

Stock Code : 2838

Union Bank of Taiwan

2018 General Shareholders

Procedure Manual

9 a.m., 8 June 2018

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

2018 General Shareholders Meeting Agenda

Time of Meeting: 9 a.m., 8 June 2018 (Friday)

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) 2017 Business Report
 - (2) 2017 Audit Committee Audit Report
 - (3) 2017 Report on Employee and Director Remuneration Distribution Status
 - (4) Formulate the "Corporate and Manager's Code of Ethical Conduct" report
5. Approvals
 - (1) Approval of 2017 Business Report and Financial Statements
 - (2) Approval of 2017 Profit Distribution Proposal
6. Discussions
 - (1) Discuss the company's surplus to allocate capital to issue new share.
 - (2) Election of the 10th Director (including independent directors).
 - (3) Release of the 10th term Board of Directors from Non-Competition Restrictions
7. Motions
8. Adjournment

1. Reports

Proposal No. 1

Subject: The 2017 Business Report is submitted for review.

Illustration: Please refer to Attachment 1 Business Report (pages 10 to 14 of this manual).

Proposal No. 2

Subject: The 2017 Audit Committee Audit Report is submitted for review.

Illustration: Please refer to Attachment 2 Audit Committee Audit Report (page 15 of this manual).

Proposal No. 3

Subject: The 2017 Report on Employee and Director Remuneration Distribution Status is submitted for review.

Illustration:

1. The Bank's 2017 net profit before tax before deduction of distribution of employee and director remuneration is NT\$3,378,453,993. In accordance with the Article of Association of the Bank, it is proposed that NT\$62,163,553 be provided as employee remuneration and NT\$3,004,609 be provided as director remuneration,
2. Of which, employee compensation is NT\$6,216,353 shares issued, In accordance with the regulations of the Financial Supervisory Commission of January 30, 2016 (Jin Guan Zheng Ju Zi No. 1050001900), The number of shares issued is calculated based on the closing price of the day before the resolution of the board of directors, (The closing price of ordinary shares on March 13, 2018 was NT\$9.27.) A total of 6,705,884 new shares were issued, NT\$10 per share, Less than 1 share of compensation of NT\$8.32, Use cash payment; Directors' remuneration is paid in cash. The above amounts are consistent with the annual provision.

Proposal No. 4

Subject: Formulate the Bank's "Code of Ethics for Directors and Managers" report for review.

Illustration:

1. According to Article 7 (1) of the Measures for the Implementation of Financial Controlling Companies and the Bank's Internal Control and Audit System.
2. "Directors and Managers' Ethical Conduct Guidelines" of the Bank, please refer to the attachments (pages 42 to 43 of this manual).

2. Approvals

Proposal No. 1

Subject: The 2017 business report and financial statements are submitted for approval. (Proposed by Board of Directors)

Illustration:

1. The 2017 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 19th 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 10 to 14 of this manual) and Attachment 3 (pages 16 to 40 of this manual).

Resolution:

Proposal No. 2

Subject: The 2017 Profit Distribution Proposal is submitted for approval. (Proposal by Board of Directors)

Illustration:

1. This profit distribution proposal relates to the 2017 distributable profit of NT\$3,653,049,067. It is proposed that the distribution be made as shown in Attachment 4 (page 41 of this manual) in accordance with the articles of association of the Bank.
 - (1) Preferred Shares cash dividend (NT\$0.45369863 per share. It is calculated according to 2017 circulating foreign days 69 days and share rate 4.8%) totaling NT\$90,739,726.
 - (2) Ordinary share cash dividend (NT\$0.7 per share) totaling NT\$1,823,606,699. Cash Dividend of Common Shares: NT\$1,042,060,971, distributed pro rata to the shareholders, NT\$ 0.4 per share. Stock Dividend of Common Shares: NT\$781,545,728, distributed pro rata to the shareholders, 30 shares for every 1,000 shares. The cash dividends will be calculated according to the distribution ratio to Yuan, and will be rounded down to the next, and the total amount of distorted zeros less than 1 yuan will be allocated to list other company income.
 - (3) Undistributed profit: NT\$1,738,702,642.
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 2017 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. Discussion Matters and Election Matter:

Proposal No. 1

Subject: Discuss the company's surplus to allocate capital to issue new share. (Proposed by Board of Directors)

Illustration:

1. In order to enrich the company's working capital requirements, NT\$781,545,728 will be allocated under 2017's distributable earnings. The surplus was transferred to capital increase, of which NT\$781,545,720 was issued with 78,154,572 ordinary shares, and the remaining \$8 was distributed in cash because it was less than 1 share equivalent.
2. In this case, the shareholders regularly authorized and reported the approval of the competent authority to authorize the board of directors to set a base date for capital increase and share allotment. Shareholders' distribution of stock dividends is distributed pro rata according to the proportion of shares held by each ordinary shareholder recorded in the register of shareholders of ordinary shares of the company on the basis of the base day of allotment. 30 shares are issued for each thousand shares. The additional shares with less than one share of new shares are added to the shares of the company by the shareholders, and they are put together into the whole stock by the stock agent agency within 5 days from the base issue date. The undisturbed and cobbled together still less than 1 share of the abnormal shares, authorized by the company's chairman to discuss the specific person to take the denomination.
3. The new shares issued are all common shares, and their rights and obligations are the same as the ordinary shares that have already been issued, and the denomination of each share is \$10.
4. Afterwards, if you later buy back shares of the Bank, or transfer, convert or cancel the Treasury shares, or otherwise affect the total number of shares outstanding, If there is any change in the rationing ratio or interest rate, the shareholders' meeting shall authorize the board of directors to handle the changes.

5. In case of a capital increase and issuance of new shares, the shareholders' meeting shall authorize the board of directors to fully handle the change if the change of laws and regulations or the amendments made by the competent authority.

Resolution:

Proposal No. 2

Subject Election of the 10th Director (including independent directors). (Proposed by the Board of Directors)

Illustration:

1. According to Articles 18 and 18-1 of the Articles of Association of the Bank, the Bank has 9 to 15 directors for a term of 3 years. The candidate nomination system can be re-elected.
2. The 9th term of the board of directors of the Bank expired on June 25, 2018. This regular meeting of shareholders elected the 9th director of the 10th session (including 3 seats of independent directors). He assumed office after the end of the regular shareholders' meeting on June 8, 2018. Until June 7, 2021, the term of office is three years. The term of office of the original director until the re-election of the board of directors at the time of the shareholders' meeting shall be suspended.
3. The board of directors of the Bank (including independent directors) elects the candidate nomination system and lists the candidates for the relevant directors (including independent directors). It was reviewed and approved by the 19th Board of Directors of the 9th Session of the Bank on March 14, 2018. Each candidate's key learning, experience, number of shares held, and other details of the list of candidates were explained.
4. List of candidates for the 10th Director (including independent directors) of the Bank:

No.	Title	Name	Education	Experience	Number of shares held (Note 1)
1	Independent Director	Wang Gao Jing	National University of Tainan BA, National Taiwan Normal University Master's Degree, Dept. of	Present Position: Independent Director, Union Bank of Taiwan. Independent Director, Mechema Chemicals international CORP. Experience: Elementary	0

			Economics, North Dakota State University	National Cheng Kung University VGM, Bank of Taiwan Chairman, Bank of Kaohsiung Chairman and standing director, Credit Committee, Bank Association Director supervisor; Hua Nan Commercial Bank Director ,Waterland Securities Co., Ltd. Taiwan Development Company Director Director of Taiwan Asset Management Corporation, Director of Kaohsiung MRT Corporation, Supervisor of the Republic of China Industry and Commerce Association, Adviser of the Financial Research Committee of the Chinese Chamber of Commerce and Industry	
2	Independent Director	Lu Ren Fa	Dept. of Laws, Soochow University 4th Echelon, Academy for the Judiciary	Present Position: Independent Director, Union Bank of Taiwan. Experience: `Taiwan High Court Tainan Branch court `Judge, Taiwan High Court `Taitung District Prosecutors Office `Taipei Prosecutors Office `Chief Prosecutor, Taiwan High Prosecutors Office `Prosecutor-General, Taiwan High	0
3	Independent Director	Li Guo Chang	Dept. of Economics, National	Present Position: Independent Director ,Union Bank of	0

			Taiwan University	Taiwan. Experience: VGM, Taiwan Business Bank GM, Union Securities Investment Trust Co. Ltd. Chairman, Union Securities Investment Trust Co. Ltd. Director-General, Taipei Bills Finance Association	
4	Director	Li Siang Chang	Dept. of Eco.National Taiwan University	Present Position: Chairman, Union Bank of Taiwan Experience: GM, Union Bank of Taiwan	1, 349, 939
5	Director	Chuan Cheng Investment Co., Ltd. (represented by: Jiang Cheng Hisung)	National Defense Medical Center	Present Position: Managing Director, Union Bank of Taiwan Experience: Commissioner, International Rotary Taiwan Rotary Club Association	129, 275, 599
6	Director	Union Enterprise Construction Co., Ltd. (representative : Lin, Jeff)	San Francisco State University Master 's Degree, National Taiwan University	Present Position: GM, Union Bank of Taiwan Experience: Director, Union Bank of Taiwan	90, 901, 025
7	Director	Yo Bang Co., Ltd. (represented by: Cao Su Fong)	National Taipei College of Business	Present Position: Director, Union Bank of Taiwan Experience: Director, Tien Sheng Investment Co., Ltd.	37, 972, 999
8	Director	Li Yu Chuan	National Taiwan Normal University	Present Position: Director, Union Bank of Taiwan Experience: Supervisor, First Commercial Bank	3, 519, 017
9	Director	Bai Sheng Investment Co., Ltd. (represented by: Lin Si Yong)	National Taiwan Normal University	Present Position: Director, Union Bank of Taiwan Experience : Director, Hong-Bung Construction Enterprise Co., Ltd.	141, 148, 618

Note 1: The number of shares (including Preferred shares) held by the candidates for directorship is the number of shares held in the shareholders' list of the company as of the closing date of this shareholder meeting (April 10, 2018).

Note 2: Independent Director candidates Wang Gao Jing and Lu Ren Fa of the Company are the current independent directors of the company and have served consecutive terms for 3 terms. Wang Gao Jing has served in the VGM Bank of Taiwan, Director, and supervisor Hua Nan Commercial Bank. Chairman Bank of Kaohsiung, The financial industry has been rich in experience and experience for more than 49 years. He has frequently raised suggestions in the board of directors and the board of directors. He has provided many guidances on corporate governance and operations and has helped many; Lu Ren Fa has served as Prosecutor-General Taiwan High. Independence, which has made significant achievements in the company's legal compliance business. The two independent directors meet the requirements for independence before and during their election, and they have the knowledge, skills, and qualities necessary to carry out their business and the professionalism that they should possess.

Election results:

The chairman announced:

Proposal No. 3

Subject: Release of the 10th term Board of Directors from Non-Competition Restrictions (Proposed by the Board of Directors)

Illustration:

1. According to Article 209, Article 1 of the company law: "Directors for their own or others within the scope of the company's operations, the shareholders meeting will explain the important content of their actions and obtain their permission" for handling.
2. If a new director of the Bank participates in other business activities with the same or similar business scope of the Bank, he shall submit to the shareholders' meeting in accordance with Article 209 of the Company Law the consent to lift the restriction on the non-competition of the new director and his representative (Details such as selection After the meeting of shareholders to disclose the schedule).

Resolution:

4、Motions

Adjournment

2017 Business Report

1. Domestic and Overseas Financial Status

In 2017, due to the cyclical recovery of global trade and the loosening of the financial environment, the stability of commodity prices was stabilized. The recovery of advanced economies continued to increase, boosting the confidence of the private economy and escaping deflationary deficiencies. Emerging and developing economies also maintained strong growth.

The global economy will continue the cyclical recovery of the past. In particular, the US tax reform and related fiscal policies will help boost domestic demand and bring positive spillover effects to major trading partners. Emerging economies will benefit global commodity prices. It can sustain its economic growth, but the impact of major national monetary policies on global financial markets, rise of trade protectionism, heightened geopolitical risks in the Middle East and North Korea, and corporate debt problems in mainland China will continue to be uncertain in the future.

In 2018, the domestic and overseas temperatures and recovery led to a rise in corporate capital demand, mainly due to the government's industrial lending incentive plan and the US interest rate hike that drove the international interest rate to stop falling, making the interest rate bottom out; plus China's banking industry lending structural adjustments, expansion of SME customers, growth in interest margins, high yields, and mastery of real customer needs are all favorable factors for China's banking industry operations. On the whole, in addition to the aforementioned factors, the HKMA continues to cooperate with the government's new southward policy and actively assists domestic financial industry players in expanding their overseas markets in order to enhance the overall competitiveness of China's financial services industry and industries. The financial markets of emerging Asian countries can be developed. Large, it also attracts China's banking industry to the layout, the future market is expected to have significant expansion and business growth.

2. 2017 Operating Results and Main Business Status

With the joint effort by all employees of the Bank in 2017, good performance has been demonstrated in terms of various operational benchmarks. In terms of profitability, the 2017 net profit after tax is NT\$2.745 Billion. The earnings per share after tax (EPS) is NT\$1.05. Total asset rate of return (ROA) is 0.51%. Net value rate of return (ROE) is 6.55%. In terms of asset quality, the overdue lending ratio is 0.12%. Bad debt coverage ratio is 887.26%. 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 18 January 2018, 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 2017:

(1) Deposits

In 2017, the balance of foreign currency deposits in Taiwan was RMB 450.6 billion, an increase of RMB 17.2 billion from 2016, with a growth rate of 3.98%. In terms of deposit structure, the balance of current deposits was RMB

205.3 million, accounting for 45.56% of the total deposits, and the balance of regular deposits was RMB 245.3 billion, accounting for 54.44% of the total deposits.

(2) Lending

In 2017, the balance of Taiwan's foreign currency loans was RMB 323.3 billion, an increase of RMB 36.1 billion from RMB 287.2 billion at the end of 2016, with a growth rate of 12.57%. Among them, the guarantee loan was NT\$238.2 billion, accounting for 73.68% of the total, while the unsecured loan was NT\$85.1 billion, accounting for 26.32% of the total loan.

(3) Credit Card

Launched the "Even Day 2% Reward" brush promotion campaign. Concentrated consumption drove growth in the average amount of spending per card, resulting in an increase in demand for instalments. The amount of instalment spending grew by 14.8% compared to the same period in 2016, accounting for approximately 8% of the overall spending. In addition, the Bank reinforced the "basic refueling, mass merchandising stores, online shopping, 3C physical access, and department store access" to increase the amount of spending on credit card spending. In 2017, the total credit card spending amounted to RMB 85.8 billion, an increase of 11.43% from 2016. Repacking specific high-end cards, continuing effective card activation, strengthening cooperation with the second transportation ticket, and introducing new payment tools, such as mobile payment, to develop new customers and increase the effective card rate. The number of circulation cards as of December 2017 was approximately 2.03 million cards. Mobile payment services such as Apple Pay, Samsung Pay, Android Pay, and Hami Wallet NFC sensory payment have been launched successively. As of the end of 2017, the number of Token circulations in the three markets that support all mobile payment has exceeded 110,000. The spending amounted to about 600 million yuan.

(4) Fortune Management

The number of wealth management households in 2017 increased by 8.43% compared to 2016, and the average monthly balance of total assets under management increased by 9.51% from 2016. In the operating income segment, revenue from certain money trust business increased by 53.52% compared with last year, and insurance business decreased by 32.96% compared with the same period of last year. The Bank will provide customers with more diversified financial product options, expand the product lines of specific money trusts and insurances, and increase overall financial management revenue.

(5) Operating Performance

The net interest income in 2017 is NT\$6.685 Billion. Non-interest net income is NT\$3.603 Billion. Total net income is NT\$10.288 Billion, After deduction of bad debt provision of NT\$357Million and operating cost of NT\$6.618 Billion, the profit before tax is NT\$3.313Billion, and after tax is NT\$2.745 Billion.

(6) Corporate Image

In 2017, "Best Friends in a Lifetime" was used as the main axis to launch brand image advertisements in order to convey that the Bank is as much a companion and caring customer as a good friend forever. Emphasizing corporate social responsibility, the Bank continued to invest in social charity activities, which mainly included donation of the Heishall

Orchestra performance and work training program, funding of Hope Children's Choir to go overseas, sponsorship of training funds for the Middle East Mountain High School basketball team, and insufficiency of economic and educational resources. Children learn to break through their own self and play talent; Sponsored the Kaohsiung Spring Festival and the most high New Year City in Taipei to participate in the creation of the Art City; adopted the Taiwan Conservation Animal Ring and the Stone Tiger; organized a children's drawing competition and a children's wealth management camp to combine sports and environmental protection; and committed to cultivating children's art and financial knowledge. , health and ecological conservation concepts; continued cooperation in launching the "Taiwan Story - Taiwan Heritage Special Edition" TV program to promote Taiwan's local cultural heritage; and took part in sponsoring the Kaohsiung City Government to organize an "Eco-Transportation Global Festival" international event to promote low growth. Carbon and energy-saving living environment enhance international visibility.

3. 2018 Operational Plan and Development Guidelines by Business

- (1) With competitive and innovative services, we are actively expanding the scale of our business; in terms of business objectives, we are committed to our unremitting local service spirit and establish long-term relationships with our customers to create a win-win situation:
 1. Deposit business: In response to e-payment trends, strengthen the VISA financial card and account functions (opening "A/C LINK", "Apple Pay Debit Card" and other services) to provide depositors with a full range of payment tools; strengthen the ATM function (starting) "ATM Cross-bank Deposit" and "One-Card Ticket Preservation Function" to provide customers with diversified services; continue to organize VISA financial card swiping marketing activities to enhance customer's adhesiveness and current deposits; plan deposit activity programs for target customers. To strengthen the absorption of current deposits and expand new customers.
 2. Corporate finance and foreign exchange business: Actively expanding MIT companies, strengthening visits to existing credit grant holders, introducing upstream and downstream manufacturers through customers, and increasing business opportunities, and often visiting branches or factories (businesses) in nearby branches to visit customers or industrial areas The Management Office strives for credit exchanges; continuously strengthens the development of industrial and commercial enterprise loans; prioritizes loans for self-reimbursement and production-oriented businesses; and increases creditor's rights protection through letter and security funds and the acquisition of quality collateral; Loans; develop foreign exchange business sources, expand import and export and exchange transactions to improve foreign exchange earnings and market share.
 3. Consumer Finance: Steady promotion of mortgage credit business, with a focus on customers who are resident and capable of qualifications and repayment ability as the main target; increase the amount of loans for middle-wheeler vehicle purchases and original vehicle loans, and adjust the ratio of loan types in order to increase the average lending rate, increase Surplus; continue to increase the number of AO's dedicated AO's and business centers, focusing on and cultivating high-quality customers; continuing to promote the marketing of credit products, and formulating strategic products for full marketing.

4. Credit Card: Increase the use of cards targeting young ethnic group cards to develop new customer bases, increase the number of bids, card-movements, and market share; continue derivative applications and promotion of digital credit card products, enhance digital channels, and promote new generation consumption Sponsored bids; maintained multi-channel promotion, such as the joint card company access, employee promotion and increase the proportion of network bids, to increase market share; continue to maintain and strengthen the top-level card features to attract high-cost customers bid to improve the card rate; New customers' billing rate for electronic bills to reduce entity billing costs; Actively plan virtual day programs for Federal Day activities; New cooperation with cartoon roads to increase the number of moving cards, spending amounts, and effective card rates; Expanding the amount of microfinance of card users and controlling risks , increase revenue.
5. Wealth management, insurance agency and trust business: enhance sales of wealth management business wealth management products; deepen customer relationships, strengthen the development of effective customers; combine big data analysis and cooperation with insurance companies, analyze target customers and transaction factors according to various insurance products, Improve sales efficiency; In response to the strong US dollar interest rate hike, and there is a significant spread between the U.S. dollar policy and the U.S. currency policy, we will strengthen sales of U.S. dollar insurance policies and create insurance policies.
6. Digital financial services: Continuously integrate and optimize mobile banking services, build a digital virtual bank of the Bank, and combine digital flow related services such as chip cards, QR Code, LINE applications, and convenience store access, and plan cross-device and cross-platform digital financial applications. In accordance with the evolution of science and technology, we will invest in the research of new types of financial services such as artificial intelligence, blockchain technology, and biometrics; increase the number of applications and users of digital virtual bank APP (including digital deposit accounts); provide compliance, stability, and Scalable modern customer service system.

(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 2017, the Bank has set up a total of 916 in-bank and off-bank ATMs.

(4) The Bank's 2018 Estimated Operational Targets

1.

Type of Business	2018 Target
Deposit (including foreign currencies)	Average balance of NT\$496.8 Billion at the end of the year
Lending (excluding credit card)	Average balance of NT\$352.7 Billion at the end of the year
Foreign Exchange	Annual transaction of US\$6.234 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. It also maintains a stable source of funds and high-quality liquid assets to meet the NSFR and liquidity coverage ratio (LCR) standards.。

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 2017 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 2017 General Shareholder Meeting

Union Bank of Taiwan

Chairman of Audit Committee:

Li Guo Chang

14 March 2018

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, 2017 and 2016, 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, 2017 and 2016, 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, 2017. 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, 2017 are as follow:

Accuracy of Interest Revenue Recognition of Discounts and Loans

For the year ended 2017, the amount of interest revenue of discounts and loans is \$6,342,642 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, 2017.

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, 2017, the net amount of discounts and loans of the Bank is \$318,624,348 thousand, representing approximately 57% of total 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, 2017.

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, 2017 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 Shiuh-Ran Cheng and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2018

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, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 10,756,051	2	\$ 9,974,690	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	19,180,985	4	54,414,461	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	11,852,723	2	9,291,613	2
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	28,215,334	5	27,845,242	5
RECEIVABLES, NET	17,627,438	3	17,768,361	3
CURRENT TAX ASSETS	46,909	-	183,591	-
DISCOUNTS AND LOANS, NET	318,624,348	57	284,040,723	54
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET	35,183,406	6	39,548,602	8
HELD-TO-MATURITY FINANCIAL ASSETS	51,285,957	9	7,192,115	1
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	2,981,366	1	2,910,889	1
OTHER FINANCIAL ASSETS, NET	48,100,741	9	56,620,906	11
PROPERTY AND EQUIPMENT, NET	8,061,615	2	8,136,374	2
INTANGIBLE ASSETS				
Goodwill	1,985,307	-	1,985,307	-
Computer software	<u>177,528</u>	<u>-</u>	<u>179,209</u>	<u>-</u>
Total intangible assets	2,162,835	-	2,164,516	-
DEFERRED TAX ASSETS	1,019,583	-	1,307,570	-
OTHER ASSETS, NET	<u>2,102,313</u>	<u>-</u>	<u>2,230,774</u>	<u>1</u>
TOTAL	<u>\$ 557,201,604</u>	<u>100</u>	<u>\$ 523,630,427</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 8,961,290	2	\$ 7,017,629	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	183,611	-	38,430	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	30,273,976	5	28,874,137	6
ACCOUNTS PAYABLE	7,005,686	1	6,889,250	1
CURRENT TAX LIABILITIES	70,008	-	64,784	-
DEPOSITS	449,412,119	81	432,062,824	83
BANK DEBENTURES	11,700,000	2	11,200,000	2
OTHER FINANCIAL LIABILITIES	21,720	-	19,566	-
PROVISIONS	171,759	-	176,554	-
DEFERRED TAX LIABILITIES	911,524	-	815,251	-
OTHER LIABILITIES	<u>571,236</u>	<u>-</u>	<u>522,686</u>	<u>-</u>
Total liabilities	<u>509,282,929</u>	<u>91</u>	<u>487,681,111</u>	<u>93</u>
EQUITY				
Share capital				
Ordinary shares	26,051,524	5	26,051,524	5
Preference shares	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>28,051,524</u>	<u>5</u>	<u>26,051,524</u>	<u>5</u>
Capital surplus	<u>8,032,413</u>	<u>2</u>	<u>32,413</u>	<u>-</u>
Retained earnings				
Legal reserve	5,165,280	1	4,374,367	1
Special reserve	585,206	-	558,842	-
Unappropriated earnings	<u>4,503,995</u>	<u>1</u>	<u>3,740,039</u>	<u>1</u>
Total retained earnings	<u>10,254,481</u>	<u>2</u>	<u>8,673,248</u>	<u>2</u>
Other equity	<u>1,580,257</u>	<u>-</u>	<u>1,192,131</u>	<u>-</u>
Total equity	<u>47,918,675</u>	<u>9</u>	<u>35,949,316</u>	<u>7</u>
TOTAL	<u>\$ 557,201,604</u>	<u>100</u>	<u>\$ 523,630,427</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2018)

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST					
Interest revenues	\$ 10,298,904	100	\$ 10,051,894	102	2
Interest expenses	<u>3,613,710</u>	<u>35</u>	<u>3,653,016</u>	<u>37</u>	(1)
Net interest	<u>6,685,194</u>	<u>65</u>	<u>6,398,878</u>	<u>65</u>	4
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net	2,323,616	22	2,454,451	25	(5)
Gain on financial assets and liabilities at fair value through profit or loss	294,376	3	365,278	4	(19)
Realized gain on available-for-sale financial assets, net	781,919	8	449,182	4	74
Share of profit of associates	193,703	2	173,216	2	12
Foreign exchange loss, net	(138,588)	(1)	(9,514)	-	1,357
Impairment loss recognized on financial assets, net	-	-	(49,283)	(1)	100
Securities brokerage fee revenues, net	75,549	1	52,172	-	45
Gain on financial assets measured at cost, net	55,482	-	57,955	1	(4)
Property loss, net	(4,496)	-	(3,948)	-	14
Other noninterest net gain	<u>20,972</u>	<u>-</u>	<u>18,806</u>	<u>-</u>	12
TOTAL NET REVENUES	<u>10,287,727</u>	<u>100</u>	<u>9,907,193</u>	<u>100</u>	4
PROVISIONS					
Provision of allowance for doubtful accounts	<u>356,861</u>	<u>4</u>	<u>171,542</u>	<u>2</u>	108
OPERATING EXPENSES					
Personnel expenses	3,130,909	30	3,137,375	31	-
Depreciation and amortization	326,509	3	305,759	3	7
Others	<u>3,160,198</u>	<u>31</u>	<u>3,066,039</u>	<u>31</u>	3
Total operating expenses	<u>6,617,616</u>	<u>64</u>	<u>6,509,173</u>	<u>65</u>	2

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	3,313,250	32	3,226,478	33	3
INCOME TAX EXPENSE	<u>568,263</u>	<u>5</u>	<u>590,103</u>	<u>6</u>	(4)
NET INCOME	<u>2,744,987</u>	<u>27</u>	<u>2,636,375</u>	<u>27</u>	4
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	9,802	-	(16,223)	-	160
Share of the other comprehensive income of subsidiaries and associates	429	-	4,449	-	(90)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(1,666)</u>	<u>-</u>	<u>2,758</u>	<u>-</u>	(160)
	<u>8,565</u>	<u>-</u>	<u>(9,016)</u>	<u>-</u>	195
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(814,626)	(8)	(539,546)	(6)	51
Unrealized gain on available-for-sale financial assets	1,228,170	12	(60,740)	(1)	2,122
Share of other comprehensive income (loss) of subsidiaries and associates	(76,598)	(1)	5,526	-	(1,486)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>51,180</u>	<u>1</u>	<u>68,614</u>	<u>1</u>	(25)
	<u>388,126</u>	<u>4</u>	<u>(526,146)</u>	<u>(6)</u>	174
Other comprehensive income for the year, net of income tax	<u>396,691</u>	<u>4</u>	<u>(535,162)</u>	<u>(6)</u>	174
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,141,678</u>	<u>31</u>	<u>\$ 2,101,213</u>	<u>21</u>	50

(Continued)

EARNINGS PER SHARE (NEW
TAIWAN DOLLARS)

Basic	<u>\$1.05</u>	<u>\$1.01</u>
Diluted	<u>\$1.05</u>	<u>\$1.01</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2018)

UNION BANK OF TAIWAN

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Total	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other Equity Exchange Differences on Translating Foreign Operations	Total	Total Equity
	Ordinary Shares	Preference Shares		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2016	\$ 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
Appropriation of the 2016 earnings											
Legal reserve	-	-	-	790,913	-	(790,913)	-	-	-	-	-
Special reserve	-	-	-	-	26,364	(26,364)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	(1,172,319)	(1,172,319)	-	-	-	(1,172,319)
Net income for the for the year ended December 31, 2017	-	-	-	-	-	2,744,987	2,744,987	-	-	-	2,744,987
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	-	8,565	8,565	1,073,393	(685,267)	388,126	396,691
Issuance of preference shares	-	2,000,000	8,000,000	-	-	-	-	-	-	-	10,000,000
BALANCE AT DECEMBER 31, 2017	<u>\$ 26,051,524</u>	<u>\$ 2,000,000</u>	<u>\$ 8,032,413</u>	<u>\$ 5,165,280</u>	<u>\$ 585,206</u>	<u>\$ 4,503,995</u>	<u>\$ 10,254,481</u>	<u>\$ 2,345,701</u>	<u>\$ (765,444)</u>	<u>\$ 1,580,257</u>	<u>\$ 47,918,675</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2018)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,313,250	\$ 3,226,478
Adjustments for:		
Depreciation expenses	265,915	248,210
Amortization expenses	60,594	57,549
Provision of allowance for doubtful accounts	356,861	171,542
Net gain on disposal of financial assets designated as at fair value through profit or loss	(294,376)	(365,278)
Interest expenses	3,613,710	3,653,016
Interest revenues	(10,298,904)	(10,051,894)
Dividend income	(225,302)	(208,005)
Share of profit of associates	(193,703)	(173,216)
Loss on disposal of properties and equipment	4,496	3,948
Gain on disposal of investments	(612,099)	(299,132)
Impairment loss recognized on financial assets	-	50,000
Reversal of impairment losses on nonfinancial asset	-	(717)
Loss on disposal of collaterals	-	241
Changes in operating assets and liabilities		
Due from the Central Bank and call loans banks	(3,641,413)	(1,496)
Financial assets at fair value through profit or loss	(1,848,607)	127,674
Accounts receivable	(219,901)	(2,731,287)
Discounts and loans	(34,727,226)	(3,389,657)
Available-for-sale financial assets	6,205,466	(16,398,233)
Held-to-maturity financial assets	(44,498,510)	(2,974,151)
Other financial assets	9,079,422	4,423,579
Due to the Central Bank and other banks	1,943,661	3,853,638
Financial liabilities at fair value through profit or loss	(277,453)	(259,375)
Securities sold under repurchase agreements	1,399,839	1,887,201
Accounts payable	55,090	2,829,338
Deposits	17,349,295	10,316,798
Other financial liabilities	2,154	(842)
Provisions for employee benefits	(246)	(806,439)
Other liabilities	899	-
Cash used in operations	(53,187,088)	(6,810,510)
Interest received	10,304,523	9,910,845
Dividend received	267,762	241,509
Interest paid	(3,552,364)	(3,630,257)
Income tax returned	7,417	35,002
Net cash used in operating activities	(46,159,750)	(253,411)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	(191,869)	(721,944)
Proceeds of the disposal of properties and equipment	22	23
Increase in settlement fund	-	(20,334)

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
Decrease in settlement fund	161,568	-
Increase in refundable deposits	(96,519)	-
Decrease in refundable fund	-	243,501
Payments for intangible assets	(62,718)	(34,669)
Proceeds of the disposal of collaterals	-	476
Increase in other assets	-	(260,541)
Decrease in other assets	<u>63,412</u>	<u>-</u>
Net cash used in investing activities	<u>(126,104)</u>	<u>(793,488)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of the issue of bank debentures	500,000	2,500,000
Repayments of bank debentures	-	(900,000)
Increase in guarantee deposits received	-	13,889
Decrease in guarantee deposits received	(2,513)	-
Increase in other liabilities	42,773	40,314
Cash dividends paid	(1,172,319)	(1,042,061)
Issuance of preference shares	<u>10,000,000</u>	<u>-</u>
Net cash generated from financing activities	<u>9,367,941</u>	<u>612,142</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(805,523)</u>	<u>(537,044)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(37,723,436)</u>	<u>(971,801)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>77,019,932</u>	<u>77,991,733</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 39,296,496</u>	<u>\$ 77,019,932</u>

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2017 and 2016:

	December 31	
	2017	2016
Cash and cash equivalents in balance sheets	\$ 10,756,051	\$ 9,974,690
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"	325,111	39,200,000
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>28,215,334</u>	<u>27,845,242</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 39,296,496</u>	<u>\$ 77,019,932</u>

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

(With Deloitte & Touche auditors' report dated March 29, 2018)

(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, 2017 and 2016, 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, 2017 and 2016, 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, 2017. 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, 2017 are described as follows:

Accuracy of Interest Revenue Recognition of Discounts and Loans

For the year ended 2017, the amount of interest revenue of discounts and loans is

\$6,307,257 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, 2017.

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, 2017, the net amount of discounts and loans of the Company is \$316,728,989 thousand, representing approximately 56% 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, 2017.

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, 2017 and 2016 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, 2017 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 Shiu-H-Ran Cheng and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2018

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, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 12,136,172	2	\$ 10,971,118	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	19,180,985	4	54,414,461	10
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	12,136,325	2	9,538,090	2
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	28,234,334	5	27,855,242	5
RECEIVABLES, NET	17,751,420	3	17,888,230	3
CURRENT TAX ASSETS	52,134	-	186,231	-
DISCOUNTS AND LOANS, NET	316,728,989	56	282,416,950	53
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET	35,489,633	6	39,978,425	8
HELD-TO-MATURITY FINANCIAL ASSETS	51,285,957	9	7,192,115	1
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	53,121	-	53,447	-
OTHER FINANCIAL ASSETS, NET	48,267,839	9	57,403,743	11
PROPERTY AND EQUIPMENT, NET	8,081,729	2	8,156,305	2
INVESTMENT PROPERTIES, NET	5,284,434	1	5,415,376	1
INTANGIBLE ASSETS				
Goodwill	1,985,307	-	1,985,307	-
Computer software	<u>184,137</u>	<u>-</u>	<u>182,423</u>	<u>-</u>
Total intangible assets	<u>2,169,444</u>	<u>-</u>	<u>2,167,730</u>	<u>-</u>
DEFERRED TAX ASSETS	1,172,974	-	1,447,039	-
OTHER ASSETS, NET	<u>7,590,797</u>	<u>1</u>	<u>7,622,068</u>	<u>2</u>
TOTAL	<u>\$ 565,616,287</u>	<u>100</u>	<u>\$ 532,706,570</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	\$ 9,249,185	2	\$ 8,389,312	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	183,384	-	39,523	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	30,273,976	5	28,874,137	5
ACCOUNTS PAYABLE	7,108,824	1	6,981,464	1
CURRENT TAX LIABILITIES	77,173	-	97,549	-
DEPOSITS AND REMITTANCES	449,049,470	79	431,618,915	81
BANK DEBENTURES	11,700,000	2	11,200,000	2
BOND PAYABLE	1,409,598	-	1,135,884	-
OTHER FINANCIAL LIABILITIES	4,291,441	1	4,235,138	1
PROVISIONS	182,262	-	189,572	-
DEFERRED TAX LIABILITIES	937,196	-	834,410	-
OTHER LIABILITIES	<u>2,967,213</u>	<u>1</u>	<u>2,892,210</u>	<u>1</u>
Total liabilities	<u>517,429,722</u>	<u>91</u>	<u>496,488,114</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Share capital				
Ordinary shares	26,051,524	5	26,051,524	5
Preference shares	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>28,051,524</u>	<u>5</u>	<u>26,051,524</u>	<u>5</u>
Capital surplus	<u>8,032,413</u>	<u>2</u>	<u>32,413</u>	<u>-</u>
Retained earnings				
Legal reserve	5,165,280	1	4,374,367	1
Special reserve	585,206	-	558,842	-
Unappropriated earnings	<u>4,503,995</u>	<u>1</u>	<u>3,740,039</u>	<u>1</u>
Total retained earnings	<u>10,254,481</u>	<u>2</u>	<u>8,673,248</u>	<u>2</u>
Other equity	<u>1,580,257</u>	<u>-</u>	<u>1,192,131</u>	<u>-</u>
Total equity attributable to owners of the Bank	47,918,675	9	35,949,316	7
NON-CONTROLLING INTERESTS	<u>267,890</u>	<u>-</u>	<u>269,140</u>	<u>-</u>
Total equity	<u>48,186,565</u>	<u>9</u>	<u>36,218,456</u>	<u>7</u>
TOTAL	<u>\$ 565,616,287</u>	<u>100</u>	<u>\$ 532,706,570</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, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST					
Interest revenues	\$ 10,268,804	82	\$ 10,014,337	83	3
Interest expenses	<u>3,677,756</u>	<u>29</u>	<u>3,709,965</u>	<u>31</u>	(1)
Net interest	6,591,048	53	6,304,372	52	5
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net	2,298,017	18	2,423,489	20	(5)
Gain on financial assets and liabilities at fair value through profit or loss, net	356,479	3	382,758	3	(7)
Realized gain from available-for-sale financial assets, net	830,130	7	461,840	4	80
Foreign exchange loss, net	(159,723)	(1)	(16,025)	-	897
Loss from asset impairment, net	(799)	-	(49,283)	-	(98)
Share of loss of associates	(326)	-	(347)	-	(6)
Gain on financial assets measured at cost, net	57,416	-	68,135	-	(16)
Securities brokerage fee revenues, net	203,732	2	198,476	2	3
Rental revenue	2,231,092	18	2,140,487	18	4
Other noninterest net gain	<u>64,299</u>	<u>-</u>	<u>97,758</u>	<u>1</u>	(34)
TOTAL NET REVENUES	<u>12,471,365</u>	<u>100</u>	<u>12,011,660</u>	<u>100</u>	4
PROVISIONS					
Provision of allowance for doubtful accounts	<u>356,861</u>	<u>3</u>	<u>171,542</u>	<u>2</u>	108
OPERATING EXPENSES					
Employee benefit expenses	3,352,574	27	3,345,749	28	-
Depreciation and amortization	1,937,510	15	1,820,860	15	6
Others	<u>3,437,849</u>	<u>28</u>	<u>3,362,722</u>	<u>28</u>	2
Total operating expenses	<u>8,727,933</u>	<u>70</u>	<u>8,529,331</u>	<u>71</u>	2

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	3,386,571	27	3,310,787	27	2
INCOME TAX EXPENSE	<u>620,536</u>	<u>5</u>	<u>649,166</u>	<u>5</u>	(4)
CONSOLIDATED NET INCOME	<u>2,766,035</u>	<u>22</u>	<u>2,661,621</u>	<u>22</u>	4
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	10,474	-	(11,073)	-	195
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,781)	-	1,883	-	(195)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(890,651)	(7)	(558,033)	(5)	60
Unrealized gain on available-for-sale financial assets	1,214,673	10	(39,870)	-	3,147
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>64,104</u>	<u>-</u>	<u>71,757</u>	<u>1</u>	(11)
Other comprehensive income for the year, net of income tax	<u>396,819</u>	<u>3</u>	<u>(535,336)</u>	<u>(4)</u>	174
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,162,854</u>	<u>25</u>	<u>\$ 2,126,285</u>	<u>18</u>	49
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 2,744,987	22	\$ 2,636,375	22	4
Non-controlling interests	<u>21,048</u>	<u>-</u>	<u>25,246</u>	<u>-</u>	(17)
	<u>\$ 2,766,035</u>	<u>22</u>	<u>\$ 2,661,621</u>	<u>22</u>	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 3,141,678	25	\$ 2,101,213	18	50

Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	<u>2017</u>		<u>2016</u>		<u>Percentage Increase (Decrease)</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
Non-controlling interests	<u>21,176</u>	<u>-</u>	<u>25,072</u>	<u>-</u>	(16)
	<u>\$ 3,162,854</u>	<u>25</u>	<u>\$ 2,126,285</u>	<u>18</u>	49
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)					
Basic	<u>\$1.05</u>		<u>\$1.01</u>		
Diluted	<u>\$1.05</u>		<u>\$1.01</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, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	Equity Attributable Owners of the Company												Total Equity
								Other Equity			Non-controlling Interests		
	Share Capital		Share Capital	Retained Earnings			Unrealized Gain (Loss) on Available-for-sale Financial Assets	Exchange Differences on Translating Foreign Operations	Total	Total			
Ordinary Shares	Preference Shares	Legal Reserve		Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2016	\$ 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	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	269,140	36,218,456
Appropriation of the 2016 earnings													
Legal reserve	-	-	-	790,913	-	(790,913)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	26,364	(26,364)	-	-	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	(1,172,319)	(1,172,319)	-	-	-	(1,172,319)	-	(1,172,319)
Net income for the for the year ended December 31, 2017	-	-	-	-	-	2,744,987	2,744,987	-	-	-	2,744,987	21,048	2,766,035
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	-	8,565	8,565	1,073,393	(685,267)	388,126	396,691	128	396,819
Issuance of preference shares	-	2,000,000	8,000,000	-	-	-	-	-	-	-	10,000,000	-	10,000,000
Cash dividends on subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(22,426)	(22,426)
BALANCE AT DECEMBER 31, 2017	\$ 26,051,524	\$ 2,000,000	\$ 8,032,413	\$ 5,165,280	\$ 585,206	\$ 4,503,995	\$ 10,254,481	\$ 2,345,701	\$ (765,444)	\$ 1,580,257	\$ 47,918,675	\$ 267,890	\$ 48,186,565

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

UNION BANK OF TAIWAN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,386,571	\$ 3,310,787
Adjustments for:		
Depreciation expenses	1,873,385	1,760,952
Amortization expenses	64,125	59,908
Provision of allowance for doubtful accounts	356,861	171,542
Gain on disposal of financial assets designated as at fair value through profit or loss	(356,479)	(382,758)
Interest expenses	3,677,756	3,709,965
Interest revenues	(10,268,804)	(10,014,337)
Dividend income	(241,044)	(220,255)
Share of loss of associates	326	347
Gain on disposal of properties and equipment	(17,565)	(27,242)
Gain on disposal of investments	(645,405)	(299,132)
Impairment loss recognized on financial assets	799	50,000
Reversal of impairment losses on nonfinancial assets	-	(717)
Loss on disposal of collaterals	-	241
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(3,641,413)	(1,496)
Financial assets at fair value through profit or loss	(1,823,629)	142,775
Accounts receivable	(224,260)	(2,779,464)
Discounts and loans	(34,455,640)	(3,746,390)
Available-for-sale financial assets	6,348,871	(16,399,445)
Held-to maturity financial assets	(44,498,510)	(2,957,960)
Other financial assets	9,694,362	3,809,276
Due to the Central Bank and other banks	859,873	4,607,336
Financial liabilities at fair value through profit or loss	(278,773)	(259,375)
Securities sold under repurchase agreements	1,399,839	1,887,201
Accounts payable	65,695	2,895,895
Deposits	17,430,555	10,600,809
Other financial liabilities	2,155	(843)
Provisions for employee benefits	(2,089)	(806,649)
Other liabilities	899	-
Cash used in operations	(51,291,539)	(4,889,029)
Interest received	10,274,544	9,874,024
Dividends received	245,551	225,590
Interest paid	(3,615,966)	(3,686,394)
Income tax returned (paid)	(67,642)	1,012
Net cash generated from (used in) operating activities	<u>(44,455,052)</u>	<u>1,525,203</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for properties and equipment	(200,903)	(735,637)
Proceeds of the disposal of properties and equipment	21	416

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
Payments for investment properties	(15,077)	(1,741,278)
Increase in settlement fund	-	(20,334)
Decrease in settlement fund	161,568	-
Increase in refundable deposits	(96,985)	-
Decrease in refundable deposits	-	225,554
Payments for intangible assets	(66,476)	(28,298)
Proceeds of the disposal of collaterals	-	476
Increase in other assets	<u>(1,574,695)</u>	<u>(2,095,105)</u>
Net cash used in investing activities	<u>(1,792,547)</u>	<u>(4,394,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper	54,148	1,556,543
Proceeds of the issue of bonds payable	317,955	529,344
Proceeds of the issue of bank debentures	500,000	2,500,000
Repayments of bank debentures	-	(900,000)
Increase in guarantee deposits received	2,312	250,255
Increase in other liabilities	64,401	59,160
Dividends paid to non-controlling interests	(22,426)	(16,185)
Cash dividends paid	(1,172,319)	(1,042,061)
Issuance of preference shares	<u>10,000,000</u>	<u>-</u>
Net cash generated from financing activities	<u>9,744,071</u>	<u>2,937,056</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(827,215)</u>	<u>(560,639)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,330,743)	(492,586)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>78,026,360</u>	<u>78,518,946</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 40,695,617</u>	<u>\$ 78,026,360</u>

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (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, 2017 and 2016:

	December 31	
	2017	2016
Cash and cash equivalents in the consolidated balance sheets	\$ 12,136,172	\$ 10,971,118
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”	325,111	39,200,000
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>28,234,334</u>	<u>27,855,242</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 40,695,617</u>	<u>\$ 78,026,360</u>

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

Attachment 4

Union Bank of Taiwan

Profit Distribution Table

2017

Unit: NT\$

Item	Amount	
Beginning Undistributed Profit		1, 750, 444, 171
After-Tax Profit in Current Period		2, 744, 986, 681
Confirmation of welfare plan Remeasurement is recognized in retained earnings		8, 564, 086
Provision of Legal Reserve for Current Year		(823, 496, 004)
Special surplus reserve shall be set up in accordance with the law		(27, 449, 867)
Distributable Profit from Current Period		3, 653, 049, 067
Distribution		
(1) Preferred Shares dividend (\$0.45369863 per share)	(90, 739, 726)	
Ordinary Share Dividend (\$0.7 per share)	(1, 823, 606, 699)	(1, 914, 346, 425)
Ending Undistributed Profit		1, 738, 702, 642

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 2017 profit should be distributed in priority in this profit distribution.
2. Cash cash dividend will be distributed in proportion to the shareholding ratio and the minimum calculation unit shall be one dollar. Any fraction of a dollar shall be recorded as other income by the Bank.

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

Directors and Managers' Ethical Conduct Guidelines

Formulation on 23 August 2017

Article 1. Purpose and basis

In order to guide the behavior of the directors and managers of the Union Bank of Taiwan (the Bank) in accordance with ethical standards, the interested parties are aware of the ethical standards that the Bank must understand and comply with in order to carry out their duties and establish these guidelines for compliance.

Article 2. Prevent conflicts of interest

Directors and managers should handle their duties in an objective and efficient manner and must not use their positions in the Bank to obtain improper benefits from their relatives, their spouse, parents, children or their parents.

When the Bank's relationship with the aforementioned personnel is for the purpose of loaning funds or providing guarantees for it, and major asset transactions, it should provide appropriate channels for the relevant directors and managers to actively explain whether or not they have potential conflicts of interest with the Bank.

Article 3. Avoiding selfish behavior

Directors and managers must not be the following:

- (1). Intent or gaining personal gain through the use of the Bank's property, information or by virtue of his or her position.
- (2). Compete with the Bank. When the Bank has a profit opportunity, the director or manager has the responsibility to increase the legitimate interests that the Bank can obtain.

Article 4. Duty of confidentiality

Directors and managers of the Bank or the Bank's customers, in addition to being authorized by the parties or publicized by law, should be responsible for confidentiality. Information that should be kept confidential includes all undisclosed information that may have been detrimental to the Bank or the customer after it has been exploited or leaked by competitors.

Article 5. Fair trade

Directors and managers should treat the Bank's customers, competitors and employees fairly and must not obtain improper benefits by manipulating, concealing, or abusing information based on their positions, making false statements about important matters or other unfair trading practices.

Article 6. Protect and use the Bank's assets properly

Directors and managers have the responsibility to protect the Bank's assets and ensure that they can use them legally and effectively.

When directors and managers discover that the Bank has suffered significant damage, they should notify the independent directors immediately and submit it to the board of directors for appropriate processing and notification to the competent authority as soon as possible.

Article 7. Follow laws and regulations

The Bank's directors and managers should strictly abide by the provisions of the Bank Law, the Company Law, the Securities Exchange Act and other relevant laws and regulations.

Article 8. Encourage reporting of any illegal or violation of this Code

From time to time, the Bank strengthens its ethical awareness, and encourages employees to provide sufficient information to actively challenge directors (including independent directors), managers, internal audit supervisors, or others when they suspect or discover violations of laws and regulations or this Code. Appropriate personnel reported so that the Bank can properly handle follow-up issues.

The Bank will handle reported cases in a confidential manner and let employees know that the Bank will do its utmost to protect the safety of the presenters.

Article 9. Disciplinary measures

When the Bank's directors and managers violate the Code of Conduct, the Bank shall handle them in accordance with the relevant statutes. If the circumstances are serious, the Bank shall conduct civil and criminal prosecution procedures and be immediately available at the Public Information Observatory. Expose information on the person's job title, name, date of violation, violation of cause, violation of the guidelines, and handling of violations of the Code of Ethics.

When a person is punished for violating the provisions of this Code, the punished person may file a complaint in accordance with relevant regulations.

Article 10. Exemption from applicable procedures

If the directors and managers of the Bank are exempt from compliance with the Bank's ethical code of conduct, they must pass resolutions of the board of directors and immediately disclose at the public information observatory the name, name, date of exemption, and independence of the exempted person.

Directors' objections or reservations, information on the period, reasons, and criteria for the exemption, and profit-sharing shareholders assess whether the board's resolution is appropriate to suppress arbitrary or suspicious exemption compliance and ensure that any exemption compliance is appropriate. Control mechanism to protect the Bank.

Article 11. Exposing methods

The Bank shall disclose this ethical code of conduct on the Bank's website, annual reports, public statements and public information observing stations.

Article 12. Execution

The Bank's ethical standards of conduct were passed by the board of directors and submitted to the shareholders' meeting for amendment.

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 Preferred 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 Preferred shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Bank shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Bank and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

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

extraordinary motion.

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

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

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

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

4. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Bank and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Bank before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to this Bank, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Bank before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

5. The venue for a shareholders meeting shall be the premises of this Bank, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

6. This Bank shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

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

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

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

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Bank may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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

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

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

If a shareholders meeting is convened by a party with power to convene but

other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

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

8. This Bank shall make an audio and video recording of the proceedings of the shareholders meeting. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
9. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

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

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

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

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

The chair may not declare the meeting adjourned prior to completion of

deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

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

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

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

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

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

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

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

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

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

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

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

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

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

Except as otherwise provided in the Company Act and in this Bank's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by

the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

14. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Bank, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

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

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

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

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

16. On the day of a shareholders meeting, this Bank shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by

proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

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

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

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

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

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

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

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

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

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

Union Bank of Taiwan

Articles of Association

Chapter 1 General

- Article 1. The Bank is organized in accordance with the Company Act and the Banking Act and is named Union Bank of Taiwan.
- Article 2. The Bank is headquartered in Taipei City and may, as required for business, set up branches or offices in proper domestic and overseas locations. The establishment, cancellation or change of any such branch or office shall be subject to board resolution and approval by the competent authority.
- Article 3. The Bank makes public announcements in daily newspapers circulated in the place where the Bank is located.

Chapter 2 Shares

- Article 4. The Bank's total capital is NT\$45 Billion, divided into 4500,000,000 shares, at NT\$10 per share. The shares are divided into ordinary shares and Preferred 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 5-1. The rights & obligations of Preferred share and other important issuance conditions of the Bank shall be as follows:
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 Preferred 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 Preferred shares in the current year.
 2. The upper limit of dividends on Preferred 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.
 3. The Bank shall distribute the dividends on Preferred shares at its discretion. If the dividends are distributed due to the absence of surplus or non-surplus in the Bank's annual final accounts, or if the distribution of dividends on Preferred 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 Preferred shares; the Preferred 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.
 4. Apart from receiving the dividends as stated in Paragraph 2 of this Item, the Preferred

shareholders shall not participate in the distribution of surplus and capital reserve in cash and appropriation of capital on ordinary shares.

5. The order of distributing the Bank's residual properties to the Preferred shareholders takes precedence over the ordinary shareholders, and is the same as the order of compensating the shareholders holding the Preferred shares issued by the Bank, whichever is next to the order of compensating the general creditors, but limited to the issue amount.
6. The Preferred shareholders have no voting rights and rights of election, but have the right to vote at the Preferred Shareholders meeting or the Shareholders meeting involved in the rights and obligations of Preferred shareholders.
7. The Preferred share shall not be converted into the ordinary share. Also, the Preferred shareholders shall not request the Bank to recover the rights of Preferred shares held by such Preferred shareholders.
8. The Preferred 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 Preferred shares will still have rights and obligations as set out in the issuance conditions of this Article. In the same year in which the Preferred 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.

The board of directors shall be authorized to determine the name, issuing date and specific issuance conditions of Preferred 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.

Article 6. The Bank's share dividend of ordinary share 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 Preferred 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 Preferred meetings. General meetings are held once every year within 6 months from the end of the accounting year. Preferred 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 Preferred 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. When necessary, the Preferred Shareholders meeting shall be held in accordance with the provisions of relevant laws & regulations.
- 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 Preferred 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. 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. The twenty-second amendment was made on 20 June 2017.

Appendix3

“Procedures for Election of Directors of Union Bank of Taiwan, Ltd.”

Approved in the 18th meeting of the 8th board on Mar. 18, 2015.

- Article 1 This Procedure is provided in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies to elect/appoint directors on fair, just, and open principles.
- Article 2 Unless otherwise stipulated by the laws, election/appointment of the Bank’s director shall be governed by this Procedure.
- Article 3 Election/appointment of the Bank’s director shall consider the overall balance of the board, which should consists of members from diversified backgrounds and establish adequate diversification policy according to its operation, business types, and development requirements, including but not limited to the 2 major standards below:
1. Basic criteria and values: Gender, age, nationality, and culture.
 2. Professional knowledge and skill: Professional background (e.g. laws, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.
- The members of the board should generally process the knowledge, skill, and quality required for executing their duties, and should process the following general expertise:
1. Sound judgment
 2. Accounting and financial analysis
 3. Operational management
 4. Crisis handling
 5. Industry knowledge
 6. International market insight
 7. Leadership
 8. Decision-making
- More than half of the directors may not be in the relation of spouse or class two or closer relatives. The representative assigned by the corporate director of the Bank must qualify the Bank’s professional requirement and should not change without due consideration. The board of the Bank should consider adjusting its profile according to the result of performance appraisal.
- Article 4 The qualification and election/appointment of the Bank’s independent directors should comply with the Regulations Governing Appointment of Independent

Directors and Compliance Matters for Public Companies and the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

- Article 5 Election of the Bank's directors shall comply with Article 192-1 of the Company Act regarding to the candidate nomination procedure and scrutiny of the qualification, academic and professional credential of director candidates and restrictions stipulated 64 in Article 30 of the Company Act, and may not requirement of proof of other qualification. The Bank should also submit the review result to the shareholders as reference in order to select directors with competency. Election of replacement directors shall be conducted in the next shareholders' meeting if certain directors are being relieved and the number of director thus become less than 5. However, the said election shall be conducted within 60 days from the de facto happening of the situation if the shortage of director reaches one-third of the seats of director as required by the Chapters of Incorporation. The said election should be conducted in the next shareholders' meeting of the number of independent director falls below the requirement stipulated in the proviso of Article 14-2-1 of the Securities and Exchange Act or the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings. An extraordinary shareholders' meeting shall be convened and an election of replacement directors should be conducted within 60 days from the de facto happening of the situation that all independent directors are being relieved.
- Article 6 Election of the Bank's directors shall adopt accumulated votes; each share shall have as many voting rights as the number of directors to be elected and the voting rights may be voted to one or several candidates.
- Article 7 The board should prepare ballots at a quantity same as the number of directors to be elected, and the number of share should be stated on the ballots. The ballots shall be distributed to the shareholders present at the meeting. The names of the voting shareholders to be stated on the ballots may be replaced by the attendee badge number.
- Article 8 Director quota stipulated in the Bank's Chapter of Incorporation shall be applicable separately on independent and non-independent directors. The result of election shall be determined by the number of voting shares won by the respective candidates, and candidates winning the highest number of voting shall be elected until the said quota is exhausted. In the case that two or more candidates have won the same number of voting shares, a draw among them shall determine the winner. If one of the drawing candidate is not present at the meeting, the presiding chairperson shall draw on behalf of the said candidate.
- Article 9 The presiding chairperson shall appoint several shareholders as the scrutineers and vote counters prior to the start of election. The ballot box shall be prepared by the

board and examined before voting by the scrutineers.

Article 10 In the case that a candidate is also a shareholders, the voters shall specify the account name or shareholder's account number of the said candidate in the respective candidate column on the ballot. In the case that a candidate is not a shareholder, the voters shall specify the name and ID number of the said candidate. In the case that a candidate is a government or corporate shareholder, the voters shall specify the name of the government or corporate shareholder or the names of the government or corporate shareholder and its representative. In the case that a candidate has more than one representative, all names of the said representatives should be specified. 65

Article 11 A ballot shall be null and void if any of the followings apply to the ballot:

1. The ballot is not issued by the board;
2. The ballot casted into the ballot box is blank;
3. The handwriting on the ballot is beyond recognizable or has been modified;
4. The account name and shareholder's account number do not match with the same registered on shareholder list of the candidate specified on the ballot is a shareholder, or the name and ID number do not match if the candidate specified on the ballot is not a shareholder.;
5. Additional writing other than the candidate's account name and shareholder's account number or name and ID number and voting shares is found on the ballot; and
6. The ballot voted for a candidate who has the same name as other candidates fails to specify the candidate's shareholder's account number of ID number for sufficient identification.

Article 12 The ballots shall be announced immediately after the voting, and the presiding chairperson shall announce the voting result and the winning directors' roster and their respective winning shares.

The ballots after the election shall be signed and sealed by the scrutineers and kept in safety for at least one year or until the end of a legal proceeding, if any, pursued by a shareholder in accordance with Article 189 of the Company Act.

Article 13 The board of the Bank shall issue notice of winning election to the elected directors.

Article 14 This Procedure is promulgated with the approval from the annual general meeting of shareholders, and its amendment shall follow the same.

Appendix 4

The impact of the proposed unpaid share allotment on bank
operating performance and earnings per share:

The Bank has not announced its financial forecast for 2018, so it is unable to estimate profit or loss, earnings per share or fiduciary information.

Appendix 5

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: The total number of shares held by all non-independent directors of the Company shall be not less than 67,323,658 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	Number of shares held			Shareholding Percentage
		Preferred shares	Ordinary Shares	Total	
Chairman	Li Siang Chang	–	1, 349, 939	1, 349, 939	0. 04%
Managing Director (Independent Director)	Wang Gao Jing	–	–	–	0. 00%
Managing Director	Chuan Cheng Investment Co., Ltd. (represented by: Jiang Cheng Hisung)	4, 245, 959	125, 029, 640	129, 275, 599	4. 60%
Director	Union Enterprise Construction Co., Ltd. (representative : Lin, Jeff)	–	90, 901, 025	90, 901, 025	3. 24%
Director	Li Yu Chuan	–	3, 519, 017	3, 519, 017	0. 12%
Director	Bao Sing Investment Co., Ltd.	5, 586, 760	90, 964, 766	96, 551, 526	3. 44%
Director	Yo Bang Co., Ltd. (represented by: Cao Su Fong)	–	37, 972, 999	37, 972, 999	1. 35%
Director	Ji Shun Investment Co., Ltd. (represented by: Liu Jing Fu)	–	97, 059, 211	97, 059, 211	3. 46%
Director	Bai Sheng Investment Co., Ltd. (represented by: Lin Si Yong)	8, 167, 281	132, 981, 337	141, 148, 618	5. 03%
Independent Director	Lu Ren Fa	–	–	–	0. 00%
Independent Director	Li Guo Chang	–	–	–	0. 00%
No. of Shares Held by All Non-Independent Directors		18, 000, 000	579, 777, 934	597, 777, 934	21. 28%

Note: The date of the current general shareholders meeting is 8 June 2018 (share transfer suspension period is from 10 April 2018 to 8 June 2018).

Capital stock : 2,805,152,427 shares(Ordinary Shares : 2,605,152,427 shares
Preferred Shares : 200,000,000 shares)

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