Total equity	<u>35,150,417</u>	<u>7</u>	<u>32,307,073</u>	<u>7</u>
<b>TOTAL</b>	<b><u>\$ 508,489,197</u></b>	<b><u>100</u></b>	<b><u>\$ 486,481,573</u></b>	<b><u>100</u></b>

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

**UNION BANK OF TAIWAN AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2015		2014		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST (Notes 33 and 43)					
Interest revenues	\$ 10,098,167	86	\$ 9,516,680	87	6
Interest expenses	<u>4,013,743</u>	<u>34</u>	<u>3,730,345</u>	<u>34</u>	8
Net interest	6,084,424	52	5,786,335	53	5
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net (Notes 34 and 43)	2,279,396	19	2,128,262	19	7
Gain on financial assets and liabilities at fair value through profit or loss, net (Note 35)	412,352	4	480,207	4	(14)
Realized gain from available-for-sale financial assets, net (Note 36)	254,628	2	153,874	1	65
Foreign exchange gain, net	491,070	4	199,691	2	146
Reversal of asset impairment, net (Note 37)	(104,843)	(1)	(654)	-	15,931
Share of loss of associates	(389)	-	(6,791)	-	(94)
Gain on financial assets measured at cost, net	52,905	1	54,110	1	(2)
Securities brokerage fee revenues, net (Note 43)	186,851	2	213,943	2	(13)
Rental revenue	2,037,214	17	1,931,836	18	5
Other noninterest net gain (loss)	<u>47,114</u>	<u>-</u>	<u>(5,872)</u>	<u>-</u>	902
TOTAL NET REVENUES	<u>11,740,722</u>	<u>100</u>	<u>10,934,941</u>	<u>100</u>	7
PROVISIONS (Note 12)					
Reversal of allowance for doubtful accounts	<u>(113,942)</u>	<u>(1)</u>	<u>(494,806)</u>	<u>(4)</u>	(77)
OPERATING EXPENSES					
Personnel expenses (Notes 4, 30 and 38)	3,036,000	26	2,971,179	27	2
Depreciation and amortization (Note 39)	1,707,178	14	1,634,372	15	4
Others (Notes 40 and 43)	<u>3,271,222</u>	<u>28</u>	<u>3,086,400</u>	<u>28</u>	6
Total operating expenses	<u>8,014,400</u>	<u>68</u>	<u>7,691,951</u>	<u>70</u>	4

(Continued)

**UNION BANK OF TAIWAN AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	3,840,264	33	3,737,796	34	3
INCOME TAX EXPENSE (Notes 4 and 41)	<u>701,340</u>	<u>6</u>	<u>614,311</u>	<u>5</u>	14
CONSOLIDATED NET INCOME	<u>3,138,924</u>	<u>27</u>	<u>3,123,485</u>	<u>29</u>	-
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans (Note 30)	(60,856)	(1)	(80,546)	(1)	(24)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 41)	10,346	-	13,693	-	(24)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	115,969	1	502,267	5	(77)
Unrealized gain on available-for-sale financial assets	347,896	3	191,330	2	82
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 41)	<u>(114,488)</u>	<u>(1)</u>	<u>(156,575)</u>	<u>(2)</u>	(27)
Other comprehensive income for the year, net of income tax	<u>298,867</u>	<u>2</u>	<u>470,169</u>	<u>4</u>	(36)
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,437,791</u>	<u>29</u>	<u>\$ 3,593,654</u>	<u>33</u>	(4)
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 3,120,902	27	\$ 3,093,795	29	1
Non-controlling interests	<u>18,022</u>	-	<u>29,690</u>	-	(39)
	<u>\$ 3,138,924</u>	<u>27</u>	<u>\$ 3,123,485</u>	<u>29</u>	-

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 3,419,774	29	\$ 3,564,000	33	(4)
Non-controlling interests	<u>18,017</u>	-	<u>29,654</u>	-	(39)
	<u>\$ 3,437,791</u>	<u>29</u>	<u>\$ 3,593,654</u>	<u>33</u>	(4)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 42)					
Basic	<u>\$1.20</u>		<u>\$1.19</u>		
Diluted	<u>\$1.19</u>		<u>\$1.19</u>		

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

**UNION BANK OF TAIWAN AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company								Other Equity (Notes 4 and 32)			Non-controlling Interests	Total Equity	
	Capital Stock (Note 32)			Capital Surplus (Note 32)	Retained Earnings (Notes 4 and 32)				Unrealized Gain (Loss) on Available-for-sale Financial Assets	Exchange Differences on Translating Foreign Operations	Total			
	Common Stock	Preferred Stock	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total						Total
BALANCE AT JANUARY 1, 2014	\$ 22,165,251	\$ -	\$ 22,165,251	\$ 34,288	\$ 1,685,037	\$ 914,439	\$ 2,792,439	\$ 5,391,915	\$ 909,507	\$ (77,629)	\$ 831,878	\$ 28,423,332	\$ 257,042	\$ 28,680,374
Appropriation of the 2013 earnings														
Legal reserve	-	-	-	-	837,731	-	(837,731)	-	-	-	-	-	-	-
Cash dividends on preferred shares	-	-	-	-	-	-	(8,962)	(8,962)	-	-	-	(8,962)	-	(8,962)
Stock dividends on common shares	2,283,021	-	2,283,021	-	-	-	(2,283,021)	(2,283,021)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(355,597)	355,597	-	-	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	-	-	3,093,795	3,093,795	-	-	-	3,093,795	29,690	3,123,485
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	-	-	(66,817)	(66,817)	120,140	416,882	537,022	470,205	(36)	470,169
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	-	3,026,978	3,026,978	120,140	416,882	537,022	3,564,000	29,654	3,593,654
Share-based payment	61,034	-	61,034	(1,282)	-	-	-	-	-	-	-	59,752	-	59,752
Cash dividends on subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(17,745)	(17,745)
BALANCE AT DECEMBER 31, 2014	24,509,306	-	24,509,306	33,006	2,522,768	558,842	3,045,300	6,126,910	1,029,647	339,253	1,368,900	32,038,122	268,951	32,307,073
Appropriation of the 2014 earnings														
Legal reserve	-	-	-	-	928,139	-	(928,139)	-	-	-	-	-	-	-
Cash dividends on preferred shares	-	-	-	-	-	-	(637,242)	(637,242)	-	-	-	(637,242)	-	(637,242)
Stock dividends on common shares	1,470,558	-	1,470,558	-	-	-	(1,470,558)	(1,470,558)	-	-	-	-	-	-
Net income for the for the year ended December 31, 2015	-	-	-	-	-	-	3,120,902	3,120,902	-	-	-	3,120,902	18,022	3,138,924
Other comprehensive income for the year ended December 31, 2015	-	-	-	-	-	-	(50,505)	(50,505)	272,581	76,796	349,377	298,872	(5)	298,867
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	-	3,070,397	3,070,397	272,581	76,796	349,377	3,419,774	18,017	3,437,791
Conversion of preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	(26,715)	(26,715)
Share-based payment	71,660	-	71,660	(593)	-	-	(1,557)	(1,557)	-	-	-	69,510	-	69,510
BALANCE AT DECEMBER 31, 2015	\$ 26,051,524	\$ -	\$ 26,051,524	\$ 32,413	\$ 3,450,907	\$ 558,842	\$ 3,078,201	\$ 7,087,950	\$ 1,302,228	\$ 416,049	\$ 1,718,277	\$ 34,890,164	\$ 260,253	\$ 35,150,417

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

**UNION BANK OF TAIWAN AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**(In Thousands of New Taiwan Dollars)**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,840,264	\$ 3,737,796
Adjustments for:		
Depreciation expenses	1,659,953	1,599,068
Amortization expenses	47,225	35,304
Reversal of allowance for doubtful accounts	(113,942)	(494,806)
Net gain on disposal of financial assets designated as at fair value through profit or loss	(412,352)	(480,207)
Interest expenses	4,013,743	3,730,345
Interest revenues	(10,098,167)	(9,516,680)
Dividend income	(236,354)	(94,819)
Share of loss of associates	389	6,791
Gain on disposal of properties and equipment	(27,504)	(19,553)
Gain on disposal of investments	(72,681)	(112,978)
Impairment loss recognized on financial assets	120,000	654
Loss on sale of distress debt	-	65,897
Reversal of impairment losses on nonfinancial assets	(15,157)	-
Gain on disposal of collaterals	(6,593)	-
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to banks	1,947,488	(386,401)
Decrease (increase) in financial assets at fair value through profit or loss	10,194,787	(6,328,889)
Increase in accounts receivable	(134,478)	(727,754)
Increase in discounts and loans	(23,070,382)	(27,579,651)
Increase in available-for-sale financial assets	(8,929,244)	(4,957,962)
Increase in held-to maturity financial assets	(3,660,871)	(96,593)
Decrease (increase) in other financial assets	(4,453,808)	918,530
Increase (decrease) in due to the Central Bank and other banks	(2,966,823)	1,433,686
Decrease in financial liabilities at fair value through profit or loss	(389,630)	(1,655,522)
Increase (decrease) in securities sold under repurchase agreements	(4,804,340)	7,208,619
Increase (decrease) in accounts payable	(1,563,426)	1,335,606
Increase in deposits	25,165,702	31,767,822

Increase (decrease) in other financial liabilities	1,480	(182,930)
Increase (decrease) in provisions for employee benefits	<u>(271)</u>	<u>129</u>
Cash used in operations	(13,964,992)	(794,498)
Interest received	10,045,816	9,721,290
Dividends received	241,941	97,168
Interest paid	(3,992,082)	(3,706,634)
Income tax paid	<u>(60,933)</u>	<u>(219,951)</u>
Net cash generated from (used in) operating activities	<u>(7,730,250)</u>	<u>5,097,375</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for properties and equipment	(147,896)	(244,023)

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Proceeds of the disposal of properties and equipment	775	1,672
Payments for investment properties	(2,954)	(929,569)
Increase in settlement fund	-	(845)
Decrease in settlement fund	24,443	-
Increase in refundable deposits	(198,979)	(75,616)
Payments for intangible assets	(82,294)	(22,316)
Proceeds of the disposal of collaterals	21,750	-
Increase in other assets	<u>(1,949,914)</u>	<u>(1,375,386)</u>
Net cash used in investing activities	<u>(2,335,069)</u>	<u>(2,646,083)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in commercial paper	160,782	519,120
Proceeds of the issue of bank debentures	604,397	-
Proceeds of bank debentures	2,200,000	-
Increase in guarantee deposits received	104,727	10,381
Increase in other liabilities	34,125	41,000
Dividends paid to non-controlling interests	(26,715)	(17,745)
Cash dividends paid	<u>(637,242)</u>	<u>(8,962)</u>
Net cash generated from financing activities	<u>2,440,074</u>	<u>543,794</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>82,656</u>	<u>502,267</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(7,542,589)	3,497,353
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>86,061,535</u>	<u>82,564,182</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 78,518,946</u>	<u>\$ 86,061,535</u>

(Continued)



# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

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Reconciliation of the cash and cash equivalents reported in the consolidated statements of cash flows with those reported in the consolidated balance sheets as of December 31, 2015 and 2014:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Cash and cash equivalents in the consolidated balance sheets	\$ 8,346,755	\$ 9,590,048
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7 “Cash Flow Statements”	48,100,000	50,100,000
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>22,072,191</u>	<u>26,371,487</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 78,518,946</u>	<u>\$ 86,061,535</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

## Union Bank of Taiwan

## Profit Distribution Table

2015

Unit: NT\$

Item	Amount	
Beginning Undistributed Profit		9,361,328
After-Tax Profit in Current Period		3,120,902,065
Reserved Earnings from Actuated Profit and Loss		(50,505,122)
Debit Reserved Earnings from Capitalization of Employee Bonus		(1,556,647)
Provision of Legal Reserve for Current Year		(923,460,487)
Distributable Profit from Current Period		2,154,741,137
Distribution Ordinary Share Dividend (\$0.4 per share)	(1,042,060,971)	(1,042,060,971)
Ending Undistributed Profit		1,112,680,166

## Notes:

1. In accordance with the regulation of the Ministry of Finance Tai-Cao-Shui No. 871941343 date 30 April 1998, in distributing profit, individual identification should be adopted. The 2015 profit should be distributed in priority in this profit distribution.
2. Cash cash dividend will be distributed in proportion to the shareholding ratio and the minimum calculation unit shall be one dollar. Any fraction of a dollar shall be recorded as other income by the Bank.

Chairman: Li Sian Chang    Manager: Lin, Jeff    Accounting Head: Yang Ju Chang

Table of Comparison Showing Clauses      Attachment 5  
Before and After Amendment to Articles of Association

New Clause	Clause after Amendment	Original Clause	Clause before Amendment	Remarks
Article 10	<p>The Bank's scope of business is <u>H101021 commercial bank business, H601011 Physical insurance agent, H601021 Property insurance agent, and</u> operates the following business:</p> <ol style="list-style-type: none"> <li>1. <u>Commercial bank business.</u></li> <li>2. <u>Physical insurance agent business.</u></li> <li>3. <u>Property insurance agent business.</u></li> <li>4. <u>Other related businesses approved by the competent authority.</u></li> </ol>	Article 10	<p>The Bank operates the following business: H101021 Commercial bank business.</p>	<p>This clause is amended pursuant to the Bank's application to operate physical insurance agency business and to add the business of property insurance agency. The articles of association are amended to add the business scope and pursuant to the requirement of the competent authority and change registration is made in accordance with the Company Act.</p>
Article 38	<p>If the Bank has <u>profit at year-end closing, the board of directors shall, in consideration of the operating performance of the current year, provide employee remuneration and director remuneration in the following manner:</u></p> <p><u>(1) Employee remuneration: Between 1-5% of the profit;</u></p>	Article 38	<p>If the Bank has <u>profit at year-end closing, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated. Then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law</u></p>	<p>In accordance with newly added Article 235-1 of the Company Act, the company should specify in the articles of association provisions</p>

New Clause	Clause after Amendment	Original Clause	Clause before Amendment	Remarks
	<p>if <u>employee remuneration is paid</u> in stock, the beneficiaries may include employees of subsidiaries that meet certain conditions. The board of directors is authorized to determine such conditions.</p> <p>(2) Director Remuneration: <u>No more than 0.1% of the profit.</u></p> <p>The board of directors is authorized to determine the manner of distribution of the <u>employee remuneration and director remuneration under the previous paragraph.</u> However, if the Bank has <u>accumulated losses, provision shall first be made to compensate the losses before employee remuneration and director remuneration are provided based on the ratios under the previous paragraph.</u></p>		<p><u>or as required for business.</u></p> <p><u>The remaining amount, together with the accumulated undistributed profit from the previous year, shall be use to distribute ordinary share dividend. If any amount is remaining, distribution shall be made based on the following ratios:</u></p> <p>(1) <u>At least 10% as employee bonus: If employee remuneration is paid in stock, the beneficiaries may include employees of subsidiaries that meet certain conditions. The board of directors is authorized to determine such conditions.</u></p> <p>(2) <u>0.5% as director remuneration.</u></p> <p>(3) <u>The board of directors shall propose shareholder bonus for general shareholder meeting's resolution.</u></p> <p><u>The dividend and shareholder bonus under the first paragraph shall be distributed in cash or in stock, as determined by the board of directors based on the financial status at the time, future profitability status and capital budget planning of the Bank. In principle, if the ratio</u></p>	<p>related to employee remuneration. Thus this clause is amended. The original provisions about profit, dividend and bonus distribution is moved to the following paragraph.</p>

New Clause	Clause after Amendment	Original Clause	Clause before Amendment	Remarks
			<p><u>between the Bank's own capital and risky asset after distribution will be lower than the ratio stipulated by the competent authority by 1%, stock dividend may be issued in priority.</u></p> <p><u>However, before the level reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of total capital.</u></p> <p>The board of directors is authorized to determine the manner of distribution of the <u>employee bonus and director remuneration under the first paragraph.</u></p>	
Article 39	<p>If the Bank has profit at year-end closing, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated. Then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law or as required for business. The remaining amount, together with the accumulated undistributed profit from the previous year, shall be <u>subject to a profit distribution proposal to be prepared by the board of directors and submitted to the shareholders meeting for resolution of the distribution of shareholder dividend and bonus.</u></p> <p>The dividend <u>and</u> shareholder</p>	Article 38	<p>If the Bank has profit at year-end closing, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated. Then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law or as required for business. The remaining amount, together with the accumulated undistributed profit from the previous year, shall be use to <u>distribute ordinary share dividend.</u> <u>If any amount is remaining, distribution shall be made based on the following ratios:</u></p>	Following the deletion of Article 235 of the Company Act about employee bonus distribution, it is proposed that the provisions about profit, dividend and bonus under the original Article 38 be moved under this article.

New Clause	Clause after Amendment	Original Clause	Clause before Amendment	Remarks
	<p>bonus under the first paragraph shall be distributed in cash or in stock, as determined by the board of directors based on the financial status at the time, future profitability status and capital budget planning of the Bank. In principle, if the ratio between the Bank's own capital and risky asset after distribution will be lower than the ratio stipulated by the competent authority by 1%, stock dividend may be issued in priority; before the level reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of total capital.</p>		<p>(1) <u>At least 10% as employee bonus: If employee remuneration is paid in stock, the beneficiaries may include employees of subsidiaries that meet certain conditions. The board of directors is authorized to determine such conditions.</u></p> <p>(2) <u>0.5% as director remuneration.</u></p> <p>(3) <u>The board of directors shall propose shareholder bonus for general shareholder meeting's resolution.</u></p> <p>The dividend and <u>shareholder bonus under the first paragraph</u> shall be distributed in cash or in stock, as determined by the board of directors based on the financial status at the time, future profitability status and capital budget planning of the Bank. In principle, if the ratio between the Bank's own capital and risky asset after distribution will be lower than the ratio stipulated by the competent authority by 1%, stock dividend may be issued in priority. <u>However</u>, before the level reserve reaches the amount of total capital, profit distribution in cash shall not</p>	

New Clause	Clause after Amendment	Original Clause	Clause before Amendment	Remarks
			exceed 15% of total capital. <u>The board of directors is authorized to determine the manner of distribution of the employee bonus and director remuneration under the first paragraph.</u>	
Article 40	When the legal reserve provided has reached the capital amount, no provision needs to be made for the current period.	Article 39	When the legal reserve provided has reached the capital amount, no provision needs to be made for the current period.	Change of article number
Article 41	The organizational charter, levels of responsibility and other charters of each department of the Bank shall be established by the board of directors.	Article 40	The organizational charter, levels of responsibility and other charters of each department of the Bank shall be established by the board of directors.	Change of article number
Article 42	Any matter that is not stipulated in these articles of association shall be handled in accordance with the Banking Act, the Company Act and applicable laws.	Article 41	Any matter that is not stipulated in these articles of association shall be handled in accordance with the Banking Act, the Company Act and applicable laws.	Change of article number
Article 43	These articles of association were established on 20 August 1990. The first amendment was made on 24 April 1993. The second amendment was made on 12 April 1995. The third amendment was made on 23 April 1996. The fourth amendment was made on 18 April 1997. The fifth amendment was made on 20 April 1998. The sixth amendment was made on 3 May 1999. The seventh amendment was made on 10	Article 42	These articles of association were established on 20 August 1990. The first amendment was made on 24 April 1993. The second amendment was made on 12 April 1995. The third amendment was made on 23 April 1996. The fourth amendment was made on 18 April 1997. The fifth amendment was made on 20 April 1998. The sixth amendment was made on 3 May 1999. The seventh	Upon approval by the shareholders meeting, the following is added: "The twenty-first amendment was made on 8 June 2016".

New Clause	Clause after Amendment	Original Clause	Clause before Amendment	Remarks
	<p>May 2000. The eighth amendment was made on 19 April 2001. The ninth amendment was made on 17 June 2002. The tenth amendment was made on 27 May 2003. The eleventh amendment was made on 11 June 2004. The twelfth amendment was made on 9 June 2006. The thirteenth amendment was made on 15 June 2007. The fourteenth amendment was made on 13 June 2008. The fifteenth amendment was made on 19 June 2009. The sixteenth amendment was made on 23 April 2010. The seventeenth amendment was made on 9 June 2011. The eighteenth amendment was made on 22 June 2012. The nineteenth amendment was made on 6 June 2014. The twentieth amendment was made on 26 June 2015. <u>The twenty-first amendment was made on 8 June 2016.</u></p>		<p>amendment was made on 10 May 2000. The eighth amendment was made on 19 April 2001. The ninth amendment was made on 17 June 2002. The tenth amendment was made on 27 May 2003. The eleventh amendment was made on 11 June 2004. The twelfth amendment was made on 9 June 2006. The thirteenth amendment was made on 15 June 2007. The fourteenth amendment was made on 13 June 2008. The fifteenth amendment was made on 19 June 2009. The sixteenth amendment was made on 23 April 2010. The seventeenth amendment was made on 9 June 2011. The eighteenth amendment was made on 22 June 2012. The nineteenth amendment was made on 6 June 2014. The twentieth amendment was made on 26 June 2015.</p>	



## **Union Bank of Taiwan**

### **Shareholders Meeting Procedure Rules**

Approved by founders meeting on 10 December 1991  
Amendment approved by shareholders meeting on 20 April 1998  
Amendment approved by shareholders meeting on 23 April 2010  
Amendment approved by shareholders meeting on 22 June 2012  
Amendment approved by shareholders meeting on 26 June 2015

1. To establish a strong governance system and sound supervisory capabilities for this Bank's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
2. The rules of procedures for this Bank's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
3. Unless otherwise provided by law or regulation, this Bank's shareholders meetings shall be convened by the board of directors.

This Bank shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Bank shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Bank shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Bank and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the

meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Bank a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Bank shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Bank shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

4. For each shareholders meeting, a shareholder may appoint a proxy to attend

the meeting by providing the proxy form issued by this Bank and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Bank before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Bank, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Bank before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

5. The venue for a shareholders meeting shall be the premises of this Bank, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
6. This Bank shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

This Bank shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Bank shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Bank may not

arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

7. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Bank may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

8. This Bank shall make an audio and video recording of the proceedings of the shareholders meeting. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording

shall be retained until the conclusion of the litigation.

9. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

10. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in

violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

12. Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of

shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Bank, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

13. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.

When this Bank holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Bank before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the

shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Bank, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Bank's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Bank.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

14. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Bank, and the voting results shall be announced on-site



immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

15. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Bank may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Bank.

16. On the day of a shareholders meeting, this Bank shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Bank shall upload the content of such resolution to the MOPS within the prescribed time period.

17. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Bank, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

18. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

19. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

# **Union Bank of Taiwan**

## **Articles of Association**

### **Chapter 1 General**

Article 1. The Bank is organized in accordance with the Company Act and the Banking Act and is named Union Bank of Taiwan.

Article 2. The Bank is headquartered in Taipei City and may, as required for business, set up branches or offices in proper domestic and overseas locations. The establishment, cancellation or change of any such branch or office shall be subject to board resolution and approval by the competent authority.

Article 3. The Bank makes public announcements in daily newspapers circulated in the place where the Bank is located.

### **Chapter 2 Shares**

Article 4. The Bank's total capital is NT\$30 Billion, divided into 3,000,000,000 shares, at NT\$10 per share. The shares are divided into ordinary shares and special shares and are issued through several issuances. For shares already issued under the previous paragraph, the securities custodian organization may ask for merger and exchange for securities of large face value.

Article 5. All of the Bank's shares are registered shares and shall be issued after the signatures or seals of the Chairman and two or more managing directors are affixed and following certification in accordance with the law. The Bank is not obliged to print share certificates for registered shares it issues. However, the shares shall be registered or kept by a securities custodian organization.

Article 6. The Bank's share dividend is 6% per year. However, no dividend shall be distributed unless there is profit.

Article 7. If any share of the Bank is held by the same person or the same affiliate individually or in a joint or combined manner, a filing or application for approval shall be made in accordance with the Banking Act. If no filing or application for approval is made as stipulated, the exceeding portion shall not be entitled to voting rights and the competent authority shall order disposal before a deadline.

Any matter that is not stipulated under the previous paragraph shall be handled in accordance with the applicable laws of the competent authority.

Article 8. The Bank's shareholder service shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 9. Registration for share transfer shall be suspended during a period of 60 days before a general shareholders meeting, 30 days before a special shareholders meeting and 5 days before the record date for

distribution of dividend or bonus.

The periods under the previous paragraph shall start from the date of the meeting or the record date.

### **Chapter 3 Business**

- Article 10. The Bank operates the following business:  
H101021 Commercial banking business.

### **Chapter 4 Shareholders Meeting**

- Article 11. The Bank's shareholder meetings are divided into general meetings and special meetings. General meetings are held once every year within 6 months from the end of the accounting year. Special meetings are held in accordance with the law as required.

To convene a general shareholders meeting, a notice shall be given to each shareholder 30 days in advance. To convene a special shareholders meeting, a notice shall be given to each shareholder 15 days in advance. For shareholders holding less than 1,000 shares, the above notices may be given by public announcements.

The notice and public announcement shall specify the reason for convening the meeting. With the consent of the recipient, the notice may be given electronically.

- Article 12. Any shareholder of the Bank that cannot attend a shareholders meeting for any reason may issue a proxy printed by the Bank, specifying the scope of authorization and designating a representative to attend the shareholders meeting. The Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies shall also be applicable.

- Article 13. The chairman shall chair shareholder meetings. If the chairman cannot attend the meeting for any reason, the chairman shall designate one managing director to chair the meeting. If the chairman does not make such designation, the managing directors shall appoint one person from among themselves.

If the meeting is convened by any other person entitled to convene the meeting other than the board of directors, such person entitled to convene the meeting shall chair the meeting. If the meeting is convened by two or more persons entitled to convene the meeting, one person shall be elected to chair the meeting.

- Article 14. Other than the shares with no voting rights under Article 179 of the Company Act, each shareholder of the Bank is entitled to one voting right per share.

- Article 15. The shareholders meeting shall resolve and execute the following matters:

- (1) Establishment and amendment of these articles of association of the Bank.
- (2) Resolution about capital increase or decrease.

- (3) Election of directors.
- (4) Audit and approval of the statements prepared by the board of directors and audit report by the audit committee. To audit the statements and report, the shareholders meeting may select auditors.
- (5) Resolution to distribute profit, dividend and bonus.
- (6) Other resolutions in accordance with the Company Act.

Article 16. Unless otherwise provided by law, shareholder resolutions shall be approved by the shareholders representing the majority of voting rights represented in a meeting that is attended by shareholders representing the majority of all outstanding shares.

If the attending shareholder does not constitute the number required under the previous paragraph and if the meeting is attended by shareholders representing 1/3 or more of all outstanding shares, the attending shareholders may reach a provisional resolution by the majority of voting rights. The provisions resolution shall be provided to each shareholder and a shareholders meeting may be convened again within one month.

In the shareholders meeting under the previous paragraph and in relation to the provisions resolution, if the meeting is attended by shareholders representing 1/3 or more of all outstanding shares, an approval by the shareholders representing the majority of voting rights shall be deemed a resolution under the first paragraph.

Article 17. Shareholder resolutions shall be recorded in minutes, which shall be affixed with the signature or seal of the chairman and distributed to all shareholders within 20 days from the meeting. The minutes may be prepared in an electronic manner.

The distribution of the minutes under the previous paragraph may be made through public announcement.

The minutes shall record the year, month, date and location of the meeting, the name of the chairman, the method of resolution, the main proceedings and results of the meeting and shall be maintained together with the signature sheets showing attending shareholders and proxies.

### **Chapter 5 Board of Directors**

Article 18. The Bank has 9 to 15 directors, who constitute the board of directors. Directors serve terms of three years, are subject to the system of candidate nomination. Upon expiry, the same person may be re-elected. The directors shall be elected by the shareholders meeting from a list of director candidates. However, the election criteria established by the competent authority shall apply. The board of directors is authorized to establish and adopt the election rules following approval by the shareholders meeting.

Article 18-1. Among the directors of the bank, at least 3 and no more than 1/5 shall be independent directors, to be elected by the shareholders from a list of independent director candidates under the system of candidate nomination.

The professional qualifications, shareholding, restriction on other positions, nomination and election method and other compliance matters in relation to independent directors shall be in accordance with the applicable regulations of the competent authority.

An audit committee of the Bank is put in place starting from the 9<sup>th</sup> term of the board of directors. The audit committee shall be composed of all independent directors. There shall be not less than 3 members, among which 1 shall serve as the chairman and at least 1 person shall possess accounting or finance specialty. The duties, organizational charter, exercise of duties and other compliance matters of the audit committee shall be in accordance with the applicable laws and company charters.

Article 19. When there is a vacancy of 1/3 or more in the number of directors, a special shareholders meeting shall be convened within 60 day for re-election. The term of the re-elected persons shall be the same as the original term.

Article 20. 3-5 managing directors shall be elected from among directors and by the majority of directors attending a meeting that is attended by 2/3 or more directors. One chairman shall be elected from among the managing directors and by the majority of managing directors attending a meeting that is attended by 2/3 or more managing directors. The chairman represents the Bank.

There shall be at least one independent director among the managing directors. At least 1/5 of the managing directors shall be independent directors.

Article 21. The board of directors is authorized to pay remuneration of the chairman, managing directors and directors based on the industry standard, regardless of whether there is profit.

Article 22. The duties of the board of directors are as follows:

- (1) Review and determination of main charters.
- (2) Review and determination of important business and the planning thereof.
- (3) Determination of capital increase or decrease.
- (4) Decision to set up, cancel or change any department of the Bank.
- (5) Review and determination important contracts.
- (6) Establishment of budget and closing.
- (7) Decision about real property transactions.
- (8) Preparation of profit distribution proposal.
- (9) Review and determination of hiring and dismissal of managers

and main staff.

(10) Matters to be determined as instructed by the chairman.

(11) Other duties granted by law or shareholders meeting.

Article 23. Board meetings shall be held at least once every quarter. In case of emergency or pursuant to the request by the majority of directors, special meetings may be held. Unless otherwise provided by law, meetings shall be convened by the chairman.

To convene a board meeting, notice shall be sent to all directors in writing, by email or by fax. If the chairman cannot attend the meeting due to any reason, the chairman shall designate one managing director. If no designation is made, the managing directors shall elect one person from among themselves to perform the chairman's duty.

Article 24. Any director that cannot attend a board meeting due to any reason may designate another director as his representative to attend the meeting. However, for each representation, a proxy shall be issued, specifying the scope of authorization for the agenda of the meeting. Each director shall represent no more than one other director in accordance with the above proxy. If a board meeting is held in video conference, the directors participating in the meeting through video conference shall be deemed to have attended the meeting in person.

Article 25. Unless otherwise provided by law, board resolutions shall be approved by the majority of directors attending a meeting that is attended by the majority of all directors.

If a director has any interest in any matter in the meeting, a statement shall be provided in the meeting about the main aspects of such interest.

Article 26. Board proceedings shall be recorded in minutes, which shall be affixed with the signature or seal of the chairman and distributed to all directors within 20 days from the meeting. The minutes shall record the year, month, date and location of the meeting, the name of the chairman, the method of resolution, the main proceedings and results of the meeting and shall be maintained together with the signature sheet showing attending directors and proxies.

The minutes may be prepared, distributed and maintained in electronic manners.

Article 27. The president and vice president shall be asked to participate in board meetings. However, such participants shall have no voting rights.

Article 28. During recess of the board of directors, the managing directors shall perform the duties of the board of directors regularly through meetings based on the division of responsibilities in accordance with the law, these articles of association, shareholder resolutions

and director resolutions (except for matters involving significant interest to the Bank).

Article 29. The chairman may convene and chair meetings of the managing directors at any time. If the chairman cannot attend the meeting, the chairman shall designate one managing director. If there is no such designation, the managing directors shall appoint one person from among themselves.

Article 30. Unless otherwise provided by law, resolutions of the meetings of managing directors shall be approved by the majority of managing directors attending a meeting that is attended by the majority of all managing directors. The minutes shall be affixed with the signature or seal of the chairman.

Article 31. The president and vice president shall be asked to participate in meetings of the managing directors. However, such participants shall have no voting rights.

Article 32. The Bank has an audit department that reports to the board of directors and is directed by the chief auditor. The audit department handles audit activities in an independent and impartial manner. The position is the same level as the vice president. The auditors shall not perform any other duty that is in conflict with or that interferes with the audit work.

The hiring, dismissal or relocation of the chief auditor shall be approved by the board of directors through 2/3 or more of the directors and shall be subject to the approval of the competent authority.

Article 33. To seek sound decision-making functions and reinforced management mechanism, the Bank may put in place an audit committee, remuneration committee and other functional committees in consideration of the size of the board of directors and the number of independent directors.

The exercise of duties by the functional committees and other compliance matters shall be in accordance with applicable laws and company charters.

### **Chapter 6 Managers**

Article 34. The Bank has one president, responsible for managing the activities of the Bank pursuant to board resolutions. There are also several vice presidents, assistance managers, managers and deputy managers, who assist the president in the handling of the activities of the Bank. The hiring, dismissal and remuneration of the president, vice presidents, assistant managers, managers and deputy managers shall be subject to the approval by the board of directors through approval by the majority of all directors.

Article 35. If the president cannot perform his duties due to any reason, the



chairman shall designate one person from among the vice presidents to perform his duties.

Article 36. If required by the business, the president may ask the chairman to hire accountants as accounting advisors, lawyers as legal advisors or persons knowledgeable about the industry as advisors to the Bank.

### **Chapter 7 Accounting**

Article 37. The Bank's accounting year starts from 1 January of each year and ends on 31 December of the same year. Upon completion of each accounting year, the following statements shall be prepared, reviewed by the board of directors and sent to the audit committee or the accountant hired by the audit committee for audit 30 days before the general shareholders meeting. Then the statements shall be submitted to the general shareholders meeting for approval. Within 15 days from approval by the general shareholders meeting, the statements shall be submitted to the central competent authority and central bank for reference. The balance sheet shall be published.

(1) Business report.

(2) Financial statements.

(3) Profit distribution or loss compensation proposal.

Article 38. If the Bank has profit at year-end closing, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated. Then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law or as required for business. The remaining amount, together with the accumulated undistributed profit from the previous year, shall be used to distribute ordinary share dividend. If any amount is remaining, distribution shall be made based on the following ratios:

(1) At least 10% as employee bonus: If employee remuneration is paid in stock, the beneficiaries may include employees of subsidiaries that meet certain conditions. The board of directors is authorized to determine such conditions.

(2) 0.5% as director remuneration.

(3) The board of directors shall propose shareholder bonus for general shareholder meeting's resolution.

The dividend and shareholder bonus under the first paragraph shall be distributed in cash or in stock, as determined by the board of directors based on the financial status at the time, future profitability status and capital budget planning of the Bank. In principle, if the ratio between the Bank's own capital and risky asset after distribution will be lower than the ratio stipulated by the competent authority by 1%, stock dividend may be issued in priority.

However, before the level reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of total capital.

The board of directors is authorized to determine the manner of distribution of the employee bonus and director remuneration under the first paragraph.

Article 39. When the legal reserve provided has reached the capital amount, no provision needs to be made for the current period.

### **Chapter 8 Miscellaneous**

Article 40. The organizational charter, levels of responsibility and other charters of each department of the Bank shall be established by the board of directors.

Article 41. Any matter that is not stipulated in these articles of association shall be handled in accordance with the Banking Act, the Company Act and applicable laws.

Article 42. These articles of association were established on 20 August 1990. The first amendment was made on 24 April 1993. The second amendment was made on 12 April 1995. The third amendment was made on 23 April 1996. The fourth amendment was made on 18 April 1997. The fifth amendment was made on 20 April 1998. The sixth amendment was made on 3 May 1999. The seventh amendment was made on 10 May 2000. The eighth amendment was made on 19 April 2001. The ninth amendment was made on 17 June 2002. The tenth amendment was made on 27 May 2003. The eleventh amendment was made on 11 June 2004. The twelfth amendment was made on 9 June 2006. The thirteenth amendment was made on 15 June 2007. The fourteenth amendment was made on 13 June 2008. The fifteenth amendment was made on 19 June 2009. The sixteenth amendment was made on 23 April 2010. The seventeenth amendment was made on 9 June 2011. The eighteenth amendment was made on 22 June 2012. The nineteenth amendment was made on 6 June 2014. The twentieth amendment was made on 26 June 2015.

### **Appendix 3**

Impact of share distribution without consideration on the company's operating performance, profit per share and shareholder rate of return:

The Bank has not published its 2016 financial forecast and thus no estimated profit and loss, earnings per share or hypothetical information may be provided.

## Shareholding Status of All Directors of the Company

1. In accordance with Article 26 of the Securities and Transaction Act and the Rules of Implementation and shareholding by Directors and Supervisors of Public Companies:

(1) The total number of shares held by all non-independent directors of the Company shall be not less than 62,523,658 outstanding shares of the Company.

2. The directors and supervisors of the Company hold the following number of shares in accordance with the shareholder register as of the date of share transfer suspension for the current general shareholders meeting:

Title	Name	Ordinary Shares	Shareholding Percentage
Chairman	Li Siang Chang	1,349,939	0.05%
Managing Director (Independent Director)	Wang Gao Jing	-	0.00%
Managing Director	Chuan Cheng Investment Co., Ltd. (represented by: Jiang Cheng Hisung)	125,029,640	4.79%
Director	Union Enterprise Construction Co., Ltd. (Representative: Lin, Jeff)	90,901,025	3.48%
Director	Li Yu Chuan	3,519,017	0.13%
Director	Bao Sing Investment Co., Ltd.	90,964,766	3.49%
Director	Yo Bang Co., Ltd. (represented by: Cao Su Fong)	37,972,999	1.45%
Director	Ji Shun Investment Co., Ltd. (represented by: Liu Jing Fu)	97,059,211	3.72%
Director	Bai Sheng Investment Co., Ltd. (represented by: Ling Si Yong)	132,981,337	5.10%
Independent Director	Lu Ren Fa	-	0.00%
Independent Director	Li Guo Chang	30,530	0.00%
Shares held by all non independent directors		579,777,934	22.25%

Note: The date of the current general shareholders meeting is 8 June 2016 (share transfer suspension period is from 10 April 2016 to 8 June 2016).

Capital stock 2,605,152,427 shares

**Mandarin Chinese version shall prevail if any inconsistency exists in English version.**