

Stock Code : 2838

Union Bank of Taiwan

2017 General Shareholders

Procedure Manual

9 a.m., 20 June 2017 (Tuesday)

No. 16, Sec. 4, Jhongshan N. Rd., Taipei City
CHIENTAN OVERSEAS YOUTH ACTIVITY CENTER
CHUN-YING Hall
(Second floor at Ching-Kuo Memorial Hall)

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Union Bank of Taiwan

2017 General Shareholders Meeting Agenda

Time of Meeting: 9 a.m., 20 June 2017 (Tuesday)

Place of Meeting: No. 16, Sec. 4, Jhongshan N. Rd., Taipei City
CHIENTAN OVERSEAS YOUTH ACTIVITY CENTER
CHUN-YING Hall (Second floor at Ching-Kuo Memorial Hall)

1. Announcement to Commence
2. Chairman Takes Stand
3. Chairman's Words
4. Discussions
 - (1) 2016 Business Report
 - (2) 2016 Audit Committee Audit Report
 - (3) 2016 Report on Employee and Director Remuneration Distribution Status
5. Approvals
 - (1) Approval of 2016 Business Report and Financial Statements
 - (2) Approval of 2016 Profit Distribution Proposal
6. Discussions
 - (1) Proposal for amendment to certain clauses in the "Articles of Association" formulated by the Bank;
 - (2) Proposal for amendment to certain clauses in the "Handling Procedures for Acquisition or Disposal of Assets" formulated by the Bank;
 - (3) Proposal for handling the long-term fund raising as proposed to be planned by the Bank.
7. Motions
8. Adjournment

1. Reports

Proposal No. 1

Subject: The 2016 Business Report is submitted for review.

Illustration: Please refer to Attachment 1 Business Report (pages 6 to 9 of this manual).

Proposal No. 2

Subject: The 2016 Audit Committee Audit Report is submitted for review.

Illustration: Please refer to Attachment 2 Audit Committee Audit Report Report (page 10 of this manual).

Proposal No. 3

Subject: The 2016 Report on Employee and Director Remuneration Distribution Status is submitted for review.

Illustration: The Bank's 2016 net profit before tax before deduction of distribution of employee and director remuneration is NT\$3,290,043,818. In accordance with the Article of Association of the Bank, it is proposed that NT\$6,060,1,611 be provided as employee remuneration and NT\$2,964,209 be provided as director remuneration, all to be issued in cash. The above amounts are consistent with the annual provision.

2. Approvals

Proposal No. 1

Subject: The 2016 business report and financial statements are submitted for approval. (Proposed by Board of Directors)

Illustration:

1. The 2016 financial statements of the Bank (including consolidated financial statements) have been audited by accountants Cheng Hsu-Jan and Yang Cheng-Hsiu of Deloitte & Touche and have, together with the business report, been approved by the audit committee and the 9th meeting of the 13th 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 9 of this manual) and Attachment 3 (pages 11 to 36 of this manual).

Resolution:

Proposal No. 2

Subject: The 2016 Profit Distribution Proposal is submitted for approval. (Proposal by Board of Directors)

Illustration:

1. This profit distribution proposal relates to the 2016 distributable profit of NT\$2,922,762,763. It is proposed that the distribution be made as shown in Attachment 4 (page 37 of this manual) in accordance with the articles of association of the Bank.
 - (1) Ordinary share cash dividend (\$0.45 per share) totaling \$1,172,318,592.
 - (2) Undistributed profit: NT\$1,750,444,171.
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 2016 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:

3. 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:

1. Due to / subject to the capital needs for the Bank's future long-term business development and operational scale expansion, it is proposed to amend Article IV of the Articles of Association, so that the Bank's current total nominal capital will be increased from NT\$ 30 billion to NT\$ 45 billion, which can be divided into 4.5 billion shares.
2. Considering the diversification of capital market and investors' demands, it is proposed to add the conditions related to special shares issued by the Bank. The key points of this revision are as follows:
 - (1) Add one of the terms and conditions as stipulated in Article 5 -1 the Bank's rights & obligations of special shares and other important issuance conditions.
 - (2) It is proposed to amend Article 6 as the provisions of ordinary share dividends in coordination with one of the terms and conditions as stipulated in Article 5 -1 the additional provisions of special dividends.
 - (3) It is proposed to amend Article 11, and add the following terms and conditions: The Bank shall, if necessary, convene a special share Shareholders meeting in accordance with the relevant laws and regulations.
3. Please refer to Annex VI herein (pages 41 to 44 of this Manual) for table of comparison before and after the revision of the Articles of Association.

Resolution:

Proposal No. 2

Subject: The proposed amendment to certain clauses of the "Handling Procedures for Acquisition or Disposal of Assets" of the Bank is submitted for approval
(Proposed by the Board of Directors)

Illustration: The certain clauses of the "Handling Procedures for Acquisition or Disposal of Assets" of the Bank shall be amended by virtue of JGZFF No. 1060001296 issued by the Financial Supervisory Commission on February 9, 2017. Please refer to Annex VII herein (pages 45 to 60 of this Manual) for table of comparison before and after the revision of the Handling Procedures for Acquisition or Disposal of Assets.

Resolution:

Proposal No. 3

Subject: The proposal for handling the long-term fund raising as proposed to be planned by the Bank is submitted for approval (Proposed by the Board of Directors)

Illustration:

1. Due to / subject to the capital needs for the Bank's future long-term business development and operational scale expansion (including but not limited to: One or more of the purposes for fortification of working capital, promotion of capital adequacy ratio or long-term strategic development, etc.), taking into account the diversification of capital market and investors' demands, depending on the circumstances of market conditions and future capital needs of the Bank, it is proposed to submit to the Shareholders meeting for authorizing the board of directors to deal with the ordinary shares or special shares issued for domestic cash capital increase (alternative or both) (if appropriate) in accordance with the provisions of the Articles of Association or the relevant laws & regulations, in order to raise the long-term funds.
2. The total funds raised through issuing new shares by authorization this time shall not be more than NT\$ 10 billion (inclusive) as the principle. The number of shares issued shall not be more than 800,000,000 shares (inclusive) as the principle.
3. It is proposed to submit to the Shareholders meeting for authorizing the board of directors to adjust, formulate and handle the main contents of this long-term fund-raising plan (including but not limited to the actual issue price, issuance conditions, planned projects, amount of raised funds, expected progress, expected possible benefits and other matters related to the issue plan) depending on the market conditions in accordance with the law. Subject to any changes owing to amendment as directed by the competent authorities or based on the operational assessment or objective environmental requirements in the future, the board of directors and / or the Chairman of the board shall be authorized to handle such matters at the sole discretion in accordance with the law, and the Chairman of the board or its designated personnel shall be authorized to approve and sign all the documents related to this fund-raising proposal and handle any relevant matters on behalf of the Bank.
4. For details of related issuing models and description of contents, please refer to Annex V herein (pages 38 to 40 of this Manual).

Resolution:

4、Motions

Adjournment

2016 Business Report

1. Domestic and Overseas Financial Status

It is worthy of continuous concern that, the current international economy is still facing a lot of risk variables, including: Trends of the US new government's economic and trade policies and interest rising rate; growth strength of Chinese mainland and some emerging economies; direction of negotiations on the United Kingdom withdrawing from the European Union; general election organized successively in the European region; geopolitical risk; changes in international crude oil and commodity prices; global financial and stock exchange market fluctuations; trade protectionism and other factors affecting the international economic prospects.

By 2017, with the global economic slowdown and recovery, the demand for funds of enterprises both at home and abroad is expected to increase; combined with the industrial lending incentive plan actively proposed by the domestic Financial Supervisory Commission, expansion of credit guarantee support to small and medium-sized enterprises (SMEs) and the like, so it will also bring along the increase of lending business; in terms of main loan-deposit margin income, the lending business will be expanded; meanwhile, the risings of interest rate in the United States will also improve the low interest margin in the banking industry; therefore, the overall competitiveness will be gradually improved in 2017.

2. 2016 Operating Results and Main Business Status

With the joint effort by all employees of the Bank in 2016, good performance has been demonstrated in terms of various operational benchmarks. In terms of profitability, the 2016 net profit after tax is \$2.636 Billion. The earnings per share after tax (EPS) is \$1.01. Total asset rate of return (ROA) is 0.51%. Net value rate of return (ROE) is 7.44%. In terms of asset quality, the overdue lending ratio is 0.10%. Bad debt coverage ratio is 1168.83%. 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 16 January 2017, 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.

Below is a summary report on the operational status of the Bank's main businesses in 2016:

(1) Deposits (including foreign currency and OBU)

New Taiwan Dollar and foreign currency deposit balance at the end of 2016 is \$431.350 Billion, representing a growth of 1.89% from \$79.83 Billion at the end of 2015. In terms of deposit structure, current deposit balance is \$189.807 Billion, representing 44% of total deposit. Term deposit balance is \$241.543 Billion, representing 56% of total deposit.

(2) Lending

At the end of 2016, NT Dollar and foreign currency lending balance is NT\$287.2 Billion, representing an increase of NT\$37 Billion compared to the NT\$ 283.5 Billion at the end of 2015 and a growth of 1.31%. Among this, secured lending is NT\$218.0 Billion, representing 75.91% of total lending. Unsecured lending is NT\$69.2 Billion, representing 24.09% 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. Due to the promotion of demand for installment accounts, the amount of installment debit has accounted for 8.45%. 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 2016 is \$770.000 Billion, representing a growth of 17.74% from 2015.

Any effective actions should be taken as follows: Re-packaging of specific high-end cards; promotion of continuous effective cards; enhanced cooperation with the second traffic ticket agency; introduction of new payment tool, such as mobile payment, etc.; development of new customer base; and improvement of the effective card rate. As of December 2016, the number of circulation cards was up to 2,015,520 cards.

(4) Fortune Management

The number of fortune management accounts and the total balance of assets under management by the Bank in 2016 grew 12% from 2015. In terms of operating income, business income from specific monetary trust grew 31% compared to last year. Insurance business grew 35% compared to same period of last year. 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.

(5) Operating Performance

The net interest income in 2016 is \$6.399 Billion. Non-interest net income is \$3.508 Billion. Total net income is \$9.907 Billion, After deduction of bad debt provision of \$172 Million and operating cost of \$6.509 Billion, the profit before tax is \$3.226 Billion, and after tax is \$2.636 Billion.

(6) Corporate Image

In order to contact the new customers and promote the brand rejuvenation, the Bank invited Kwai Lun Mei (an actress being of pure and fresh good image) as a credit card brand spokesperson for the first time in 2016, and simultaneously launched the image advertisement of "Declaration of Happiness", in order to make the Bank close to the customers and embody the service spirit of caring for the different social strata. Moreover, the Bank has been committed to charity utility, social care, art & cultural activities and education promotional activities as well as fulfilling our corporate social responsibilities, including: Making donations of NT\$ 10 million to the calamity fund for disaster caused by earthquake in Tainan in 2016; giving the annual performance publicly for making an pledge to the Work Integration and working out a training plan; subscribing to Carnation to support the local flower growers [farmers]; sponsoring the Kaohsiung Spring Art Festival and the Taipei New Year's Eve Countdown Party; participating in creating the art & cultural city; organizing the children's public welfare drawing competition; cultivating the children's artistic conservation; adopting a protected animal (Shi Hu) in Taiwan; organizing the children's summer public welfare financing camp; promoting the animal conservation and financial knowledge-oriented education; participating in the introduction

of television programs: "Story in Taiwan - a special collection of short films about visiting historical sites in Taiwan", so that more people can not only understand the beauty of historical sites in Taiwan, but also can know the hidden history & culture and moving stories.

3. 2017 Operational Plan and Development Guidelines by Business

(1) Actively expand the scale of business based on the competitive innovative services; in terms of business purposes, adhere to the spirit of service by persistence; establish a long-term relationship with the customers; and create a win-win value:

1. Deposits: The deposit activity projects shall be planned for the target customers, e.g. small and medium-sized enterprises, government employee & teacher depositors and happy deposit households, in order to strengthen the absorption of current deposits and expand the new customer source. The ATM shall be set up along the MRT (Mass Rapid Transit) line at the Taoyuan Airport, in order to expand the Bank's service points and deposit business. The new businesses shall be started up, e.g. VISA financial card [appointed medical mobile payment APP], mobile ATM card, cross-border electronic payment and other businesses, in order to provide the depositors with the all-round payment tools. The supervisor in the tender area shall be responsible for handling the business of collection in the settlements, in order to increase the deposit of government employees and teachers, and inject the fee income.
2. Corporate Finance: Corporate Finance: Actively develop industrial and commercial enterprise loans. Undertake self-repayment loans and loans for local manufacturing plants in Taiwan in priority. 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. Reinforce risk management to maintain good asset quality.
3. 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.
4. Credit Card: Strengthen the close relationship with the top customer base; actively promote the bank cards; consolidate and maintain the multiple promotional channels, e.g. co-branded card, full-time promotion, branch promotion, increase of network applying for a card, improvement of applying for a new card, maintaining the brand share and the like; provide the cycle management of card friends; communicate the close activities; improve the card usage rate of card friends in order to increase the charge fees and interest income; the

product strategy will take the customer value proposition as the starting point, in order to provide the differentiation, consolidate the degree of identity & loyalty of card friends and seize the market opportunities; maintain the favorable feedback characteristics and competitive advantages of credit card; strengthen the additional features of credit card, such as electronic ticket, international wallet mobile payment and the like; expand the new micro-credit business; enhance the proportion of high-quality customer base; control the risks; increase the operating income; gradually improve and develop the scale-proportion of medium-sized acquiring specialty store; actively expand the installment business of specialty store; improve the revenue.

5. Fortune Management: 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.
6. Insurance Agency Business: Introduce the safeguard-type insurance products (e.g. long-term care products, actual pay-through medical products, micro-policies, etc.); provide the customers with the comprehensive insurance demand planning.

(2)Channel Development

1. 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.
2. 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 2016, the Bank has set up a total of 904 in-bank and off-bank ATMs.

(3)The Bank's 2017 Estimated Operational Targets

1.

Type of Business	2017 Target
Deposit (including foreign currencies)	Average balance of NT\$4.813 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\$5.137 Billion

2. 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 2016 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 Yang Cheng Hsiu 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

22 March 2017

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Union Bank of Taiwan

Opinion

We have audited the accompanying financial statements of Union Bank of Taiwan (the Bank), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of each key audit matters of the financial statements for the year ended December 31, 2016 are as follow:

Accuracy of Interest Revenue Recognition of Discounts and Loans

For the year ended 2016, the amount of interest revenue of discounts and loans is \$6,189,110 thousand, representing approximately 62% of total net revenue, and is considered material to the financial statements as a whole. Refer to Notes 30. Therefore, we consider the accuracy of the recognition thereof to be a key audit matter for the year ended December 31, 2016.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Understanding the design of the Bank's computerized information system and General IT Control, test its operating effectiveness in order to determine the effectiveness of controls over the relevant application system and the information generated.
2. Understanding the design of the application system for recognition of commercial loans discount and interest revenue. Perform operating effectiveness testing of relevant automated controls in the application system.
3. Determine and verify the material classification of loans. Verify if there is any difference in the balance of loans generated by information system and carrying amount on per book.
4. Testing and assessing the accuracy of interest revenue generated by information system. Verify if there is any difference in the balance of loans generated by information system and carrying amount on per book.

Possible Impairments on Discounts and Loans

As of December 31, 2016, the net amount of discounts and loans of the Bank is \$284,040,723 thousand, representing approximately 54% of total consolidated assets, and is considered material to the financial statements as a whole. Refer to Note 11. The Bank's management performs loan impairment assessment involving critical judgements such as accounting estimates and assumptions; therefore, we determined allowances for possible losses on discounts and loans to be a key audit matter for the year ended December 31, 2016.

The Bank's management performs loan impairment assessment through reviewing portfolios of loans periodically, and makes a judgement on whether to recognize impairment losses per observable evidence indicating the probable occurrence of impairment events. The amount of impairment losses is the difference between the asset's carrying amount and the present value of the estimated future cash flows with consideration to the collaterals and guarantees, discounted at the financial asset's original effective interest rate. In addition, the allowance provision must comply with relevant regulations issued by the authorities.

For the accounting policies and relevant information on loan impairment assessment, refer to Notes 4, 5 and 12 to the financial statements.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Obtain an understanding of and test the controls in respect of the Bank's loan impairment process.
2. Sample individually impairment assessed loans by:

- Verifying the accuracy of the balance of loans.
 - Considering the payment of principal and interest, in order to assess that the classification of credit assets have complied with relevant regulations issued by the authorities.
 - Assessing the assumptions used to estimate future cash flows and the reasonableness of the value of collateral.
3. Sample collectively impairment assessed loans by:
- Obtaining an understanding of the reasonableness regarding the classification of collectively assessed loans.
 - Obtaining an understanding of and performing test on the assumptions of critical factors of collectively assessed loans, including the possibility of the impairment and the recoverability of loan balances, used in the impairment assessment model to verify whether the real outcome of each loan portfolio can be reflected.
 - Recalculating the impairment to confirm its adequacy and accuracy.
4. Test the classification of credit assets in order to assess whether the provision of allowances for possible losses complies with relevant regulations issued by the authorities.

Emphasis of Matter

As stated in Notes 1 and 15 to the financial statements, the Bank merged with Union Insurance Broker Company, a 100% owned subsidiary of the Bank on August 1, 2016. The merger should be treated as a reorganization. Thus, the Bank should restate its financial statements retrospectively. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Bank audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shih-Ran Cheng and Chen-Hsiu Yang.

Debitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2017

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, 2016 AND 2015

(In Thousands of New Taiwan Dollars)

ASSETS	2016		2015 (Restated and Note 15)	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 9,974,690	2	\$ 7,839,544	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Note 7)	54,414,461	10	63,312,965	13
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	9,291,613	2	8,815,810	2
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 9)	27,845,242	5	22,052,189	4
RECEIVABLES, NET (Notes 4, 5, 10 and 12)	17,768,361	3	15,141,449	3
CURRENT TAX ASSETS (Note 4)	183,591	-	316,861	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11, 12 and 40)	284,040,723	54	280,781,558	56
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 5, 13 and 40)	39,548,602	8	22,911,977	5
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4 and 14)	7,192,115	1	4,191,245	1
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 15)	2,910,889	1	2,758,367	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 16 and 41)	56,620,906	11	60,969,196	12
PROPERTY AND EQUIPMENT, NET (Notes 4 and 17)	8,136,374	2	7,713,726	1
INTANGIBLE ASSETS (Note 4)				
Goodwill (Notes 5 and 18)	1,985,307	-	1,985,307	-
Computer software	179,209	-	154,974	-
Total intangible assets	2,164,516	-	2,140,281	-
DEFERRED TAX ASSETS (Notes 4 and 38)	1,307,570	-	1,750,150	-
OTHER ASSETS, NET (Notes 4, 19, 40 and 42)	2,230,774	1	2,193,401	-
TOTAL	\$523,630,427	100	\$502,888,719	100
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Note 20)	\$ 7,017,629	1	\$ 3,163,991	1
Financial liabilities at fair value through profit or loss (Notes 4, 5 and 8)	38,430	-	54,271	-
Securities sold under agreements to repurchase (Notes 4 and 21)	28,874,137	6	26,986,936	5
Accounts payable (Notes 22 and 40)	6,889,250	1	4,037,153	1
Current tax liabilities (Note 4)	64,784	-	32,955	-
Deposits (Notes 23 and 40)	432,062,824	83	421,746,026	84
Bank debentures (Notes 4 and 24)	11,200,000	2	9,600,000	2
Other financial liabilities (Note 25)	19,566	-	20,408	-
Provisions (Notes 4, 5, 12 and 26)	176,554	-	1,026,155	-
Deferred tax liabilities (Notes 4 and 38)	815,251	-	869,197	-
Other liabilities (Notes 28, 40 and 42)	522,686	-	461,463	-
Total liabilities	487,681,111	93	467,998,555	93
EQUITY				
Capital stock				
Common stock	26,051,524	5	26,051,524	5
Capital surplus	32,413	-	32,413	-
Retained earnings				
Legal reserve	4,374,367	1	3,450,907	1
Special reserve	558,842	-	558,842	-
Unappropriated earnings	3,740,039	1	3,078,201	1
Total retained earnings	8,673,248	2	7,087,950	2
Other equity	1,192,131	-	1,718,277	-
Total equity	35,949,316	7	34,890,164	7
TOTAL	\$523,630,427	100	\$502,888,719	100

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

(With Deloitte & Touche auditors' report dated March 22, 2017)

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015 (Restated and Note 15)		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST (Notes 4, 30 and 40)					
Interest revenues	\$10,051,894	102	\$10,129,151	103	(1)
Interest expenses	<u>3,653,016</u>	<u>37</u>	<u>3,958,924</u>	<u>40</u>	(8)
Net interest	<u>6,398,878</u>	<u>65</u>	<u>6,170,227</u>	<u>63</u>	4
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net (Notes 4, 31 and 40)	2,454,451	25	2,299,041	23	7
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 32)	365,278	4	420,635	4	(13)
Realized gain on available-for-sale financial assets, net (Notes 4 and 33)	449,182	4	248,489	3	81
Share of profit of associates (Note 4)	173,216	2	141,458	1	22
Foreign exchange gain (loss), net (Note 4)	(9,514)	-	495,162	5	(102)
Impairment loss recognized on financial assets, net (Notes 4, 16 and 34)	(49,283)	(1)	(104,843)	(1)	(53)
Securities brokerage fee revenues, net (Note 40)	52,172	-	64,113	1	(19)
Gain on financial assets measured at cost, net	57,955	1	48,650	1	19
Property loss, net	(3,948)	-	(948)	-	316
Other noninterest net gain	<u>18,806</u>	<u>-</u>	<u>23,906</u>	<u>-</u>	(21)
TOTAL NET REVENUES	<u>9,907,193</u>	<u>100</u>	<u>9,805,890</u>	<u>100</u>	1
PROVISIONS (Notes 4 and 12)					
Provision (reversal) of allowance for doubtful accounts	<u>171,542</u>	<u>2</u>	<u>(113,942)</u>	<u>(1)</u>	251

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015 (Restated and Note 15)		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Personnel expenses (Notes 4, 27, 35 and 40)	\$ 3,137,375	31	\$ 2,959,823	30	6
Depreciation and amortization (Notes 4 and 36)	305,759	3	252,655	3	21
Others (Notes 37 and 40)	<u>3,066,039</u>	<u>31</u>	<u>2,944,211</u>	<u>30</u>	4
Total operating expenses	<u>6,509,173</u>	<u>65</u>	<u>6,156,689</u>	<u>63</u>	6
INCOME BEFORE INCOME TAX	3,226,478	33	3,763,143	38	(14)
INCOME TAX EXPENSE (Notes 4 and 38)	<u>590,103</u>	<u>6</u>	<u>642,241</u>	<u>6</u>	(8)
NET INCOME	<u>2,636,375</u>	<u>27</u>	<u>3,120,902</u>	<u>32</u>	(16)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans (Note 27)	(16,223)	-	(61,045)	(1)	(73)
Share of the other comprehensive income of subsidiaries and associates	4,449	-	162	-	2,646
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 38)	<u>2,758</u>	<u>-</u>	<u>10,378</u>	<u>-</u>	(73)
	<u>(9,016)</u>	<u>-</u>	<u>(50,505)</u>	<u>(1)</u>	(82)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(539,546)	(6)	80,338	1	(772)
Unrealized gain on available-for-sale financial assets	(60,740)	(1)	340,347	4	(118)
Share of other comprehensive income (loss) of subsidiaries and associates	5,526	-	37,123	-	(85)

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015 (Restated and Note 15)		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 38)	<u>\$ 68,614</u> <u>(526,146)</u>	<u>1</u> <u>(6)</u>	<u>\$ (108,431)</u> <u>349,377</u>	<u>(1)</u> <u>4</u>	163 (251)
Other comprehensive income for the year, net of income tax	<u>(535,162)</u>	<u>(6)</u>	<u>298,872</u>	<u>3</u>	(279)
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,101,213</u>	<u>21</u>	<u>\$ 3,419,774</u>	<u>35</u>	(39)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 39)					
Basic	<u>\$1.01</u>		<u>\$1.20</u>		
Diluted	<u>\$1.01</u>		<u>\$1.19</u>		

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

(With Deloitte & Touche auditors' report dated March 22, 2017)

(Concluded)

UNION BANK OF TAIWAN

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)**

	Capital Stock		Retained Earnings (Notes 4 and 29)				Other Equity (Notes 4 and 29)			Total Equity
	(Note 29) Common Stock	Share Capital (Note 29)	Legal Reserve	Special Reserve	Unappropriat ed Earnings	Total	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Exchange Differences on Translating Foreign Operations	Total	
BALANCE AT JANUARY 1, 2015	\$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
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
Appropriation of the 2015 earnings										
Legal reserve	-	-	923,460	-	(923,460)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	(1,042,061)	(1,042,061)	-	-	-	(1,042,061)
Net income for the year ended December 31, 2016	-	-	-	-	2,636,375	2,636,375	-	-	-	2,636,375
Other comprehensive income for the year ended December 31, 2016	-	-	-	-	(9,016)	(9,016)	(29,920)	(496,226)	(526,146)	(535,162)
BALANCE AT DECEMBER 31, 2016	\$26,051,524	\$ 32,413	\$ 4,374,367	\$ 558,842	\$ 3,740,039	\$ 8,673,248	\$ 1,272,308	\$ (80,177)	\$ 1,192,131	\$35,949,316

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

(With Deloitte & Touche auditors' report dated March 22, 2017)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015 (Restated and Note 15)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,226,478	\$ 3,763,143
Adjustments for:		
Depreciation expenses	248,210	207,898
Amortization expenses	57,549	44,757
Provision (reversal) of allowance for doubtful accounts	171,542	(113,942)
Net gain on disposal of financial assets designated as at fair value through profit or loss	(365,278)	(420,635)
Interest expenses	3,653,016	3,958,924
Interest revenues	(10,051,894)	(10,129,151)
Dividend income	(208,005)	(228,904)
Share of profit of associates	(173,216)	(141,458)
Loss on disposal of properties and equipment	3,948	948
Gain on disposal of investments	(299,132)	(68,234)
Impairment loss recognized on financial assets	50,000	120,000
Reversal of impairment losses on nonfinancial asset	(717)	(15,157)
Loss (gain) on disposal of collaterals	241	(6,593)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans banks	(1,496)	1,947,488
Financial assets at fair value through profit or loss	127,674	10,205,190
Accounts receivable	(2,731,287)	(161,539)
Discounts and loans	(3,389,657)	(23,205,947)
Available-for-sale financial assets	(16,398,233)	(8,803,577)
Held-to-maturity financial assets	(2,974,151)	(3,657,614)
Other financial assets	4,423,579	(4,489,643)
Due to the Central Bank and other banks	3,853,638	(3,000,753)
Financial liabilities at fair value through profit or loss	(259,375)	(389,629)
Securities sold under repurchase agreements	1,887,201	(4,804,340)
Accounts payable	2,829,338	(1,490,061)
Deposits	10,316,798	25,370,487
Other financial liabilities	(842)	1,480
Provisions for employee benefits	(806,439)	(1,203)
Cash used in operations	(6,810,510)	(15,508,065)
Interest received	9,910,845	10,076,868
Dividend received	241,509	250,264
Interest paid	(3,630,257)	(3,937,804)
Income tax returned (paid)	35,002	(33,178)
Net cash used in operating activities	(253,411)	(9,151,915)

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015 (Restated and Note 15)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	\$ (721,944)	\$ (143,722)
Proceeds of the disposal of properties and equipment	23	1,080
Increase in settlement fund	(20,334)	-
Decrease in settlement fund	-	24,443
Increase in refundable deposits	-	(194,748)
Decrease in refundable fund	243,501	-
Payments for intangible assets	(34,669)	(90,028)
Proceeds of the disposal of collaterals	476	21,750
Increase in other assets	<u>(260,541)</u>	<u>(56,517)</u>
Net cash used in investing activities	<u>(793,488)</u>	<u>(437,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of the issue of bank debentures	2,500,000	2,200,000
Repayments of bank debentures	(9,000,000)	-
Increase (decrease) in guarantee deposits received	13,889	(11,866)
Increase in other liabilities	40,314	27,227
Cash dividends paid	<u>(1,042,061)</u>	<u>(637,242)</u>
Net cash generated from financing activities	<u>(7,487,858)</u>	<u>1,578,119</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(537,044)</u>	<u>76,004</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,071,801)	(7,935,534)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>77,991,733</u>	<u>85,927,267</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$68,919,932</u>	<u>\$77,991,733</u>

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2016 and 2015:

	December 31	
	2016	2015
Cash and cash equivalents in balance sheets	\$ 9,974,690	\$ 7,839,544
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"	39,200,000	48,100,000
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>27,845,242</u>	<u>22,052,189</u>
Cash and cash equivalents in statements of cash flows	<u>\$77,019,932</u>	<u>\$77,991,733</u>

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

(With Deloitte & Touche auditors' report dated March 22, 2017)

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Union Bank of Taiwan

Opinion

We have audited the accompanying consolidated financial statements of Union Bank of Taiwan (the Bank) and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2016 are described as follows:

Accuracy of Interest Revenue Recognition of Discounts and Loans

For the year ended 2016, the amount of interest revenue of discounts and loans is

\$6,143,904 thousand, representing approximately 51% of total net revenue, and is considered material to the financial statements as a whole. Refer to Note 33. Therefore, we consider the accuracy of the recognition thereof to be a key audit matter for the year ended December 31, 2016.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Understanding the design of the Company's computerized information system and General IT Control, test its operating effectiveness in order to determine the effectiveness of controls over the relevant application system and the information generated.
2. Understanding the design of the application system for recognition of commercial loans discount and interest revenue. Perform operating effectiveness testing of relevant automated controls in the application system.
3. Determine and verify the material classification of loans. Verify if there is any difference in the balance of loans generated by information system and carrying amount on per book.
4. Testing and assessing the accuracy of interest revenue generated by information system. Verify if there is any difference in the balance of loans generated by information system and carrying amount on per book.

Possible Impairments on Discounts and Loans

As of December 31, 2016, the net amount of discounts and loans of the Company is \$282,416,950 thousand, representing approximately 53% of total consolidated assets, and is considered material to the financial statements as a whole. Refer to Note 11. The Company's management performs loan impairment assessment involving critical judgements such as accounting estimates and assumptions; therefore, we determined allowances for possible losses on discounts and loans to be a key audit matter for the year ended December 31, 2016.

The Company's management performs loan impairment assessment through reviewing portfolios of loans periodically, and makes a judgement on whether to recognize impairment losses per observable evidence indicating the probable occurrence of impairment events. The amount of impairment losses is the difference between the asset's carrying amount and the present value of the estimated future cash flows with consideration to the collaterals and guarantees, discounted at the financial asset's original effective interest rate. In addition, the allowance provision must comply with relevant regulations issued by the authorities.

For the accounting policies and relevant information on loan impairment assessment, refer to Notes 4, 5 and 12 to the financial statements.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. Obtain an understanding of and perform test on the relevant internal controls in respect of the Bank's loan impairment assessment.
2. Sample individually impairment assessed loans by:
 - Verifying the accuracy of the balance of loans.
 - Considering the payment of principal and interest, in order to assess that the classification of credit assets have complied with relevant regulations issued by the authorities.
 - Assessing the assumptions used to estimate future cash flows and the reasonableness of the value of collateral.
3. Sample collectively impairment assessed loans by:
 - Obtaining an understanding of the reasonableness regarding the classification of collectively assessed loans.
 - Obtaining an understanding of and performing test on the assumptions of critical factors of collectively assessed loans, including the possibility of the impairment and the recoverability of loan balances, used in the impairment assessment model to verify whether the real outcome of each loan portfolio can be reflected.
 - Recalculating the impairment to confirm its adequacy and accuracy.
4. Test the classification of credit assets in order to assess whether the provision of allowances for possible losses complies with relevant regulations issued by the authorities.

Other Matter

We have also audited the financial statements of Union Bank of Taiwan as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shih-Ran Cheng and Chen-Hsiu Yang.

Debitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2017

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 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, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 10,971,118	2	\$ 8,346,755	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	54,414,461	10	63,312,965	12
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	9,538,090	2	9,058,815	2
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 9)	27,855,242	5	22,072,191	4
RECEIVABLES, NET (Notes 4, 5, 10 and 12)	17,888,230	3	15,217,776	3
CURRENT TAX ASSETS (Note 4)	186,231	-	322,660	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11, 12 and 43)	282,416,950	53	278,801,052	55
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 5, 13 and 43)	39,978,425	8	23,319,718	5
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4 and 14)	7,192,115	1	4,207,436	1
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 16)	53,447	-	53,794	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 17 and 44)	57,403,743	11	61,133,831	12
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	8,156,305	2	7,723,438	2
INVESTMENT PROPERTIES, NET (Notes 4, 19 and 27)	5,415,376	1	3,703,410	1
INTANGIBLE ASSETS (Notes 4, 5 and 20)				
Goodwill	1,985,307	-	1,985,307	-
Computer software	<u>182,423</u>	-	<u>158,933</u>	-
Total intangible assets	<u>2,167,730</u>	-	<u>2,144,240</u>	-
DEFERRED TAX ASSETS (Notes 4 and 41)	1,447,039	-	1,886,538	-
OTHER ASSETS, NET (Notes 4, 21, 43 and 45)	<u>7,622,068</u>	<u>2</u>	<u>7,184,578</u>	<u>1</u>
TOTAL	<u>\$532,706,570</u>	<u>100</u>	<u>\$508,489,197</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and call loans to other banks (Note 22)	\$ 8,389,312	2	\$ 3,781,976	1
Financial liabilities at fair value through profit or loss (Notes 4, 5 and 8)	39,523	-	54,271	-
Securities sold under agreements to repurchase (Notes 4 and 23)	28,874,137	5	26,986,936	5
Accounts payable (Note 24)	6,981,464	1	4,061,998	1
Current tax liabilities (Note 4)	97,549	-	49,618	-
Deposits and remittances (Notes 25 and 43)	431,618,915	81	421,018,106	83
Bank debentures (Note 26)	11,200,000	2	9,600,000	2
Bonds payable (Note 27)	1,135,884	-	604,397	-
Other financial liabilities (Note 28)	4,235,138	1	2,679,438	1
Provisions (Notes 4, 5, 29 and 30)	189,572	-	1,044,534	-
Deferred tax liabilities (Notes 4 and 41)	834,410	-	881,731	-
Other liabilities (Notes 31 and 45)	<u>2,892,210</u>	<u>1</u>	<u>2,575,775</u>	-
Total liabilities	<u>496,488,114</u>	<u>93</u>	<u>473,338,780</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock				
Common stock	<u>26,051,524</u>	<u>5</u>	<u>26,051,524</u>	<u>5</u>
Capital surplus	<u>32,413</u>	-	<u>32,413</u>	-
Retained earnings				
Legal reserve	4,374,367	1	3,450,907	1
Special reserve	558,842	-	558,842	-
Unappropriated earnings	<u>3,740,039</u>	<u>1</u>	<u>3,078,201</u>	<u>1</u>
Total retained earnings	<u>8,673,248</u>	<u>2</u>	<u>7,087,950</u>	<u>2</u>
Other equity	<u>1,192,131</u>	-	<u>1,718,277</u>	-
Total equity attributable to owners of the Bank	35,949,316	7	34,890,164	7
NON-CONTROLLING INTERESTS	<u>269,140</u>	-	<u>260,253</u>	-
Total equity	<u>36,218,456</u>	<u>7</u>	<u>35,150,417</u>	<u>7</u>
TOTAL	<u>\$532,706,570</u>	<u>100</u>	<u>\$508,489,197</u>	<u>100</u>

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, 2016 AND 2015

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

	2016		2015		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST (Notes 33 and 43)					
Interest revenues	\$10,014,337	83	\$10,098,167	86	(1)
Interest expenses	<u>3,709,965</u>	<u>31</u>	<u>4,013,743</u>	<u>34</u>	(8)
Net interest	6,304,372	52	6,084,424	52	4
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net (Notes 34 and 43)	2,423,489	20	2,279,396	19	6
Gain on financial assets and liabilities at fair value through profit or loss, net (Note 35)	382,758	3	412,352	4	(7)
Realized gain from available-for-sale financial assets, net (Note 36)	461,840	4	254,628	2	81
Foreign exchange gain (loss) , net	(16,025)	-	491,070	4	(103)
Loss from asset impairment, net (Note 37)	(49,283)	-	(104,843)	(1)	(53)
Share of loss of associates (Notes 4 and 16)	(347)	-	(389)	-	(11)
Gain on financial assets measured at cost, net	68,135	-	52,905	1	29
Securities brokerage fee revenues, net (Note 43)	198,476	2	186,851	2	6
Rental revenue	2,140,487	18	2,037,214	17	5
Other noninterest net gain	<u>97,758</u>	<u>1</u>	<u>47,114</u>	<u>-</u>	107
TOTAL NET REVENUES	<u>12,011,660</u>	<u>100</u>	<u>11,740,722</u>	<u>100</u>	2
PROVISIONS (Note 12)					
Provision (reversal) of allowance for doubtful accounts	<u>171,542</u>	<u>2</u>	<u>(113,942)</u>	<u>(1)</u>	251
OPERATING EXPENSES					
Employee benefit expenses (Notes 4, 30 and 38)	3,345,749	28	3,162,423	27	6
Depreciation and amortization (Note 39)	1,820,860	15	1,707,178	14	7
Others (Notes 40 and 43)	<u>3,362,722</u>	<u>28</u>	<u>3,144,799</u>	<u>27</u>	7
Total operating expenses	<u>8,529,331</u>	<u>71</u>	<u>8,014,400</u>	<u>68</u>	6

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INCOME BEFORE INCOME TAX	3,310,787	27	3,840,264	33	(14)
INCOME TAX EXPENSE (Notes 4 and 41)	<u>649,166</u>	<u>5</u>	<u>701,340</u>	<u>6</u>	(7)
CONSOLIDATED NET INCOME	<u>2,661,621</u>	<u>22</u>	<u>3,138,924</u>	<u>27</u>	(15)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans (Note 30)	(11,073)	-	(60,856)	(1)	(82)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 41)	1,883	-	10,346	-	(82)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(558,033)	(5)	115,969	1	(581)
Unrealized gain on available-for-sale financial assets	(39,870)	-	347,896	3	(111)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 41)	<u>71,757</u>	<u>1</u>	<u>(114,488)</u>	<u>(1)</u>	163
Other comprehensive income for the year, net of income tax	<u>(535,336)</u>	<u>(4)</u>	<u>298,867</u>	<u>2</u>	(279)
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,126,285</u>	<u>18</u>	<u>\$ 3,437,791</u>	<u>29</u>	(38)
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 2,636,375	22	\$ 3,120,902	27	(16)
Non-controlling interests	<u>25,246</u>	<u>-</u>	<u>18,022</u>	<u>-</u>	40
	<u>\$ 2,661,621</u>	<u>22</u>	<u>\$ 3,138,924</u>	<u>27</u>	(15)

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015		Percentage Increase (Decrease)
	Amount	%	Amount	%	
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:					
Owners of the Bank	\$ 2,101,213	18	\$ 3,419,774	29	(39)
Non-controlling interests	<u>25,072</u>	-	<u>18,017</u>	-	39
	<u>\$ 2,126,285</u>	<u>18</u>	<u>\$ 3,437,791</u>	<u>29</u>	<u>(38)</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 42)					
Basic	<u>\$1.01</u>		<u>\$1.20</u>		
Diluted	<u>\$1.01</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, 2016 AND 2015
(In Thousands of New Taiwan Dollars)**

	Equity Attributable Owners of the Company											
	Capital Stock (Note 32)	Share Capital (Note 32)	Retained Earnings (Notes 4 and 32)				Unrealized Gain (Loss) on Available-for- sale Financial Assets	Other Equity		Non-controllin g Interests (Note 32)	Total Equity	
			Legal Reserve	Special Reserve	Unappropri- ated Earnings	Total		Translating Foreign Operations	Total			
Common Stock												
BALANCE AT JANUARY 1, 2015	\$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 common shares	-	-	-	-	(637,242)	(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	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
Cash dividends on subsidiaries	-	-	-	-	-	-	-	-	-	-	(26,715)	(26,715)
Share-based payment	71,660	(593)	-	-	(1,557)	(1,557)	-	-	-	69,510	-	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	260,253	35,150,417
Appropriation of the 2015 earnings												
Legal reserve	-	-	923,460	-	(923,460)	-	-	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	(1,042,061)	(1,042,061)	-	-	-	(1,042,061)	-	(1,042,061)
Net income for the year ended December 31, 2016	-	-	-	-	2,636,375	2,636,375	-	-	-	2,636,375	25,246	2,661,621
Other comprehensive income for the year ended December 31, 2016	-	-	-	-	(9,016)	(9,016)	(29,920)	(496,226)	(526,146)	(535,162)	(174)	(535,336)
Cash dividends on subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,185)	(16,185)
BALANCE AT DECEMBER 31, 2016	<u>\$26,051,524</u>	<u>\$ 32,413</u>	<u>\$ 4,374,367</u>	<u>\$ 558,842</u>	<u>\$ 3,740,039</u>	<u>\$ 8,673,248</u>	<u>\$ 1,272,308</u>	<u>\$ (80,177)</u>	<u>\$ 1,192,131</u>	<u>\$35,949,316</u>	<u>\$ 269,140</u>	<u>\$36,218,456</u>

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, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,310,787	\$ 3,840,264
Adjustments for:		
Depreciation expenses	1,760,952	1,659,953
Amortization expenses	59,908	47,225
Provision (reversal) of allowance for doubtful accounts	171,542	(113,942)
Gain on disposal of financial assets designated as at fair value through profit or loss	(382,758)	(412,352)
Interest expenses	3,709,965	4,013,743
Interest revenues	(10,014,337)	(10,098,167)
Dividend income	(220,255)	(236,354)
Share of loss of associates	347	389
Gain on disposal of properties and equipment	(27,242)	(27,504)
Gain on disposal of investments	(299,132)	(72,681)
Impairment loss recognized on financial assets	50,000	120,000
Reversal of impairment losses on nonfinancial assets	(717)	(15,157)
Loss (gain) on disposal of collaterals	241	(6,593)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(1,496)	1,947,488
Financial assets at fair value through profit or loss	142,775	10,194,787
Accounts receivable	(2,779,464)	(134,478)
Discounts and loans	(3,746,390)	(23,070,382)
Available-for-sale financial assets	(16,399,445)	(8,929,244)
Held-to maturity financial assets	(2,957,960)	(3,660,871)
Other financial assets	3,809,276	(4,453,808)
Due to the Central Bank and other banks	4,607,336	(2,966,823)
Financial liabilities at fair value through profit or loss	(259,375)	(389,630)
Securities sold under repurchase agreements	1,887,201	(4,804,340)
Accounts payable	2,895,895	(1,563,426)
Deposits	10,600,809	25,165,702
Other financial liabilities	(843)	1,480
Provisions for employee benefits	(806,649)	(271)
Cash used in operations	(4,889,029)	(13,964,992)
Interest received	9,874,024	10,045,816
Dividends received	225,590	241,941
Interest paid	(3,686,394)	(3,992,082)
Income tax returned (paid)	1,012	(60,933)
Net cash generated from (used in) operating activities	<u>1,525,203</u>	<u>(7,730,250)</u>

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	\$ (735,637)	\$ (147,896)
Proceeds of the disposal of properties and equipment	416	775
Payments for investment properties	(1,741,278)	(2,954)
Increase in settlement fund	(20,334)	-
Decrease in settlement fund	-	24,443
Increase in refundable deposits	-	(198,979)
Decrease in refundable deposits	225,554	-
Payments for intangible assets	(28,298)	(82,294)
Proceeds of the disposal of collaterals	476	21,750
Increase in other assets	<u>(2,095,105)</u>	<u>(1,949,914)</u>
Net cash used in investing activities	<u>(4,394,206)</u>	<u>(2,335,069)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper	1,556,543	160,782
Proceeds of the issue of bonds payable	529,344	604,397
Proceeds of the issue of bank debentures	2,500,000	2,200,000
Repayments of bank debentures	(900,000)	-
Increase in guarantee deposits received	250,255	104,727
Increase in other liabilities	59,160	34,125
Dividends paid to non-controlling interests	(16,185)	(26,715)
Cash dividends paid	<u>(1,042,061)</u>	<u>(637,242)</u>
Net cash generated from financing activities	<u>2,937,056</u>	<u>2,440,074</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF		
CASH HELD IN FOREIGN CURRENCIES	<u>(560,639)</u>	<u>82,656</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(492,586)	(7,542,589)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE		
YEAR	<u>78,518,946</u>	<u>86,061,535</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$78,026,360</u>	<u>\$78,518,946</u>

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

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, 2016 and 2015:

	December 31	
	2016	2015
Cash and cash equivalents in the consolidated balance sheets	\$10,971,118	\$ 8,346,755
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"	39,200,000	48,100,000
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>27,855,242</u>	<u>22,072,191</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$78,026,360</u>	<u>\$78,518,946</u>

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

(Concluded)

Attachment 4

Union Bank of Taiwan

Profit Distribution Table

2016

Unit: NT\$

Item	Amount	
Beginning Undistributed Profit		1,112,680,166
After-Tax Profit in Current Period		2,636,375,477
Reserved Earnings from Actuated Profit and Loss		(9,016,482)
Provision of Legal Reserve for Current Year		(790,912,643)
Special surplus reserve shall be set up in accordance with the law		(26,363,755)
Distributable Profit from Current Period		2,922,762,763
Distribution Ordinary Share Dividend (\$0.45 per share)	(1,172,318,592)	(1,172,318,592)
Ending Undistributed Profit		1,750,444,171

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 2016 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.

Attachment 5

Issuance Way and Content Description of Long-term Fund-raising Proposal

- I. Application for this domestic cash capital increase proposal for issuance of ordinary shares and special shares:
- (A) It is proposed to apply for this cash capital increase proposal for issuance of ordinary shares and special shares by means of book-building or public subscription & distribution method according to the alternative theorem or collocation theory.
 - (B) Application for this cash capital increase proposal for issuance of ordinary shares and special shares by means of book-building method:
 - 1. In the event of application for this cash capital increase proposal for issuance of ordinary shares and special shares by means of book-building method, apart from 10% - 15% of the total number of new shares to be issued as subscribed by the employees of the Bank in accordance with the provisions of Article 267 of the Corporation Law, any other shares shall be submitted to the Shareholders meeting for waiver of pre-emption rights thereof by the original shareholders in order to apply for issuance of all shares by means of book-building method in accordance with the provisions of Article 28 of the Securities Exchange Act. The Chairman of the board shall be authorized to subscribe the shares unsubscribed by the employees according to the issuing price through friendly negotiation with a specified person.
 - 2. The issuing price of ordinary share shall be set in accordance with the provisions of current relevant laws and regulations, which shall not be less than the Bank's closing price of ordinary share as calculated within one, three or five business days before the pricing date, i.e. 90% of the average share price obtained after deduction of ex-right of stock grants (or ex-right of capital reduction) and ex-dividend according to the pricing principles (the pricing principles may also be adjusted in accordance with the provisions of relevant laws and regulations only in case of any changes in such laws and regulations). The board of directors and / or Chairman of the board shall agree the actual issuing price with the managing underwriter by the above pricing principles according to the book-building & exchange rate arrangement circumstances, issuing market conditions and other relevant laws & regulations.
 - 3. The issuing price of special share shall be set within the range of theoretical price changes (10%) in accordance with provisions of Article 12 of the Self-discipline Rules on Raising and Issuing the Marketable Securities by the Issuing Company Assisted by the Underwriter Members of the Securities and Commercial Association of the Republic of China, which the board of directors and / or Chairman of the board shall agree with the managing underwriter in according to the book-building & exchange rate arrangement circumstances, issuing market conditions and other relevant laws & regulations.
 - (C) Application for this cash capital increase proposal for issuance of ordinary shares and special shares by means of public subscription & distribution method:

1. In the event of application for this cash capital increase proposal for issuance of ordinary shares and special shares by means of public subscription & distribution method, apart from 10% - 15% of the total number of new shares to be issued as subscribed by the employees of the Bank and 10% of the shares to be publicly underwritten in accordance with the provisions of Article 28 of the Securities Exchange Act, any other shares shall be subscribed by the original shareholders according to the holding rate of outstanding shares by shareholders as determined at the subscription base date. The Chairman of the board shall be authorized to subscribe the shares unsubscribed by the original shareholders or employees according to the issuing price through friendly negotiation with a specified person.
2. The issuing price of ordinary share shall be set in accordance with the provisions of current relevant laws and regulations, which shall not be less than the Bank's closing price of ordinary share as calculated within one, three or five business days before the pricing date, i.e.70% of the average share price obtained after deduction of ex-right of stock grants (or ex-right of capital reduction) and ex-dividend according to the pricing principles (the pricing principles may also be adjusted in accordance with the provisions of relevant laws and regulations only in case of any changes in such laws and regulations). The board of directors and / or Chairman of the board shall agree the actual issuing price with the managing underwriter by the above pricing principles according to the book-building & exchange rate arrangement circumstances, issuing market conditions and other relevant laws & regulations.
3. The issuing price of special share shall be set within the range of theoretical price changes (10%) in accordance with provisions of Article 12 of the Self-discipline Rules on Raising and Issuing the Marketable Securities by the Issuing Company Assisted by the Underwriter Members of the Securities and Commercial Association of the Republic of China, which the board of directors and / or Chairman of the board shall agree with the managing underwriter in according to the book-building & exchange rate arrangement circumstances, issuing market conditions and other relevant laws & regulations.

II. Impact of this long-term fund-raising proposal on the shareholders' equity:

In the event of application for this long-term fund-raising proposal for issuance of special shares, since the special share to be issued at this time shall not be converted to the ordinary share, there is no dilution effect on the shareholders' equity. In the event of application for this long-term fund-raising proposal for issuance of ordinary share, the upper limit of issued ordinary shares can be calculated as 800,000,000 shares, approximately accounting for 30.71% of the total number of current outstanding shares of the Bank. Despite partial dilution effect on the shareholders' equity, considering that the fund raised this time is expected to strengthen the financial structure of the Bank and enhance the capital adequacy ratio or strengthen the Bank's competitiveness and enhance the Bank's operational efficiency due to one or more fund uses required for the long-term strategic development of the Bank, so there shall be no any significant impact on the original shareholders' equity.

III. The expected use of funds as given in this long-term fund-raising plan is as follows: To strengthen the Bank's

financial structure and enhance the capital adequacy ratio; or strengthen the Bank's competitiveness and enhance the Bank's operational efficiency due to one or more fund uses required for the long-term strategic development of the Bank. So, there will be a great positive help to the shareholders' equity.

- IV. It is proposed to submit to the Shareholders meeting for authorizing the board of directors and / or the Chairman of the board to adjust, formulate and handle the main contents of this long-term fund-raising plan (including but not limited to the actual issue price, issuance conditions, planned projects, amount of raised funds, expected progress, expected possible benefits and other matters related to the issue plan) depending on the market conditions in accordance with the law. Subject to any changes owing to amendment as directed by the competent authorities or based on the operational assessment or objective environmental requirements in the future, the board of directors and / or the Chairman of the board shall be authorized to handle such matters at the sole discretion in accordance with the law, and the Chairman of the board or its designated personnel shall be authorized to approve and sign all the documents related to this fund-raising proposal and handle any relevant matters on behalf of the Bank.
- V. The board of directors and / or the Chairman of the board shall be authorized to handle the foregoing matters not mentioned herein at the sole discretion in accordance with the provisions of relevant laws and regulations.

**“Articles of Association” Table of Comparison Showing Clauses
Before and After Amendment to Articles of Association**

Clause after Amendment	Clause before Amendment	Remarks
<p>Article 4 The Bank’s total capital is <u>NT\$45 Billion</u>, divided into <u>4500,000,000 shares</u>, 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.</p>	<p>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.</p>	<p>Due to / subject to the capital needs for the Bank's future long-term business development and operational scale expansion, it is proposed to increase the total nominal capital of the Bank.</p>
<p><u>Article 5:</u> <u>The rights & obligations of special share and other important issuance conditions of the Bank shall be as follows:</u> <u>1. If there is a surplus in the Bank's annual statement, in addition to paying income tax in accordance with the law, after making up the annual losses of previous years, setting the statutory surplus reserve and setting or recovering the special surplus reserve in accordance with the provisions of Article 39 of the Articles of Association, the balance shall be hereto given priority to the allocation of dividends on special shares in the current year.</u> <u>2. The upper limit of dividends on special shares shall be up to 8% of the annual rate, which can be calculated according to the issue price per share; the dividends may be paid in one lump sum in cash each year; after the financial report has been accepted by the board of directors at the annual regular meeting of stockholders, the dividends payable over the previous year will be paid at the base date as set out by the board of directors. The dividends of issuance year and recovery year can be calculated according to the actual number of days of issuance in the current year.</u> <u>3. The Bank shall distribute the dividends on special shares at its discretion. If the dividends are distributed due to the absence of surplus or non-surplus</u></p>	<p>None</p>	<p>The following terms and conditions are added in this Article: In accordance with the provisions of Article 157 of the Company Law, the rights & obligations of special share and other important issuance conditions shall be set out in the Articles of Association.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p><u>in the Bank's annual final accounts, or if the distribution of dividends on special shares will result in the Bank's capital adequacy ratio below the minimum requirements as stipulated in the Decree or by the Competent Authority, or based on any other necessary considerations, the Bank must make resolutions on non-distribution of dividends on special shares; the special shareholders shall not raise objection to such resolutions; the non-distributed or distributed under-dividends shall not be accumulated in deferred payment from the surplus in subsequent years.</u></p> <p><u>4. Apart from receiving the dividends as stated in Paragraph 2 of this Item, the special shareholders shall not participate in the distribution of surplus and capital reserve in cash and appropriation of capital on ordinary shares.</u></p> <p><u>5. The order of distributing the Bank's residual properties to the special shareholders takes precedence over the ordinary shareholders, and is the same as the order of compensating the shareholders holding the special shares issued by the Bank, whichever is next to the order of compensating the general creditors, but limited to the issue amount.</u></p> <p><u>6. The special shareholders have no voting rights and rights of election, but have the right to vote at the special Shareholders meeting or the Shareholders meeting involved in the rights and obligations of special shareholders.</u></p> <p><u>7. The special share shall not be converted into the ordinary share. Also, the special shareholders shall not request the Bank to recover the rights of special shares held by such special shareholders.</u></p> <p><u>8. The special shares refer to the undated shares which may be recovered by the Bank in whole or in part as per the original actual issuing price at any time from the next day after the expiry of five-year term of issuance. The non-recovered special shares will still have rights and obligations as set out</u></p>		

Clause after Amendment	Clause before Amendment	Remarks
<p><u>in the issuance conditions of this Article. In the same year in which the special shares are recovered, if a resolution on payment of dividends is made at the Shareholder meeting of the Bank, as of the recovery date, the dividends will be paid, which can be calculated according to the actual number of days issuance in the same year.</u></p> <p><u>The board of directors shall be authorized to determine the name, issuing date and specific issuance conditions of special share in respect of the capital market conditions and the subscription willingness of investors in accordance with the provisions of Articles of Association of the Bank and other relevant laws & regulations.</u></p>		
<p>Article 6 The Bank's share dividend of <u>ordinary share</u> is 6% per year. However, no dividend shall be distributed unless there is profit.</p>	<p>Article 6 The Bank's share dividend is 6% per year. However, no dividend shall be distributed unless there is profit.</p>	<p>In accordance with the provisions of Article 5, the provisions of special dividends have been added; and this Article shall be amended as the ordinary share dividend.</p>
<p>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.</p> <p>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.</p> <p>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.</p> <p><u>When necessary, the special Shareholders meeting shall be held in accordance with the provisions of relevant laws & regulations.</u></p>	<p>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.</p> <p>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.</p>	<p>The following terms and conditions are added: When necessary, the Bank shall hold a special Shareholders meeting in accordance with the provisions of relevant laws & regulations.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>Article 39 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 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.</p> <p>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; before the level reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of total capital.</p>	<p>Article 39 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 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.</p> <p>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; before the level reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of total capital.</p>	<p>The text shall be amended (as the case may be).</p>
<p>Article 43 These articles of association were established on 20 August 1979. (The following content is omitted) <u>The twenty-second amendment was made on 20 June 2016.</u></p>	<p>Article 43 These articles of association were established on 20 August 1979. (The following content is omitted).</p>	<p>The date of this amendment has been added.</p>

Attachment 7

["Handling Procedures for Acquisition or Disposal of Assets"]
Table of Comparison Showing Clauses Before and After Amendment

Clause	Clause after Amendment	Clause before Amendment	Remarks
Article 5	<p>Upon approval by the board of directors, The Company shall acquire or dispose of the assets hereof in accordance with the handling procedures or other regulations .If any directors raise an objection and make a record or written statement, the information on objection raised by the said directors shall be sent to the <u>Audit Committee.</u></p> <p>When submitting the transaction in acquiring or disposing of assets under the preceding paragraph to the board of directors for discussion, the opinions given by the independent directors shall be taken into account. The objections or reservations (if any) proposed by the independent directors shall be set out in the minutes of proceedings of the board of directors.</p> <p>The transaction in significant assets or derivatives shall be approved by more than one-half of all members of the Audit Committee, and submitted to the board of directors for resolution. <u>the clauses as stipulated in Paragraph 3 & 4 of Article 32 shall apply.</u></p>	<p><u>Upon approval by the board of directors, The Company shall acquire or dispose of the assets hereof in accordance with the handling procedures or other regulations .If any directors raise an objection and make a record or written statement, the information on objection raised by the said directors shall be sent to the supervisors.</u></p> <p><u>When submitting the transaction in acquiring or disposing of assets under the preceding paragraph to the board of directors for discussion, the opinions given by the independent directors shall be taken into account. The objections or reservations (if any) proposed by the independent directors shall be set out in the minutes of proceedings of the board of directors.</u></p> <p><u>When the Company sets up the Audit Committee in accordance with the provisions of the Securities Exchange Act, the transaction in significant assets or derivatives and the formulation or amendment of "Handling Procedures for Acquisition or Disposal of Assets" shall be approved by more than one-half of all members of the Audit</u></p>	<p>In order to cooperate with the audit committee established by the Bank to replace the powers and authorities of Supervisor, since the powers and responsibilities as approved by the audit committee have been amended in accordance with the provisions of Article 32, so the text shall be modified accordingly.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
		<p><u>Committee, and submitted to the board of directors for resolution. And any consent or objection hereof shall be included in the meeting minutes.</u></p> <p><u>If it has not been approved by more than one-half of all members of the Audit Committee, the preceding paragraph shall be agreed by more than two-thirds of all the directors. And the resolution made by the Audit Committee shall be set out in the minutes of proceedings of the board of directors.</u></p> <p><u>The number of all the members of the Audit Committee as referred to in Article 3 and the number of all the directors as referred to in the preceding Paragraph can be calculated by the actual number of personnel in office.</u></p>	
Article 6	<p>Apart from transactions with the government agencies, construction commissioned on the private land, construction commissioned on the leased land, or acquisition or disposal of equipment for business, if the Company has acquired or disposed of the real estate or equipment and the transaction amount has reached 20% of the Company's paid-in capital or NT\$ 300 million or more, the valuation report issued by the professional valuer shall be obtained in accordance with the following</p>	<p>Apart from transactions with the government agencies, construction commissioned on the private land, construction commissioned on the leased land, or acquisition or disposal of equipment for business, if the Company has acquired or disposed of the real estate or equipment and the transaction amount has reached 20% of the Company's paid-in capital or NT\$ 300 million or more, the valuation report issued by the professional valuer shall be</p>	<p>Considering the original clauses, the competent authorities refer to the government agencies; the competent authorities can carry on transactions with the central and local government authorities for acquisition or disposal of the assets; the price is less likely to be</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>requirements before the date of actual occurrence:</p> <ol style="list-style-type: none"> 1. If the limited price, specific price or special price is taken as a reference basis for transaction price for special reasons, the said transaction shall be firstly submitted to the board of directors for resolution. Subject to any changes in the future transaction conditions, the above procedures shall apply. 2. If the transaction amount is up to NT\$ 1 billion or more, the two professional valuers or more shall be engaged for valuation. 3. Based on the valuation results obtained by the professional valuer, under one of the following circumstances: Except that the valuation results of acquired assets are higher than the transaction amount, or that the valuation results of disposed assets are less than the transaction amount, the accountant shall be engaged for transaction in accordance with the provisions of Statement of Auditing Standards (No. 20) published by the legal body of financial group - Accounting Research and Development Foundation of the Republic of China (ROC) (hereinafter referred to as the Accounting Research and Development Foundation), 	<p>obtained in accordance with the following requirements before the date of actual occurrence:</p> <ol style="list-style-type: none"> 1. If the limited price, specific price or special price is taken as a reference basis for transaction price for special reasons, the said transaction shall be firstly submitted to the board of directors for resolution. Subject to any changes in the future transaction conditions, the above procedures shall apply. 2. If the transaction amount is up to NT\$ 1 billion or more, the two professional valuers or more shall be engaged for valuation. 3. Based on the valuation results obtained by the professional valuer, under one of the following circumstances: Except that the valuation results of acquired assets are higher than the transaction amount, or that the valuation results of disposed assets are less than the transaction amount, the accountant shall be engaged for transaction in accordance with the provisions of Statement of Auditing Standards (No. 20) published by the legal body of financial group - Accounting Research and Development 	<p>manipulated / controlled; the adoption of expert's opinions might be waived; therefore, this Article shall be amended in accordance with the provisions of competent authorities' regulations.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>and submitting detailed opinions on any reasons for the differences and the allowable transaction price:</p> <p>(1) The difference between the valuation results and the transaction amount is up to 20% (or more) of the transaction amount.</p> <p>(2) The difference between the valuation results obtained by two or more professional valuers is up to 10% (or more) of the transaction amount.</p> <p>4. The date of report and date of signature of the contract issued by the professional valuer shall not be more than three months. But if it applies the concurrently-announced present value within six months, the original professional valuer shall issue the Opinion.</p>	<p>Foundation of the Republic of China (ROC) (hereinafter referred to as the Accounting Research and Development Foundation), and submitting detailed opinions on any reasons for the differences and the allowable transaction price:</p> <p>(1) The difference between the valuation results and the transaction amount is up to 20% (or more) of the transaction amount.</p> <p>(2) The difference between the valuation results obtained by two or more professional valuers is up to 10% (or more) of the transaction amount.</p> <p>4. The date of report and date of signature of the contract issued by the professional valuer shall not be more than three months. But if it applies the concurrently-announced present value within six months, the original professional valuer shall issue the Opinion.</p>	
Article 8	If the Company has acquired or disposed of the membership card or intangible assets and the transaction amount has reached 20% of the Company's paid-in capital or NT\$ 300	If the Company has acquired or disposed of the membership card or intangible assets and the transaction amount has reached 20% of the Company's paid-in	The reasons for amendment are the same as Article 6.

Clause	Clause after Amendment	Clause before Amendment	Remarks
	million or more, apart from transactions with the government agencies, the accountant shall be engaged for submitting opinions on the rationality of transaction price before the date of actual occurrence, and shall carry on transaction in accordance with the provisions of Statement of Auditing Standards (No. 20) published by the Accounting Research and Development Foundation.	capital or NT\$ 300 million or more, apart from transactions with the government agencies, the accountant shall be engaged for submitting opinions on the rationality of transaction price before the date of actual occurrence, and shall carry on transaction in accordance with the provisions of Statement of Auditing Standards (No. 20) published by the Accounting Research and Development Foundation.	
Article 12	If the Company has acquired or disposed of the immovable property or other assets (other than immovable property) from or with the related persons, and the transaction amount has reached 20% of the Company's paid-in capital, 10% of the total assets or NT\$ 300 million or more, apart from buying and selling the government bonds, conditionally buying back and selling back the bonds, subscribing or buying back the domestic money market funds <u>issued by Securities Investment Trust Enterprise, the following information should be submitted to be approved by more than one-half of all members of the Audit Committee</u> and the board of directors for approval before signing the transaction contract and paying a sum of money:	If the Company has acquired or disposed of the immovable property or other assets (other than immovable property) from or with the related persons, and the transaction amount has reached 20% of the Company's paid-in capital, 10% of the total assets or NT\$ 300 million or more, apart from buying and selling the government bonds, conditionally buying back and selling back the bonds, subscribing or buying back the domestic money market funds, the following information should be submitted to the board of directors for approval and the Supervisor for recognition before signing the transaction contract and paying a sum of money: 1. Purpose, necessity and expected benefits of acquiring or disposing of assets; 2. Reasons for selecting the related	1. The domestic money market fund as set out by the competent authority refers to the money market fund as issued by the securities investment trust institution, approved by the Financial Supervisory Commission and stipulated in the Securities Investment Trust and Investment Advisers Act, which shall be amended pursuant to the law. 2. In order to cooperate with the Audit Committee

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>1. Purpose, necessity and expected benefits of acquiring or disposing of assets;</p> <p>2. Reasons for selecting the related persons as the transaction objects;</p> <p>3. Information on acquiring the real estate from the related persons and evaluating the rationality of predetermined transaction conditions in accordance with the provisions of Article XIII and XIV;</p> <p>4.Original date of acquiring the real estate from the related persons and price, transaction object and its relationship with the Company and related persons and other matters;</p> <p>5. Information on predicting the forecasted statement of cash receipts and payments in months of the coming year after signing the contract as well as evaluating the necessity of transaction and the rationality of application of funds;</p> <p>6. Valuation report issued by the professional valuer and obtained in accordance with the provisions of the preceding article or comments made by the accountant;</p> <p>7. Restrictions on this transaction and other important matters.</p> <p>The amount of transaction as stated in the preceding paragraph shall be</p>	<p>persons as the transaction objects;</p> <p>3. Information on acquiring the real estate from the related persons and evaluating the rationality of predetermined transaction conditions in accordance with the provisions of Article XIII and XIV;</p> <p>4.Original date of acquiring the real estate from the related persons and price, transaction object and its relationship with the Company and related persons and other matters;</p> <p>5. Information on predicting the forecasted statement of cash receipts and payments in months of the coming year after signing the contract as well as evaluating the necessity of transaction and the rationality of application of funds;</p> <p>6. Valuation report issued by the professional valuer and obtained in accordance with the provisions of the preceding article or comments made by the accountant;</p> <p>7. Restrictions on this transaction and other important matters.</p> <p>The amount of transaction as stated in the preceding paragraph shall be calculated in accordance with the provisions of Paragraph 2</p>	<p>established by the Bank to replace the powers and authorities of Supervisor, the text shall be modified accordingly.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>calculated in accordance with the provisions of Paragraph 2 of Article 28. The so-called "one year" refers to the previous year calculated retroactively based on the date of actual occurrence of transaction as the base date. It is not required for further calculating the part submitted to <u>be approved by more than one-half of all members of the Audit Committee</u> and the board of directors for approval in accordance with the provisions of such <u>procedure</u>.</p> <p>The board of directors shall authorize the Chairman of the board to decide whether to acquire or dispose of the equipment for use in the business between the Company and the parent company or between the subsidiary companies within a certain sum of money in advance in accordance with the provisions of Subparagraph 2, Paragraph 1, Article 4, and then submit the latest report to the board of directors for retroactive recognition after the event.</p> <p>When submitting to the board of directors for discussion in accordance with the provisions of preceding paragraph, the Company shall give full consideration to the opinions raised by the independent directors. The objections or reservations (if any) proposed by the independent directors shall be set out in the minutes of proceedings of the board of directors.</p>	<p>of Article 28. The so-called "one year" refers to the previous year calculated retroactively based on the date of actual occurrence of transaction as the base date. It is not required for further calculating the part submitted to the board of directors for approval and the Supervisor for recognition in accordance with the provisions of such Standards..</p> <p>The board of directors shall authorize the Chairman of the board to decide whether to acquire or dispose of the equipment for use in the business between the Company and the parent company or between the subsidiary companies within a certain sum of money in advance in accordance with the provisions of Subparagraph 2, Paragraph 1, Article 4, and then submit the latest report to the board of directors for retroactive recognition after the event.</p> <p>When submitting to the board of directors for discussion in accordance with the provisions of preceding paragraph, the Company shall give full consideration to the opinions raised by the independent directors. The objections or reservations (if any) proposed by the independent directors shall be set out in the minutes of proceedings of the board of</p>	

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p><u>If Paragraph 1 fails to be approved by more than one-half of all members of the Audit Committee, the clauses as stipulated in Paragraph 3 & 4 of Article 32 shall apply.◦</u></p>	<p>directors. <u>In the event that the Company has set up an audit committee in accordance with the provisions of the Securities and Exchange Act, this matter shall be recognized by the Supervisor in accordance with the provisions of Paragraph 1, firstly approved by more than one-half of all members of the Audit Committee, and submitted to the board of directors for resolution in accordance with the provisions of Paragraph 4&5, Article 5.</u></p>	
Article 15	<p>In the event that the Company has acquired the immovable property from the related persons, if the evaluation results are lower than the transaction price in accordance with the provisions of Article 13 & 14, the following matters shall be handled:</p> <p>1. In terms of a difference between the transaction price and evaluation cost of immovable property, the special surplus reserves shall be set up in accordance with the provisions of Paragraph 1, Article 41 of the Securities and Exchange Act, but capital increase and stock allotment rights shall not be assigned or transferred. If the investors evaluated by the Company by means of the equity method of long-term stock ownership investment belong to a public issuing company, the</p>	<p>In the event that the Company has acquired the immovable property from the related persons, if the evaluation results are lower than the transaction price in accordance with the provisions of Article 13 & 14, the following matters shall be handled:</p> <p>1. In terms of a difference between the transaction price and evaluation cost of immovable property, the special surplus reserves shall be set up in accordance with the provisions of Paragraph 1, Article 41 of the Securities and Exchange Act, but capital increase and stock allotment rights shall not be assigned or transferred. If the investors evaluated by the Company by means of the equity method of</p>	<p>In order to cooperate with the Audit Committee established by the Bank to replace the powers and authorities of Supervisor, the text shall be modified accordingly.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>special surplus reserves shall be set up in regard to the set-up amount in proportion to shareholding in accordance with the provisions of Paragraph 1, Article 41 of the Securities and Exchange Act.</p> <p>2. The independent directors of Audit Committee shall handle such matters in accordance with the provisions of Article 228 of the Company Law.</p> <p>3. The handling information as given in Sub-paragraph 1&2 shall be submitted to the Shareholders meeting, the transaction details shall be disclose in the Annual Report and Prospectus.</p> <p>Only after the assets purchased at a high price have been recognized as loss from falling price, disposal, appropriate compensation or restitution, or any other evidence is determined to be reasonable, upon approval by the Financial Supervisory Commission, the special surplus reserves set up by the Company in accordance with the provisions of preceding paragraph can be used therewith.</p> <p>Provided that any other evidence shows that the Company has conducted a transaction in acquiring the immovable property from the related persons against the Regular Business Practice, such matters shall be handled in accordance with the</p>	<p>long-term stock ownership investment belong to a public issuing company, the special surplus reserves shall be set up in regard to the set-up amount in proportion to shareholding in accordance with the provisions of Paragraph 1, Article 41 of the Securities and Exchange Act.</p> <p>2. The Supervisor shall handle such matters in accordance with the provisions of Article 208 of the Company Law.</p> <p>3. The handling information as given in Sub-paragraph 1&2 shall be submitted to the Shareholders meeting, the transaction details shall be disclose in the Annual Report and Prospectus.</p> <p>Only after the assets purchased at a high price have been recognized as loss from falling price, disposal, appropriate compensation or restitution, or any other evidence is determined to be reasonable, upon approval by the Financial Supervisory Commission, the special surplus reserves set up by the Company in accordance with the provisions of preceding paragraph can be used therewith.</p> <p>Provided that any other evidence shows that the Company has conducted a transaction in acquiring the immovable property</p>	

Clause	Clause after Amendment	Clause before Amendment	Remarks
	provisions of preceding two paragraphs.	from the related persons against the Regular Business Practice, such matters shall be handled in accordance with the provisions of preceding two paragraphs.	
Article 19	<p>The Company is engaged in the derivative commodity transaction, and shall establish a memorandum book. Therefore, the detailed items shall be included in the memorandum book for future reference, e.g. type and amount of the derivative commodity transaction; date of approval by the board of directors; and other matters to be carefully assessed in accordance with the provisions of Sub-paragraph 4, Article 17 or Sub-paragraph 2, Paragraph 1 and Sub-paragraph 1, Paragraph 2, Article 18, etc.</p> <p>The internal auditors of the Company shall not only regularly understand the permissibility and suitability of internal control of derivative commodity transaction, but also shall submit a audit report on following the procedures for handling of derivative commodity transaction on a monthly basis. If any significant violations are detected whereby, the <u>Audit Committee</u> shall be notified in writing.</p>	<p>The Company is engaged in the derivative commodity transaction, and shall establish a memorandum book. Therefore, the detailed items shall be included in the memorandum book for future reference, e.g. type and amount of the derivative commodity transaction; date of approval by the board of directors; and other matters to be carefully assessed in accordance with the provisions of Sub-paragraph 4, Article 17 or Sub-paragraph 2, Paragraph 1 and Sub-paragraph 1, Paragraph 2, Article 18, etc.</p> <p>The internal auditors of the Company shall not only regularly understand the permissibility and suitability of internal control of derivative commodity transaction, but also shall submit a audit report on following the procedures for handling of derivative commodity transaction on a monthly basis. If any significant violations are detected whereby, the supervisors shall be notified in writing.</p>	In order to cooperate with the Audit Committee established by the Bank to replace the powers and authorities of Supervisor, the text shall be modified accordingly.
Article 20	In the event of applying for merger, division, acquisition or transfer of shares, the Company shall appoint the	In the event of applying for merger, division, acquisition or transfer of shares, the Company shall appoint	The competent authority shall consider the merger of

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>accountant, solicitor or securities underwriter to give opinions on the rationality of stock exchange ratio, acquisition price or distribution of cash or other properties to the shareholders prior to holding the meeting of the board for resolution, and submit to the board of directors for discussion and adoption.</p> <p><u>However, the merger of the Company and its subsidiaries (whose 100% of the issued shares or the total capital will be directly or indirectly held by the Company) or the merger of the Company's subsidiaries (whose 100% of the issued shares or the total capital will be directly or indirectly held by the Company) shall be exempted from the reasonable expert's opinions.</u></p>	<p>the accountant, solicitor or securities underwriter to give opinions on the rationality of stock exchange ratio, acquisition price or distribution of cash or other properties to the shareholders prior to holding the meeting of the board for resolution, and submit to the board of directors for discussion and adoption.</p>	<p>the Company and its subsidiaries (whose 100% of the issued shares or the total capital will be directly or indirectly held by the Company) or the merger of the Company's subsidiaries (whose 100% of the issued shares or the total capital will be directly or indirectly held by the Company) in accordance with the provisions of Business Mergers and Acquisitions Act. The merger shall be deemed to be the reorganization of the same group, excluding the agreement on stock exchange ratio or distribution of cash or other properties to the shareholders. The relaxation of such merger shall be subject to the expert's opinions on the rationality of stock exchange ratio, so that it shall be amended in accordance with the provisions of</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
			competent authority.
Article 28	<p>As acquiring or disposing the assets, if the following situations happen, the company's sponsoring department shall transact the announcement declaration of relevant information through the website appointed by Financial Supervisory Commission from the second day since the date of things happening, according to assets properties and prescribed form of announcement of Financial Supervisory Commission.</p> <p>1. If the Company has acquired or disposed of the immovable property or other assets (other than immovable property) from or with the related persons, and the transaction amount has reached 20% of the Company's paid-in capital, 10% of the total assets or NT\$ 300 million or more, apart from buying and selling the government bonds, conditionally buying back and selling back the bonds, subscribing or buying back the domestic money market funds <u>issued by Securities Investment Trust Enterprise</u> are not subject to the limits.</p> <p>2. Conduct the merger, split, acquisition or shares transferee.</p> <p>3. The operated derivative commodity transaction losses reach the total amount of the regulated disposal procedure or the upper limit of loss of specific contracts.</p> <p>4 The acquired or dispose asset type</p>	<p>As acquiring or disposing the assets, if the following situations happen, the company's sponsoring department shall transact the announcement declaration of relevant information through the website appointed by Financial Supervisory Commission from the second day since the date of things happening, according to assets properties and prescribed form of announcement of Financial Supervisory Commission.</p> <p>1. Acquire or dispose the real estate from related persons, or acquire or dispose other assets except for the real estate with related persons with the transaction amount of reaching 20% of paid-in capital, 10% of total assets or over 300 million of New Taiwan Currency. However, buying and selling bonds or bonds attached with buying and selling conditions, and purchase or redemption of domestic money market funds are not subject to the limits.</p> <p>2. Conduct the merger, split, acquisition or shares transferee.</p> <p>3. The operated derivative commodity transaction losses reach the total amount of the regulated disposal procedure or the upper limit of loss of specific contracts.</p> <p>4. Assets transaction, the</p>	<p>1. The reason for amendment as stated in Item 3, Sub-paragraph 6 and Sub-paragraph 1, Paragraph 1 is the same as Article 12.</p> <p>2. Amendment to Sub-paragraph 4, Paragraph 1: The competent authority considers that, the acquisition or disposal of the equipment used for the business shall be deemed as the necessary item for the day-to-day business of the Company and large-scale companies. If the lower standards of announcement to application will result in too frequent announcements to application, and reducing the significance of the disclosure of information, then the current provisions shall be</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>belongs to the equipment supplied for business use, and its transaction object is not related persons, meanwhile, the transaction amount is reach to more than New Taiwan Currency of 100 million.</p> <p>5 The real estate is acquired by means of entrusted construction on own land, entrusted construction on rented land, entrusted construction on rented land, co-construct with separated rooms, co-construct with divided shares, co-construct with separated selling, and the estimated input transaction amount is more than New Taiwan Currency of 500 million.</p> <p>6. Assets transaction, the company's disposal creditor's rights or the operational mainland region investment except for the first five items, with the transaction amount of reaching 20% of paid-in capital, or over 300 million of New Taiwan Currency. But the following conditions are not subject to the limits.</p> <p>(1) Buying and selling bonds.</p> <p>(2) The negotiable securities transaction done in the securities exchange at home and abroad or the securities dealer's business premise by persons that specialized in investment, <u>or the common corporate bonds by subscribed and common financial not involved with stock rights in the basic-level market.</u></p> <p>(3) Buying and selling the</p>	<p>company's disposal creditor's rights or the operational mainland region investment except for the first three items, with the transaction amount of reaching 20% of paid-in capital, or over 300 million of New Taiwan Currency. But the following conditions are not subject to the limits.</p> <p>(1) Buying and selling bonds.</p> <p>(2) The negotiable securities transaction done in the securities exchange at home and abroad or the securities dealer's business premise by persons that specialized in investment, or the negotiable securities subscribed by securities dealers in the basic-level market and negotiable securities subscribed according to stipulations.</p> <p>(3) Buying and selling bonds attached with buying and selling conditions, and purchase or redemption of domestic money market funds.</p> <p>(4) The acquired or dispose asset type belongs to the equipment supplied for business use, and its transaction object is not related persons, meanwhile, the transaction amount is no more than New Taiwan Currency of 500 million.</p> <p>(5) The real estate is acquired by means of entrusted construction on own land, entrusted construction</p>	<p>amended. For the public issuing company with its paid-in capital of NT\$ 10 billion or more, the standards of announcement to the acquisition or disposal of the equipment used for the business and the transaction objects not consisting of the related persons shall be increased to the transaction amount of NT \$ 1 billion, the current provisions shall be amended according to law.</p> <p>3. Amendment to Item 2, Sub-paragraph 6, Paragraph 1: The competent authority considers that, given that the professional investors have acquired and raised the ordinary bonds and general financial bonds (not involved in the equity, excluding the subordinated financial bonds)</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>government bonds, conditionally buying back and selling back the bonds, subscribing or buying back the domestic money market funds <u>issued by Securities Investment Trust Enterprise</u>.</p> <p>The transaction amount of preceding paragraph is calculated according to the following way:</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The accumulated transaction amount of the same nature acquired or disposed with the same offeree within one year. 3. The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same development plan real estate within one year. 4. The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same negotiable securities within one year. <p>The “within one year” referred in the preceding paragraph means the time that trace and calculate forth for one year by taking this transaction’s occurrence date of facts as the baseline. According to the criterion stipulation, the announcement part is avoided to be included.</p> <p>According to the prescribed form, the company shall monthly input the</p>	<p>on rented land, co-construct with separated rooms, co-construct with divided shares, co-construct with separated selling, and the estimated input transaction amount is no more than New Taiwan Currency of 500 million.</p> <p>The transaction amount of preceding paragraph is calculated according to the following way:</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The accumulated transaction amount of the same nature acquired or disposed with the same offeree within one year. 3. The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same development plan real estate within one year. 4. The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same negotiable securities within one year. The “within one year” referred in the preceding paragraph means the time that trace and calculate forth for one year by taking this transaction’s occurrence date of facts as the baseline. According to the criterion stipulation, the announcement part is avoided to be included. <p>According to the prescribed form,</p>	<p>issued in the domestic primary market, the said amendment shall be deemed as a regular business behavior, mainly for the acquisition of interest, with simple properties. In the event that such bonds are sold in the secondary market, it is not required to apply for the announcement in accordance with the existing norms. Based on the benefits and consistency of disclosure of information, excluding the scope of application to announcement, the current provisions hereto shall be amended according to law.</p> <p>4. The order of text, paragraphs and sub-paragraphs shall be adjusted in accordance with the provisions of</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>derivative commodity transaction conditions of the company and the subsidiary corporation of public issued corporations without belonging to China up to the end of last month, to the information return internet of Financial Supervisory Commission in 10 days before every month.</p> <p>When announcing, if there are mistakes or omissions in the announcement project which shall be announced by the company according to the stipulation, and these mistakes or omissions need to be supplemented and corrected, then the whole project shall be announced and declared again <u>within two days since the awareness.</u></p> <p>As acquiring or disposing assets, the company shall prepare relevant contract, journal, memorandum book, appraisal report, accountant, lawyer or finder's opinion book in the company, and except for other conditions stipulated by the law, these materials shall be kept for at least five years.</p>	<p>the company shall monthly input the derivative commodity transaction conditions of the company and the subsidiary corporation of public issued corporations without belonging to China up to the end of last month, to the information return internet of Financial Supervisory Commission in 10 days before every month.</p> <p>When announcing, if there are mistakes or omissions in the announcement project which shall be announced by the company according to the stipulation, and these mistakes or omissions need to be supplemented and corrected, then the whole project shall be announced and declared again.</p> <p>As acquiring or disposing assets, the company shall prepare relevant contract, journal, memorandum book, appraisal report, accountant, lawyer or finder's opinion book in the company, and except for other conditions stipulated by the law, these materials shall be kept for at least five years.</p>	<p>Article 30 of the "Criteria for Handling of Assets Acquired or Disposed by the Public Issuing Companies".</p>
Article32	<p><u>After the disposal procedure passed by board of directors, approved by more than one-half of all members of the Audit Committee, and report for agreement of shareholders meeting, it can be implemented,</u> which is same with the amendment. If there is</p>	<p>After the disposal procedure passed by board of directors, shall send to each supervisor, propose and report for agreement of shareholders meeting, which is same with the amendments. If there is director with objections</p>	<p>In order to cooperate with the Audit Committee established by the Bank to replace the powers and authorities of Supervisor, the text</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>director with objections and records or written statements, shall send the objection data of directors to <u>Audit Committee</u>.</p> <p>When discussing the disposal procedure proposed and reported to board of directors according to the former regulations, shall fully consider the opinions of each independent director, if the independent director has objections or reservations, shall record them in the discussion record of board of directors.</p> <p><u>If the first item is not agreed by more than half of all members of Audit Committee, shall be executed with agreement of more than two thirds of all members of board of directors, and the resolution of Audit Committee shall be recorded to discussion record of board of directors.</u></p> <p><u>As for all members of Audit Committee referred in the processing program and all members of board of directors referred above, which shall be calculated with the actual incumbents.</u></p>	<p>and records or written statements, shall send the objection data of directors to <u>each supervisor</u>.</p> <p>When discussing the disposal procedure proposed and reported to board of directors according to the former regulations, shall fully consider the opinions of each independent director, if the independent director has objections or reservations, shall record them in the discussion record of board of directors.</p> <p><u>When the company setting Audit Committee according to regulations in Securities Exchange, the regulations in Article 5, Article 12, Section 2 of Article 19 and Section 1 of Article 32 on the supervisor shall be approved and applied by Audit Committee; besides, the regulation in Item 2 of Section 1 of Article 15 shall be approved and applied to the independent directors in Audit Committee.</u></p>	<p>shall be modified accordingly.</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 locate.

Chapter 2 Shares

- Article 4. The Bank's total capital is NTD\$30 Billion, divided into 3,000,000,000 shares, at NTD\$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、 H601011 Personal insurance agent、 H601021 Property insurance agent

1. Commercial banking business。
2. Personal insurance agent business
3. Property insurance agent business
4. The other related business that issued by authority.

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 9th 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.
- Article 33. 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.
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 1 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, 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:

(1) Employee remuneration: Between 1-5% of the profit; 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) Director Remuneration: No more than 0.1% of the profit. The board of directors is authorized to determine the manner of distribution of the employee remuneration and director remuneration under the previous paragraph.

However, if the Bank has 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.

Article 39. 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 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.

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

Article 40. When the legal reserve provided has reached the capital amount, no provision needs to be made for the current period.

Chapter 8 Miscellaneous

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 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 43. 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 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. The twenty-first amendment was made on 8 June 2016.

Appendix3

Asset Acquisition or Disposition Procedure of Union Bank of Taiwan

Approved by Shareholders meeting on May 27, 92
Approved by Shareholders meeting on June 15, 96
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Chapter 1 General Provisions

Article 1. The dispose on assets acquired or disposed by the company, shall be disposed according to Dispose Criterion that Public Company Acquire or Dispose Assets (hereinafter referred to as this criterion) issued by this dispose process and Financial Supervisory Commission (hereinafter referred to as FSM).

Article 2. The application scope of assets referred by this process procedure is as follows:

- I. Stocks, bonds, corporate bonds, financial bonds, negotiable securities of recognition fund, depository receipt, subscribe (sell) authority certificate, beneficial securities, asset backed securities and other investment.
- II. Real estate (including land, house, building, investment real estate, land usage right) and equipment.
- III. Member card
- IV. Patent right, copyright, trademark right, chartered right and other intangible assets.
- V. Obligatory right of financing institution (including receivables, buy send discount, loan and overdue receivables).
- VI. Derivative securities.
- VII. Assets acquired or disposed according to legal merger, split, acquisition or shares transferee.
- VIII. Other important assets.

Article 3. Definitions of words in this process procedure are as follows:

- I. Derivative securities: it means the forward contract, option contract, future Contract, leverage contract, commutative contract with the value derived by assets, interest rates, exchange rates, indexes or other benefits and commodities, and the compound contract formed by the grouping of commodities above. The referred forward contract not includes insurance contract, performance contract, after-sales service contract, long-term lease contract and long-time purchasing (selling) goods contract.
- II. Assets acquired or disposed by legal merger, split, acquisition or shares transferee: it means the assets acquired or disposed by merger, split or acquisition according to enterprise acquisition law, financial holding company law, financial institution merger law or other laws, or issuing new stock and transferee the stock of

company (hereinafter referred to as stock transferee) according to regulations in Item 8 of 156 Article of Company Law.

- III. Related persons, sub-company: shall identify according to the rule regulation of financial reports of securities issuers.
- IV. Professional valuer: real estate valuer or other person working on real estate and equipment valuation service according to law.
- V. Event occurrence date: it means the dates as former such as trading contract date, payment date, entrust transaction date, transfer date, resolution date of board of directors, or date of other information determining transaction object and transaction amount. As for the investor that need to be approved by competent authorities, take the date as former or date of receiving approval of competent authorities as the criterion.
- VI. Mainland investment: it means the mainland investment according to investment of Investment Commission of Ministry of Economic or technology cooperation licensing regulation in mainland.

Chapter 2 Asset Acquisition or Disposition

Article 4. The assets acquired or disposed by the company in the scope of Article 2, except for other evaluation or operation procedures, the rest shall depend on the regulations of this process procedure, all the handling ministries or offices propose the assessment methods, operating procedures and other data, submit board of directors for authorizing after approval, during adjournment of board of directors, executive board of directors approves and report to board of directors for future reference. The items should be record in the preceding item assessment and operation procedure are as follows:

I. Assessment procedure: including price decision method, reference bases, etc.

II. Operation procedure: including authorization amount, level, execution unit, transaction process, etc.

As for the real estate acquired by the company not for business application, the total and limit amount shall be handled according to bank law and related regulations.

As for the total amount of negotiable securities or limit amount of individual negotiable securities of the company, they shall be handled according to The Bank Investment Policy and related regulations.

As for working on transaction of related persons, transaction of derivative commodities, conducting enterprise merger, split, acquisition or shares transferee, which shall not only conform to the regulations from Chapter 3 to Chapter 5 in this disposal procedure, but also be handled according to the related operation regulation.

The company shall urge sub-company to set and execute to acquire or dispose assets disposal procedure according to regulation of the criterion, then control and manage the acquisition or disposition of company assets according to Supervision Control Operation Criterion of the Bank on Sub-company.

Article 5. As for the assets acquired or disposed by the company, which shall

be passed by board of directors according to the disposal procedure or other regulations, if directors have objections and records or writing statement, shall send the objections of board of directors to all supervisors.

As submitting the acquired or disposed assets to board of directors for discussion according to the former regulation, the opinions of all independent directors shall be considered fully, if any independent directors have objections or reservations, which shall be recorded in the discussion record of board of directors.

When the company setting Audit Committee regulated according to Securities Exchange Law, the major asset or derivatives commodities transaction, stipulation or modification of acquisition or disposition of assets disposal procedure, which shall be agreed by more than half of all members of Audit Committee, and be submitted to board of directors for resolution, and the opinions and reasons of agreement or objection shall be listed into the meeting record.

If the former item is not agreed by more than half of all members of Audit Committee, shall be executed with agreement of more than two thirds of all members of board of directors, and the resolution of Audit Committee shall be recorded to discussion record of board of directors.

As for all members of Audit Committee referred in the third Item and all members of board of directors referred above, which shall be calculated with the actual incumbents.

Article 6. As for the real estate or equipment acquired or disposed by the company, except for equipment for trading with governmental agencies, self-land entrust construction, rented land entrust construction, or acquisition or disposition for business application, when the transaction amount reaching to 20% of paid-in capital of company or more than NTD\$ 300 million, shall acquire the valuation report issued by professional valuer before the event occurrence date, and shall conform the following regulations:

I. Due to special reasons, the limited price, or specific price, or special price shall be set as the reference bases of transaction price, the transaction shall firstly submit to board of directors for resolution approval, if the transaction conditions are changed in the future, it shall also be handled according to the procedures above.

II. As for transaction amount of reaching to 1 billion NTD, shall ask more than two professional valuers to make price valuation.

III. If there is one of the following situations in the price valuation results of professional valuers, except for the valuation result of acquired assets higher than the transaction amount, or valuation result of assets disposal lower than transaction amount, shall ask accountant to handle according to No. 20 regulation of auditing criterion issued in Accounting Research and Development Foundation

(hereinafter referred to as Accounting Research and Development Foundation), and express the detailed opinions for the suitability of difference reason and transaction price.

(I) Difference between valuation result and transaction amount reaching to more than 20% of transaction amount.

(II) Difference between valuation results of more than two professional valuers reaching to more than 10% of transaction amount.

IV. Date of report issued by the professional valuator and contractual establishment date shall not exceed three months. But if apply to the same issue of current value and no more than six months, the original professional valuator shall issue position paper.

Article 7. When the company acquires or disposes negotiable securities, shall take the financial statement which has been checked or reviewed by the accountant recently as the reference of evaluation transaction price before fact happens, if the transaction amount reaches to twenty percent of the paid-in capital or exceeds NTD three hundred million, shall consult and invite accountant to express opinion on the reasonability of transaction price before fact happens, if accountant needs to adopt expert report, shall follow the No. 20 Provision of auditing standards statement that issued by Accounting Research and Development Foundation to deal with. However there is public offer of active market on the negotiable securities or other regulations of Financial Supervisory Commission, which shall not subject to the limits.

Article 8. The company acquires or disposes membership card or intangible assets transaction amount reaches to twenty percent of the paid-in capital or exceeds NTD three hundred million, except for transacting with government agencies, shall consult accountant to express opinion on the reasonability of transaction price before fact happens, meanwhile shall follow the No. 20 Provision of auditing standards statement that issued by Accounting Research and Development Foundation to deal with.

Article 8-1. Transaction amount calculation of the first three articles shall follow the Section 2 regulations of Article 28 to deal with, meanwhile the referred within 1 year means shall take the occurrence date of the transaction fact as standard, retrospect and calculate from one year before, the valuation report that issued by professional valuator or accountant opinion part are exempted from calculation according to the regulations of this criterion.

Article 9. The company acquired valuation report or the position paper of accountant, lawyer, or securities underwriters, the professional valuator, the valuer, accountant, lawyer, or securities underwriters shall not be the related persons of traded parties.

Article 10. The company acquires or disposes assets through auction procedures, shall replace the evaluation report or accountant opinion with the documentation that issued by the court.

Chapter 3 Related Persons Transaction

Article 11. The company and related persons acquire or dispose the asset, except for handling the related resolution procedures, evaluating the rationality of transaction conditions, etc., transaction amount reaches to over ten percentage of the company's total assets, also shall follow the valuation report that issued by professional valuator or accountant opinion
Shall handle transaction amount calculation of the preceding item according to the regulation of Article 8-1.
When the company determines whether transaction object is the related persons, in addition to pay attention to its legal form, also shall consider the real relationship.

Article 12. If the Company has acquired or disposed of the immovable property or other assets (other than immovable property) from or with the related persons, and the transaction amount has reached 20% of the Company's paid-in capital, 10% of the total assets or NTD\$ 300 million or more, apart from buying and selling the government bonds, conditionally buying back and selling back the bonds, subscribing or redeeming the domestic money market funds, the following information should be submitted to the board of directors for approval and the Supervisor for recognition before signing the transaction contract and paying a sum of money:

1. Purpose, necessity and expected benefits of acquiring or disposing of assets;
2. Reasons for selecting the related persons as the transaction objects;
3. Information on acquiring the real estate from the related persons and evaluating the rationality of predetermined transaction conditions in accordance with the provisions of Article XIII and XIV;
4. Original date of acquiring the real estate from the related persons and price, transaction object and its relationship with the Company and related persons and other matters;
5. Information on predicting the forecasted statement of cash receipts and payments in months of the coming year after signing the contract as well as evaluating the necessity of transaction and the rationality of application of funds;
6. Valuation report issued by the professional valuer and obtained in accordance with the provisions of the preceding article or comments made by the accountant;
7. Restrictions on this transaction and other important matters.

The amount of transaction as stated in the preceding paragraph shall be calculated in accordance with the provisions of Paragraph 2 of Article 28. The so-called "one year" refers to the previous year calculated retroactively based on the date of actual occurrence of transaction as the base date. It is not required for further calculating the part submitted to the board of directors for approval and the Supervisor for recognition in accordance with the provisions of such Standards..

The board of directors shall authorize the Chairman of the board to decide whether to acquire or dispose of the equipment for use in the

business between the Company and the parent company or between the subsidiary companies within a certain sum of money in advance in accordance with the provisions of Subparagraph 2, Paragraph 1, Article 4, and then submit the latest report to the board of directors for retroactive recognition after the event.

When submitting to the board of directors for discussion in accordance with the provisions of preceding paragraph, the Company shall give full consideration to the opinions raised by the independent directors. The objections or reservations (if any) proposed by the independent directors shall be set out in the minutes of proceedings of the board of directors.

In the event that the Company has set up an audit committee in accordance with the provisions of the Securities and Exchange Act, this matter shall be recognized by the Supervisor in accordance with the provisions of Paragraph 1, firstly approved by more than one-half of all members of the Audit Committee, and submitted to the board of directors for resolution in accordance with the provisions of Paragraph 4&5, Article 5.

Article 13. The company obtains the real estate from related persons, shall evaluate the rationality of transaction cost according to the following methods:

I. According to the related persons transaction price plus necessary funds interest and the cost the company shall undertake according to law. The referred necessary funds interest cost, shall take the weighted average interest rate of the annual borrowed amount of the company purchased the assets as the standard to calculate, but shall not be higher than the highest borrowing rates of non-financial industry that announced by the Ministry of Finance.

II. If related persons once use this contract object to set a mortgage from financial institutions, financial institutions evaluate the gross loan of this contract object, only when the actual loan aggregate-value reaches to more than 70% of gross loan evaluation meanwhile loan period has exceeded 1 year. But if the financial institution or any of transaction parties are related persons of each other, under such circumstance, shall not apply.

Combination purchase of the land and building of same contract object, shall evaluate the transaction cost of land and building according to any method the preceding section lists.

Evaluation of the real estate costs according to regulations of the Section 1 and Section 2, shall consult and invite accountant to review and express specific opinion.

The company acquires real estate from the related persons, any of the following circumstances, shall handle in accordance with the regulations of Article 12, not applicable to the regulations of preceding three sections:

I. The related person's acquisition of real estate because of inheritance or donation.

II. For more than 5 years already since the time when related persons contracting and acquiring real estate to the contracting date of this transaction.

III. Acquisition of real estate because of signing co-construction contract with related persons, or acquisition of real estate because of self-land entrust construction, rented land entrust construction, and entrust related persons for construction of real estate.

Article 14. Compared with transaction price, the company evaluates the result low according to the regulations of preceding first section and second section, shall handle according to the Article 15. But because of the following circumstances, meanwhile for which put forwards objective evidence and acquires the specific and rational opinion of real estate professional evaluator, shall not subject to the limits.

I. Related persons are the people who acquire raw land or rented land and then construct, meanwhile meet one of the followed conditions:

(1) Raw land evaluation according to the method of preceding article, as for building, according to construction cost plus reasonable construction profit, the total exceeds actual transaction price. The referred reasonable construction profit shall take the lower gross margin between the average operating margin of related persons' construction department in the past three years or gross margin of construction industry in recent period that published by Ministry of Finance as standard.

(2) Other floors of a same contract object real estate or other non-related persons' successful transaction case in nearby district within 1 year, area is similar, meanwhile the transaction condition is equivalent after evaluated according to reasonable floor and district difference in price of real estate business practices.

(3) Other non-related persons' rental case of other floors of a same contract object real estate within 1 year, the transaction condition is equivalent, after estimated according to reasonable floor difference in price of real estate rental practices.

II. Purchase of real estate from related persons, the transaction condition is equivalent to other non-related persons' successful transaction case in nearby district within 1 year, meanwhile area is similar.

As for the preceding referred nearby district or transaction case, take the case that in a same or nearby street meanwhile within 500 meters in circumference at a distance from transaction contract object, or the case which has similar announced land current value as principle; the referred similar area shall take the non-related persons other transaction case that area is no less than 50% of transaction contract object area as principle; the referred within 1 year means to based on the fact occurrence date of acquisition of real estate this time, retrospect and calculate one year.

Article 15. The company acquires real estate from related persons, if compared with transaction price, the evaluation result is low according to the regulations of Article 13 and Article 14, and the

company shall handle the following matters:

I. The difference between the real estate transaction price and evaluation cost shall not be assigned or transferred as capital increase and allotment of shares according to special reserve that proposed and listed in the first section regulation of Article 41 of the Securities and Exchange Law. If the investor of the company investment equity method assessment is public company, also shall propose and list the special reserve on the proposed and listed amount according to shareholding ratio in accordance with the first section regulation of Article 41 of the Securities and Exchange Law.

II. Supervisor shall handle according to the Article 218 of Company Law.

III. The first and second items handling cases should be proposed and reported to Shareholders meeting, transaction details are revealed in the annual report and prospectus.

Shall start use the special reserves that the company proposes and lists according to the preceding item after the high-priced purchased assets have been recognized as unrealized loss, disposal, appropriate compensation or restitution, or there is other evidence that confirmation of no unreasonable situation, and after agreed by the Financial Supervisory Commission.

If there is other evidence that there is improper regular business practice condition when the company acquires real estate transaction from related persons, shall handle according to the preceding 2 sections.

Chapter 4. Engaged in Derivative Commodity transaction

Article 16. When the company operates the transaction of derivative commodity, shall pay attention to the following important risk management and control of audit matters:

I. Transaction principles and policies: shall include the type of engaged in derivative commodity transaction, operation, hedge strategy, division of authority and responsibility, performance assessment essentials and transaction contract amount of engaged in derivative commodity transaction, as well as the loss ceiling amount of total and some individual contracts, etc.

II. Risk management measure

III. Internal check system

IV. Periodic evaluation method and exception condition handling.

Article 17. When the company operates the transaction of derivative commodity, shall implement the following risk management measures:

I. Risk management scope shall include credit, market price, liquidity, cash flow, operation, legal and other risk managements.

II. Transaction personnel who engaged in derivative commodity transaction and the person who engaged in confirmation and delivery, etc shall not concurrently hold the position of each other.

- III. Risk measure, monitor and control personnel shall belong to different departments with the personnel of preceding item, meanwhile shall report to the board of directors or the high-ranking managers who are irresponsible for transaction or parts of the decision making responsibility.
- IV. The derivative commodity transaction holding parts shall be assessed at least once a week, but as for the safe-haven transaction as business required shall be assessed at least twice one month, the assessment report shall be submitted to the high-ranking managers who authorized by the board of directors.
- V. Other important risk management measures.

Article 18 When the company operate the transaction of derivative commodity, board of directors shall implement supervision and administration according to the following policies:

- I. Assign high-ranking managers to pay attention to the supervision and control of transaction risk of derivative commodity at any time.
- II. Regularly assess whether the performance of transaction of derivative commodity conforms to the set operation strategy and whether the undertaken risk is under the allowed scope of the company.
High-ranking managers authorized by board of directors shall manage transaction of derivative commodity according to the following policies:
 - I. Regularly assess whether the current applied risk management measure is suitable and dispose according to transaction disposal procedure of derivative commodity set by the criterion and the company.
 - II. Supervise transaction, profit and loss situation, when finding abnormal situation, shall conduct necessary response measures, and report to board of directors immediately, independent director of board of directors shall attend and express opinions. When the company operate the transaction of derivative commodity, and authorizes the related personnel to dispose according to disposal procedure regulation of operating transaction of derivative commodity, shall propose and report to the latest board of directors after then.

Article 19. The company works on derivatives commodity transaction, and it shall establish the memorandum book, to publish details on derivatives transaction types, amount of money, passing date of board of directors, and matters that shall be carefully evaluated according to Item 4 of Article 17, Item 2 of Section 1 and Item 1 of Section 2 of Article 18, for future reference.

The internal auditors of the company shall understand the internal controls propriety of derivatives transaction at fixed period, and take monthly examination on the abidance condition of derivatives transaction disposal procedure by the transaction sector, then make an audit report. If the auditors discover some

illegal matters, they shall inform each supervisor in written form.

Chapter 5 Merger, Split, Acquisition or Shares Transferee

Article 20. As handling merger, split, acquisition or shares transferee, the company shall invite and appoint the accountant, lawyer or securities underwriter to present their opinions on the rationality of exchange ratio, purchasing price or allocating cash or other assets for shareholders, before holding the resolution of board of directors.

Article 21. The company shall participate in important agreement contents and related issues of merger, split or acquisition. Before starting the Shareholders meeting, the company shall make the public document for shareholders and give them to shareholders along with expert opinions of the preceding article and notice of Shareholders meeting, in order to take them as reference for agreement of the merger, division or acquisition case. However, the merger, division or acquisition matters that are allowed to avoid holding Shareholder meeting's resolution are not subject to this restriction.

If the Shareholders meeting held due to the preceding section regulation is unable to be held, resolved or the bill is voted down by the Shareholders meeting, just for the reasons that the attendance and the voting power are not enough or other legal restrictions, then companies that participate in the merger, division or acquisition shall openly explain occurrence reasons, the subsequent processing operation and the estimated holding date of the Shareholders meeting to the public at once.

Article 22. As participating in the merger, division or acquisition, except as otherwise stipulated by law, or reporting to Financial Supervisory Commission for agreement in advance on specific factors, the company shall hold board of directors and Shareholders meeting with all participating companies on the same day, to resolve related issues on merger, split or acquisition. As participating in the share transferee, except as otherwise stipulated by law, or reporting to Financial Supervisory Commission for agreement in advance on specific factors, the company shall hold board of directors with all participating companies on the same day.

The listing company participating in merger, split, acquisition or shares transferee or its stock traded in securities dealer's business premise, the company shall make the following materials into intact written record, and keep it for five years for examination.

1. Basic information of staff: include the professional title, name, ID number (the passport number of foreigners) of all staff that participate in merger, division, acquisition or share transfer plan, or the plan implementation staff before the news is opened to the public.

2. Date of important matter: include signing a letter of intent or memorandum, entrusting financial or legal advisor, signing the

contract, board of directors and other dates.

3. The important documents and journals: include merger, division, acquisition or share transfer plan, letter of intent or memorandum, the important contract and board of directors' journals, or other documents.

The listing company participating in merger, split, acquisition or shares transferee or its stock traded in securities dealer's business premise, the company shall report data of Item 1 and Item 2 of the preceding paragraph to Financial Supervisory Commission for future reference through the internet information systems and according to the prescribed form, on the second day since the date of resolution passing.

If there are companies not belonging to the listing company or its stock traded in securities dealer's business premise among companies participating in merger, split, acquisition or shares transferee, the listing company or its stock traded in securities dealer's business premise shall sign an agreement with them, and transact it according to the stipulation of Section 3 and Section 4.

Article 23. The company shall acquire all people that participate in or know the company's merger, split, acquisition or shares transferee plan and make them issue the confidentiality agreement in written form that before the information is opened to the public, they are forbidden to reveal the plan content to the public, and trade stocks and other negotiable securities with ownership property from all companies that are related to merger, split, acquisition or shares transferee case, by themselves or by using the name of other person.

Article 24. As participating in merger, split, acquisition or shares transferee, the company is not allowed to change the conversion ratio or the procurement price at random, but the changer that conforms to the following conditions and is stipulated in the contract of merger, split, acquisition or shares transferee is not subject to this limit:

1. Dealing with increment of cash, issuing convertible bond, stock grants, issuing warrant bond, and preferred shares with warrants, subscription right voucher and other negotiable securities with the ownership property.
2. Behaviors that affect corporate finance, such as disposal of major assets and so on.
3. Happening things that affect corporate stockholder's equity or security price, such as major disasters, significant technical changes and so on.
4. The adjustment of legally repurchasing the treasury stock by any party of companies that participate in merger, split, acquisition or shares transferee.
5. There are increasing or decreasing changes happening on the main part or quantity that participate in merger, split, acquisition or shares transferee.
6. Other conditions that have been stipulated in the contract and

been exposed to the public.

Article 25. If the company participates in merger, split, acquisition or shares transferee, the contract shall clearly state rights and obligations of all participant companies and the following matters:

1. Dealing with breach of contract.
2. The management principle of negotiable securities with the ownership property or the repurchased treasury stock that are wiped out because of merger or have been issued before the company is divided.
3. The quantity and management principle of the participant company's legal repurchasing of treasury stock, after the calculation conversion ratio base date.
4. The management means of increasing or decreasing changes of the main part or quantity.
5. The estimated plan implementation schedule and the estimated completed schedule.
6. When the plan is overdue and failed to be completed, hold the Shareholders meeting and discuss the scheduled opening date and other relevant disposal procedure, according to laws and decrees.

Article 26. when the company participates in merger, split, acquisition or shares transferee, if either party of the participant company plans to have merger, split, acquisition or shares transferee with other companies, after the information being opened to the public, then except the participant quantity reduces, and limits of authority resolved by Shareholders meeting's and authorized to board of directors, are avoided to hold Shareholders meeting's remade resolution. In the original case, the procedure or legal act that have been completed, shall be remade by all participant companies.

Article 27. if there are non-public issued companies among companies that participate in merger, split, acquisition or shares transferee, the company shall sign an agreement with them, and transact it according to the stipulation of Article 22, Article 23 and Article 26.

Chapter 6 Information Disclosure

Article 28. As acquiring or disposing the assets, if the following situations happen, the company's sponsoring department shall transact the announcement declaration of relevant information through the website appointed by Financial Supervisory Commission from the second day since the date of things happening, according to assets properties and prescribed form of announcement of Financial Supervisory Commission.

1. Acquire or dispose the real estate from related persons, or acquire or dispose other assets except for the real estate with related persons with the transaction amount of reaching 20% of paid-in capital, 10% of total assets or over 300 million of New Taiwan Currency. However, buying and selling bonds or bonds attached with buying and selling conditions, and purchase or

redemption of domestic money market funds are not subject to the limits.

2. Conduct the merger, split, acquisition or shares transferee.
3. The operated derivative commodity transaction losses reach the total amount of the regulated disposal procedure or the upper limit of loss of specific contracts.
4. Assets transaction, the company's disposal creditor's rights or the operational mainland region investment except for the first three items, with the transaction amount of reaching 20% of paid-in capital, or over 300 million of New Taiwan Currency. But the following conditions are not subject to the limits.

- (1) Buying and selling bonds.
- (2) The negotiable securities transaction done in the securities exchange at home and abroad or the securities dealer's business premise by persons that specialized in investment, or the negotiable securities subscribed by securities dealers in the basic-level market and negotiable securities subscribed according to stipulations.
- (3) Buying and selling bonds attached with buying and selling conditions, and purchase or redemption of domestic money market funds.
- (4) The acquired or dispose asset type belongs to the equipment supplied for business use, and its transaction object is not related persons, meanwhile, the transaction amount is no more than New Taiwan Currency of 500 million.
- (5) The real estate is acquired by means of entrusted construction on own land, entrusted construction on rented land, co-construct with separated rooms, co-construct with divided shares, co-construct with separated selling, and the estimated input transaction amount is no more than New Taiwan Currency of 500 million.

The transaction amount of preceding paragraph is calculated according to the following way:

1. The amount of each transaction.
 2. The accumulated transaction amount of the same nature acquired or disposed with the same offeree within one year.
 3. The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same development plan real estate within one year.
 4. The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same negotiable securities within one year.
- The "within one year" referred in the preceding paragraph means the time that trace and calculate forth for one year by taking this transaction's occurrence date of facts as the baseline. According to the criterion stipulation, the

announcement part is avoided to be included.

According to the prescribed form, the company shall monthly input the derivative commodity transaction conditions of the company and the subsidiary corporation of public issued corporations without belonging to China up to the end of last month, to the information return internet of Financial Supervisory Commission in 10 days before every month.

When announcing, if there are mistakes or omissions in the announcement project which shall be announced by the company according to the stipulation, and these mistakes or omissions need to be supplemented and corrected, then the whole project shall be announced and declared again.

As acquiring or disposing assets, the company shall prepare relevant contract, journal, memorandum book, appraisal report, accountant, lawyer or finder's opinion book in the company, and except for other conditions stipulated by the law, these materials shall be kept for at least five years.

Article 29. After the company announcing and declaring its transaction according to the preceding article's stipulation, if one of the following conditions happens, the company shall transact the announcement declaration of relevant information in the appointed internet of Financial Supervisory Commission, on the second day since date of the fact happening:

1. Conditions of change, termination or remove occurs on related contract signed in the original deal.
2. Merger, split, acquisition or shares transferee are not completed by the arranged schedule.
3. There are changes occurs on the content of the original announced declaration.

Chapter 7 Supplementary Articles

Article 30. If the subsidiary corporation of the company which is not belonged to the public issued company in China, acquires or disposes assets, and shall announce its declaration conditions according to Chapter 6 stipulation, the company shall do it. The subsidiary corporation in the preceding paragraph is suitable for Section 1 of Article 28 of the announced declaration standard about reaching 20% of paid-in capital or 10% of total assets, and taking the company's paid-in capital or total assets as the criterion.

The stipulation of 10% of total assets in the procedure shall be calculated according to the total assets amount of the most recent individual or special financial report stipulated in securities issuers' Financial Reports Statements criterion.

Article 31 Person who violates the disposal procedure and the related regulations in Dispose Criterion that Public Company Acquire or Dispose Assets, shall be deliberated according to staff rewards and punishment case treatment method of the company.

Article 32 After the disposal procedure passed by board of directors, shall

send to each supervisor, propose and report for agreement of shareholders meeting, which is same with the amendment. If there is directors with objections and records or written statements, shall send the objection data of directors to each supervisor.

When discussing the disposal procedure proposed and reported to board of directors according to the former regulations, shall fully consider the opinions of each independent director, if the independent director has objections or reservations, shall record them in the discussion record of board of directors.

When the company setting Audit Committee according to regulations in Securities Exchange, the regulations in Article 5, Article 12, Section 2 of Article 19 and Section 1 of Article 32 on the supervisor shall be approved and applied by Audit Committee; besides, the regulation in Item 2 of Section 1 of Article 15 shall be approved and applied to the independent directors in Audit Committee.

Appendix 4

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 Audit of 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%
No. of Shares Held by All Non-Independent Directors		579,777,934	22.25%

Note: The date of the current general shareholders meeting is 20 June 2017 (share transfer suspension period is from 22 April 2017 to 20 June 2017).

Capital stock 2,605,152,427 shares

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