

Union Bank of Taiwan

The Minutes of 2019 Annual Meeting of Shareholders

Date and Time: May 31, 2019 at 9:00 a.m.

Location: No. 16, Sec. 4, Jhongshan N. Rd., Taipei City

CHIANTAN OVERSEAS YOUTH ACTIVITY CENTER

CHUN-YING Hall (Second floor at Ching-Kuo Memorial Hall)

Attend:

Total outstanding shares: 2,890,012,883shares

Total shares represented by shareholders present in person or by proxy :

2,343,513,568shares

(Contain to exercise the right to vote number 89,864,986by electronics)

Percentage of shares held by shareholders present in person or by proxy: 81.09%

Chairman: Director Lee, Shiang-Chang

Attend as a delegate: General manager& Director: Lin, Jeff 、Independent Director:

Wang, Kao-Jing 、Independent Director: Lee, Kuo-Chang 、Independent Director:

Lu,Ren-Fa 、Director: Cao, Su-Fong 、Director: Lin, Si-Yong 、Vincent C.Cheng of

Deloitte & Touche 、 LAW OFFICE OF S.S.Lai ATTORNEY AT LAW: Cheng,

Tsai-Fang 、Bright &Wise Attorneys-at-Law: Chen Wei-Zhen.

1. Declare the conference : Attendant shareholder and shareholder agent represents share have already attained the legal quantity. The Chairman called the meeting to order .

2.Chairman speech : Director Lee, Shiang-Chang

3. Reports

(1) 2018 Business Report (Please make reference to attach the form)

All attendance shareholder talks over with know.

(2) 2018 Audit Committee Audit Report (Please make reference to attach the form)

All attendance shareholder talks over with know.

(3) 2018 Report on Employee and Director Remuneration Distribution Status

All attendance shareholder talks over with know.

4. Approvals

Proposal No. 1 (Proposed by Board of Directors)

Subject : The 2018 business report and financial statements are submitted for approval.

Illustration:

1. The 2018 financial statements of the Bank (including consolidated financial statements) have been audited by accountants Huang Rui Chang and Cheng Shu Rang of Deloitte & Touche and have, together with the business report, been approved by the audit committee and the 6th meeting of the 10th term of the board of directors of the Bank. They are submitted for approval.

2. Please refer to the above-cited documents in Attachment.

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote) 2,274,664,801shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,250,622,153 (Contain the electronics vote: 56,143,726)	98.94%
Disapproval votes: 2,182,767 (Contain the electronics vote:2,182,767)	0.09%
Invalid votes: 0	0%
Abstention votes : 21,859,881 (Contain the electronics vote: 21,708,872)	0.96%

Proposal was approved after voting.

Proposal No. 2 (Proposed by Board of Directors)

Subject: The 2018 Profit Distribution Proposal is submitted for approval.

(Proposal by Board of Directors)

Illustration:

1. This profit distribution proposal relates to the 2018 distributable profit of NT\$3,717,431,788. It is proposed that the distribution be made as shown in Attachment 4(page 32 of this manual), in accordance with the articles of association of the Bank.
 - (1) Preferred Shares cash dividend (NT\$2.4 per share. It is calculated according to share rate 4.8%) totaling NT\$480,000,000.
 - (2) Ordinary share cash dividend (NT\$0.7 per share) totaling NT\$1,883,009,018.
 - (3) Undistributed profit: NT\$1,354,422,770.
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 2018 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 : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote) 2,274,664,801 shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,252,862,344 (Contain the electronics vote: 58,383,917)	99.04%
Disapproval votes: 2,196,500 (Contain the electronics vote: 2,196,500)	0.09%
Invalid votes: 0	0%
Abstention votes : 19,605,957 (Contain the electronics vote: 19,454,948)	0.86%

Proposal was approved after voting.

5. Discussions

Proposal No. 1 (Proposed by Board of Directors)

Subject: The proposed amendment to certain clauses of the Articles of Association of the Bank is submitted for approval.

Illustration:

1. This amendment is based on August 1, 2018. Presidential Decree Announced by the Executive Yuan Amendment Articles Revision:
 - (1) Amend one of Article 5 of the Articles of Association, and add one of the third and thirty-ninth Articles of Article 39, Cooperate with the company law to add section 228-1 and amend section 240, Adding to the end of each half of the Bank's fiscal year, handling surplus distribution or loss allocation, and issuing cash, may be subject to special resolutions of the Board of Directors and report to the shareholders' meeting.
Earnings distribution or loss-sharing helps to increase shareholders' willingness to invest, make corporate governance more flexible, and streamline the process of paying dividends and dividends in cash.
 - (2) Amend Article 25 of the Articles of Association to comply with Article 206 of the Company Law, and the directors shall , When you have your own interests, you should explain the important content of your own interests on the board of directors. Adding a spouse, a second parent, or other internal blood relatives of the directors, or a company with controlling affiliation with the directors, and matters of interest to the board meeting, the directors have their own interests in the matter.
2. Please refer to attachment for table of comparison before and after the revision of the Articles of Association.

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote) 2,274,664,801 shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,252,651,888 (Contain the electronics vote: 58,173,461)	99.03%
Disapproval votes: 2,207,592 (Contain the electronics vote: 2,207,592)	0.09%
Invalid votes: 0	0%
Abstention votes : 19,805,321 (Contain the electronics vote: 19,654,312)	0.87%

Proposal was approved after voting.

Proposal No. 2 (Proposed by Board of Directors)

Subject: The proposed amendment to certain clauses of the "Handling Procedures for Acquisition or Disposal of Assets" of the Bank is submitted for approval.

Illustration:

The certain clauses of the "Handling Procedures for Acquisition or Disposal of Assets" of the Bank shall be amended by virtue of JGZFFZ No. 1070341072 issued by the Financial Supervisory Commission on November 26, 2018.
Please refer to attachment for table of comparison before and after the revision of the Handling Procedures for Acquisition or Disposal of Assets.

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote) 2,274,664,801 shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,252,656,952 (Contain the electronics vote: 58,178,525)	99.03%
Disapproval votes: 2,197,373 (Contain the electronics vote: 2,197,373)	0.09%
Invalid votes: 0	0%
Abstention votes : 19,810,476 (Contain the electronics vote: 19,659,467)	0.87%

Proposal was approved after voting.

Proposal No. 3 (Proposed by Board of Directors)

Subject: Discuss the company's surplus to allocate capital to issue new share.

Illustration:

1. In order to enrich the working capital of the Bank, NT\$1,883,009,018 was allocated from the distributable surplus in 2018, and the surplus was transferred to NT\$1,883,009,010 to issue 188,300,901 shares of common stock. The remaining NT\$ 8 was disbursed by 1 share and was distributed in cash.
2. After the approval of the shareholders' meeting, the board of directors is authorized to set the base date for the capital increase and share allotment. The stock dividends distributed by the shareholders shall be distributed free of charge according to the proportion of the shares held by the ordinary shareholders listed in the register of ordinary shareholders of the Japanese stocks on the basis of allotment, and 70 shares shall be distributed for each thousand shares.
3. The new shares issued are ordinary shares, and the rights and obligations are the same as ordinary shares, with a denomination of NT\$10 per share.
4. In the event of a change in the shares of the Bank, or the transfer, conversion or cancellation of the treasury shares or other circumstances, affecting the total number of shares outstanding, the share allotment, and the dividend rate, the shareholders' meeting authorizes the board of directors to handle the change.
5. In the case of the above-mentioned capital increase and issuance of new shares, the shareholders' meeting authorizes the board of directors to deal with changes in the law or when the competent authority approves the amendment.

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote) 2,274,664,801 shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,252,678,117 (Contain the electronics vote: 58,199,690)	99.03%
Disapproval votes: 2,383,995 (Contain the electronics vote: 2,383,995)	0.10%
Invalid votes: 0	0%
Abstention votes : 19,602,689 (Contain the electronics vote: 19,451,680)	0.86%

Proposal was approved after voting.

6. Motions : none

Shareholders' numbers 85802、90443、88691、148034 and other shareholders questioned and spoke on the contents of the proposals during the meeting. After the chairman and the management team replied one by one, and after all the shareholders present without other temporary motions, the chairman announced the meeting.

7. Adjournment : May 31, 2019 at 11:21a.m.

※ The proceedings of the shareholders' meeting are recorded in accordance with Article 183, Item 4 of the Company Law, and the results of the proceedings and the results of the meeting are still subject to the meeting's audio and video records.

Chairman : Lee, Shiang-Chang

Record : Ying-Ching Chen

In the event of inconsistencies between versions, the Mandarin Chinese version shall prevail.

Attachment

2018 Business Report

1. Domestic and Overseas Financial Status

In the 2018 years, the global economy continued to recover and the US dollar interest rate hikes led to the widening of interest spreads. China's new southward policy and increased investment by Taiwanese businessmen in the United States have driven the growth momentum of Southeast Asia and the United States. As the United States gradually adjusted its trade policy and continued tightening Monetary policy, the impact level spread from corporate confidence to the real economy, the global financial market violently fluctuated, coupled with the sharp fall in oil prices, the demand for manufacturers turned conservative, and the import and export performance of China, Japan and South Korea showed a sharp decline, indicating that the global economic growth momentum will Slowed down.

In 2019, thanks to the policy of continuously opening up the financial technology business of the banking industry, encouraging the financing of key new ventures, and expanding the overseas market, it is conducive to the development of new markets and new customers, and the banking industry constantly adjusts lending and business. The proportion of the structure to improve profit margins, both expand the competitiveness of domestic and foreign business and overseas layout, but need to guard against the economic fluctuations caused by the US trade war and the risk of exposure.

2. 2018 Operating Results and Main Business Status

With the joint effort by all employees of the Bank in 2018, good performance has been demonstrated in terms of various operational benchmarks. In terms of profitability, the 2018 net profit after tax is NT\$2.957 Billion. The earnings per share after tax (EPS) is NT\$1.07. Total asset rate of return (ROA) is 0.49%. Net value rate of return (ROE) is 7.33%. In terms of asset quality, the overdue lending ratio is 0.12%. Bad debt coverage ratio is 959.79%. 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 2019, 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 2018:

(1) Deposit

The balance of deposits in 2018 was NT\$519.7 billion, an increase

of NT\$69.1 billion from 2017, with a growth rate of 15.34%. In terms of deposits, the balance of demand deposits was NT\$225.1 billion, accounting for 43.31% of the total deposit ratio, and the balance of periodic deposits was 294.6 billion, accounting for 56.69% of the total deposit ratio.

(2) Lending

At the end of 2018, the balance of foreign currency denominations was NT\$330.5 billion, an increase of NT\$7.2 billion from the end of 2017, with a growth rate of 2.23%. The guarantee lending was NT\$270 billion, accounting for 81.69% of the total loan, and unsecured lending was NT\$60.5 billion, accounting for 18.31% of the total loan.

(3) Credit Card

1. Launched the "even-day feedback of even-numbered days" campaign to drive cardholders to concentrate on federal card consumption, and continue to maintain the basic charge amount of "refueling, mass merchandisers, 3C physical channels, department store channels", and strengthen the "online shopping, overseas" in line with market consumption trends Consumption, insurance staging, catering and new-style access (such as Uber, etc.) transactions to increase the amount of spending on spending, total credit card spending in 2018 was 89.5 billion yuan, up 4.3% from 2017.
2. Continued effective card mobilization, enhanced cooperation with traffic tickets and the introduction of new-type payment instruments, such as mobile payments, to develop new customer bases and increase effective card rates. The number of cards in circulation as of December 2018 was approximately 2,126,989 cards.
3. Launched mobile payments such as Apple Pay, Samsung Pay, Google Pay, Hami Pay and Fitbit Pay. Currently, it is one of the three banks that support all mobile payments in the market. As of December 2018, the number of Token circulation has exceeded 190,000. The amount of the account is about NT\$1.7 billion.

(4) Fortune Management

The Bank's 2018 wealth management households grew by 4.62% compared with 2017, and the average monthly balance of total management assets grew by 8.65% compared with 2017. Operating income increased by 5.98% compared with the same period of last year. The Bank provides more financial products, augments specific money trusts and insurance content, and increases overall financial management revenue.

(5) Operating Performance

The net interest income for 2018 is NT\$6.792 billion, the net income other than interest is NT\$3.78 billion, and the net income is NT\$10.572 billion. After deducting NT\$292 million for net debt and NT\$6.843 billion for operating expenses, the net profit before tax is NT\$3.437 billion, net profit after tax is NT\$2.957 billion.

(6) Corporate Image

In 2018, we launched the "Impression and Hope" image advertisement, caring for all walks of life, friends, encouraging people to hope, and making progress! In addition, the Bank attaches great importance to corporate social responsibility and invests in social welfare activities, mainly including donation of the Magpie Orchestra performance and work training, donation of the Eden Social Welfare Foundation to issue charity cards and vulnerable children's early treatment services, and fundraising children's choirs. Funding overseas, sponsoring training funds for the Middle East High School basketball team, assisting children with insufficient economic and educational resources to learn and develop their strengths; sponsoring the Kaohsiung Spring Art Festival and the Chiayi Taiwan Lantern Festival, the topic of the event attracts a large number of tourists and continues to enhance brand exposure. the amount; Recruit Taiwan's conservation animals, ring neck and stone tiger, hold children's drawing competitions and children's wealth management camps, combine physical exercise and financial knowledge, and strive to cultivate children's art and good financial management concepts; continue to cooperate to launch "Taiwan's story - Taiwan's monuments Tour Special II TV program to promote Taiwan's heritage culture; care for the reconstruction of Hualien earthquake residents after the disaster; sponsored the track and field athlete Yang Junyi Guoguang gold medal bonus difference, support to encourage more outstanding domestic sports players, continue to shine in various sports events The country is glory.

3. 2019 Operational Plan and Development Guidelines by Business

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

1. Deposits:

In line with the trend of electronic payment, strengthen the VISA financial card and account functions (starting the "Australia card A/C LINK", "Apple Pay Debit Card" and other services) to provide depositors with a full range of payment tools; strengthen ATM functions (Providing "ATM Interbank Deposit" and "One Card Ticket Storage Function") to provide

diversified services for customers; to cooperate with the MIT industry and strive for the flow of funds in the Bank to increase the deposits of corporate and industrial enterprises to improve the growth of demand deposits ; Hold fixed storage, foreign exchange deposit rate plus code project to increase the market share of regular deposits.

2. Enterprise and foreign exchange business:

(1). Actively expand loans for industrial and commercial enterprises: prioritize loans for self-compensation and target production, and increase credit protection through the Sino Credit Fund and the acquisition of quality collateral; continue to strengthen the expansion of MIT enterprises and strengthen visits Credit applicants, through the introduction of their upstream and downstream manufacturers, increase business opportunities, and often visit the customer or the industrial zone management office of the neighboring industrial zone and factory (business) to obtain credit.

(2). Strengthening the commitment to quality stock loans.

(3). Continuously monitor various credit risk limits and concentration risks, such as industrial concentration, real estate collateral concentration, enterprise group risk, and relationship credit control.

(4). Develop foreign exchange business sources, expand import and export and exchange business to enhance foreign exchange niche and market share.

3. Consumer Finance:

Use DM, e-DM, newsletter, etc. to issue relevant information, or use telemarketing to strengthen new home loans and old households to increase loans; quality customers, grasp customer demand trends, and consolidate customers; provide customized projects to open up new customers Actively recruit new or self-trained car A0 personnel, and expand the car loan center in Taoyuan, Taichung, Kaohsiung and other metropolitan areas as appropriate to increase business.

4. Credit Card:

Multi-channel promotion, such as joint name card, China Travel Cartoon Road, employee promotion and increase online bidding, increase market share; strengthen top-level card function to attract high-spending customer groups; increase

electronic bills, reduce physical billing costs; Channels (such as mass merchandisers, supermarkets, Netcom, etc.) or consumer categories (tourism, insurance, etc.) to promote the activities, increase customers; action payment and promotion of special store payment methods, enhance the competitiveness of the acquiring business.

5. Wealth management, insurance agency and trust business:
online ETF trading, upgrading foreign bonds and ETF business; promoting private equity funds, increasing fee income, and expanding customer wealth management products to provide customer asset allocation to achieve the desired benefits of customers Introduce derivative products to meet high-asset customers; expand insurance, such as overseas student insurance, major injury and life insurance, one-year accident insurance, and increase fee income.
6. Digital financial business: Continuously update e-banking and digital financial system function services to enhance service competitiveness; provide new version of corporate online banking services; use digital banks to increase the benefits of virtual and real integration services, and strengthen non-traditional financial services locations such as Lylefu Super-business, LINE Pay card marketing cooperation and online and offline gold flow service chain; use social communication software LINE to continuously provide information such as personalized service binding information notification, marketing promotion, etc.; improve EDM system service functions and delivery benefits; The Bank's customer service system evaluates the introduction of intelligent customer service core services; plans to introduce biometric-related applications, such as face biometrics and related financial services applications and integration.
7. Securities Business:
Deepen the development and operation of the legal person base of the securities company, aiming at increasing the performance; strengthening the promotion of electronic order business and increasing the proportion of electronic transactions.
8. Others:
In the investment business, actively cultivate financial trading talents, carefully select investment targets, implement disciplinary requirements for risk management related to capital operations, and focus on the Bank's surplus; improve the profitability of various assets,

strengthen risk management, and maintain good performance. Asset quality; plan to guarantee the credit grant case with US dollar deposit as guarantee, to effectively maintain the self-protection operation volume, and increase the Bank's US dollar deposit; review the appropriateness of the bond position at any time to maintain better flexibility in fund scheduling.

(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 2018, the Bank has set up a total of 858 in-bank and off-bank ATMs.

(3)The Bank's 2019 Estimated Operational Targets

1.

Type of Business	2019 Target
Deposit (including foreign currencies)	Average balance of NT\$5,411 Billion at the end of the year
Lending (excluding credit card)	Average balance of NT\$3,615 Billion at the end of the year
Foreign Exchange	Annual transaction of US\$70.05 Billion

2. Improvement of operating performance related benchmarks: Including the over-capital ratio below the industry average and maintaining the capital level in accordance with the BASL3 regulations to meet the 2019 capital ratio standards, and maintaining a stable source of funds and high-quality liquid assets to meet the net stable capital ratio (NSFR) and liquidity Coverage ratio (LCR) standard.

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 2018 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 2019 General Shareholder Meeting

Union Bank of Taiwan

Chairman of Audit

Committee:

Li Guo Chang

13 March 2019

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018. 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 key audit matters of the Bank' s financial statements for the year ended December 31, 2018 are described as follows:

Accuracy of Interest Revenue from Discounts and Loans

For the year ended December 31, 2018, the amount of interest revenue from discounts and loans was \$7,022,177 thousand which, represented approximately 66% of total net revenue, and was considered material to the financial statements as a whole. Refer to Note 33 to the financial statements. Therefore, we considered the accuracy of the recognition of interest revenue as a key audit matter for the year ended December 31, 2018.

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

1. Understanding of the design of the Bank' s computerized information system and General IT Controls, and testing of the operating effectiveness of the controls over the relevant application system and the information generated.
2. Understanding of the design of the application system for recognition of interest revenue from commercial loans and discounts. Testing of operating effectiveness of relevant automated controls in the application system.
3. Select material loans to verify if the balance generated from the information system is the same with the carry amount.
4. Testing and assessment of the accuracy of interest revenue generated by information system. Verify if there is any difference between the interest revenue of the aforementioned loans derived from the information system and those recorded in the ledgers.

Assessment of the Impairment of Discounts and Loans

As of December 31, 2018, the net amount of discounts and loans of the Bank was \$326,837,853 thousand which, represented approximately 51% of total assets, and was considered material to the financial statements as a whole. Refer to Note 14 to the financial statements. The Bank' s management performs loan impairment assessment involving critical judgements on accounting estimates and assumptions; therefore, we determined allowance for possible losses on discounts and loans as a key audit matter for the year ended December 31, 2018.

The Bank' s management periodically performs loan impairment assessment through making judgements to measure the loss allowance at an amount equal to 12-month expected credit losses or the lifetime expected credit losses. Also, the allowance provision should comply with classification of credit assets and relevant regulations for the provision issued by the authorities.

For the accounting policies and relevant information on loan impairment assessment, refer to Notes 4, 5 and 14 to the financial statements.

The main audit procedures we performed in response to certain aspects of the key audit matter described above were 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. Obtain an understanding of the assumptions and critical factors of the impairment assessment model, including the Probability of Default and the Loss Given Default, and testing whether those estimates reasonably reflected the actual status of each loan.
3. Perform test on reasonableness of calculation of expected credit losses for selected loans.
4. Test the classification of credit assets by length of overdue period for the respective loans and its collateral in order to assess whether the provision of allowances for possible losses complies with relevant regulations issued by authorities.

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 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, 2018 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-Ran Cheng and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2019

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 12,677,719	2	\$ 10,756,051	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	29,262,634	5	19,180,985	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	36,355,695	6	11,852,723	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	33,118,474	5	-	-
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	94,149,872	15	-	-
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	68,467,365	11	28,215,334	5
RECEIVABLES, NET	17,870,713	3	17,627,438	3
CURRENT TAX ASSETS	73,563	-	46,909	-
DISCOUNTS AND LOANS, NET	326,837,853	51	318,624,348	57
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET	-	-	35,183,406	6
HELD-TO-MATURITY FINANCIAL ASSETS	-	-	51,285,957	9
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	4,725,795	1	2,981,366	1
OTHER FINANCIAL ASSETS, NET	2,204,959	-	48,100,741	9
PROPERTY AND EQUIPMENT, NET	7,982,503	1	8,061,615	2
INTANGIBLE ASSETS				
Goodwill	1,985,307	-	1,985,307	-
Computer software	169,280	-	177,528	-
Total intangible assets	2,154,587	-	2,162,835	-
DEFERRED TAX ASSETS	634,777	-	1,019,583	-
OTHER ASSETS, NET	2,490,419	-	2,102,313	-
TOTAL	\$ 639,006,928	100	\$ 557,201,604	100
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 11,389,841	2	\$ 8,961,290	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	307,799	-	183,611	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	44,334,388	7	30,273,976	5
ACCOUNTS PAYABLE	6,912,587	1	7,005,686	1
CURRENT TAX LIABILITIES	24,379	-	70,008	-
DEPOSITS	514,386,800	80	449,412,119	81
BANK DEBENTURES	9,700,000	2	11,700,000	2
OTHER FINANCIAL LIABILITIES	11,825	-	21,720	-
PROVISIONS	252,949	-	171,759	-
DEFERRED TAX LIABILITIES	1,228,719	-	911,524	-
OTHER LIABILITIES	644,612	-	571,236	-
Total liabilities	589,193,899	92	509,282,929	91
EQUITY				
Share capital				
Ordinary shares	26,900,129	4	26,051,524	5
Preference shares	2,000,000	1	2,000,000	-
Total share capital	28,900,129	5	28,051,524	5
Capital surplus	8,032,413	1	8,032,413	2
Retained earnings				
Legal reserve	5,988,776	1	5,165,280	1
Special reserve	612,656	-	585,206	-
Unappropriated earnings	4,619,232	1	4,503,995	1
Total retained earnings	11,220,664	2	10,254,481	2
Other equity	1,659,823	-	1,580,257	-
Total equity	49,813,029	8	47,918,675	9
TOTAL	\$ 639,006,928	100	\$ 557,201,604	100

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

(With Deloitte & Touche auditors' report dated March 26, 2019)

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST					
Interest revenues	\$ 11,016,864	104	\$ 10,298,904	100	7
Interest expenses	<u>4,225,103</u>	<u>40</u>	<u>3,613,710</u>	<u>35</u>	17
Net interest	<u>6,791,761</u>	<u>64</u>	<u>6,685,194</u>	<u>65</u>	2
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net	2,444,065	23	2,323,616	22	5
Gain on financial assets and liabilities at fair value through profit or loss	257,274	3	294,376	3	(13)
Realized gain on available-for-sale financial assets, net	-	-	781,919	8	(100)
Realized gain on financial assets at fair value through other comprehensive income	436,244	4	-	-	-
Share of profit of subsidiaries and associates	96,603	1	193,703	2	(50)
Foreign exchange gain (loss), net	450,995	4	(138,588)	(1)	425
Loss from asset impairment, net	(33,589)	-	-	-	-
Securities brokerage fee revenues, net	103,379	1	75,549	1	37
Gain on financial assets measured at cost, net	-	-	55,482	-	(100)
Property loss, net	(2,257)	-	(4,496)	-	(50)
Other noninterest net gain	<u>27,237</u>	<u>-</u>	<u>20,972</u>	<u>-</u>	30
TOTAL NET REVENUES	<u>10,571,712</u>	<u>100</u>	<u>10,287,727</u>	<u>100</u>	3
PROVISIONS					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>291,985</u>	<u>3</u>	<u>356,861</u>	<u>4</u>	(18)

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Personnel expenses	3,303,509	31	3,130,909	30	6
Depreciation and amortization (Notes 4 and 40)	354,939	3	326,509	3	9
Others	<u>3,184,254</u>	<u>30</u>	<u>3,160,198</u>	<u>31</u>	1
Total operating expenses	<u>6,842,702</u>	<u>64</u>	<u>6,617,616</u>	<u>64</u>	3
INCOME BEFORE INCOME TAX	3,437,025	33	3,313,250	32	4
INCOME TAX EXPENSE	<u>480,301</u>	<u>5</u>	<u>568,263</u>	<u>5</u>	(15)
NET INCOME	<u>2,956,724</u>	<u>28</u>	<u>2,744,987</u>	<u>27</u>	8
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(13,151)	-	9,802	-	(234)
Unrealized gain on investments in equity instrument at fair value through other comprehensive income	417,367	4	-	-	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(5,211)	-	429	-	(1,315)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(197,434)</u>	<u>(2)</u>	<u>(1,666)</u>	<u>-</u>	11,751
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>201,571</u>	<u>2</u>	<u>8,565</u>	<u>-</u>	2,253
Items that may be reclassified subsequently to profit or loss:					

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Exchange differences on translating foreign operations	303,314	3	(814,626)	(8)	137
Unrealized gain on available-for-sale financial assets	-	-	1,228,170	12	(100)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	85,530	1	(76,598)	(1)	212
Unrealized loss on investment in debt instruments at fair value through other comprehensive income	(1,006,753)	(10)	-	-	-
Reversal of impairment loss on investments in debt instruments at fair value through other comprehensive income	40,778	-	-	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(36,924)</u>	<u>-</u>	<u>51,180</u>	<u>1</u>	(172)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(614,055)</u>	<u>(6)</u>	<u>388,126</u>	<u>4</u>	(258)
Other comprehensive income (loss) for the year, net of income tax	<u>(412,484)</u>	<u>(4)</u>	<u>396,691</u>	<u>4</u>	(204)
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,544,240</u>	<u>24</u>	<u>\$ 3,141,678</u>	<u>31</u>	(19)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)					
Basic	<u>\$1.07</u>		<u>\$1.02</u>		
Diluted	<u>\$1.06</u>		<u>\$1.02</u>		

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 26, 2019)

(Concluded)

UNION BANK OF TAIWAN

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Share Capital			Capital Surplus	Retained Earnings				Other Equity			Total	Total Equity
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2017	\$ 26,051,524	\$ -	\$ 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 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	2,000,000	8,000,000	-	-	-	-	-	-	-	-	10,000,000
BALANCE AT DECEMBER 31, 2017	26,051,524	2,000,000	28,051,524	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
Effect of retrospective application of IFRS 9	-	-	-	-	-	-	(31,391)	(31,391)	(2,345,701)	-	2,797,843	452,142	420,751
BALANCE AT JANUARY 1, 2018 AS APPLIED RETROSPECTIVELY	26,051,524	2,000,000	28,051,524	8,032,413	5,165,280	585,206	4,472,604	10,223,090	-	(765,444)	2,797,843	2,032,399	48,339,426
Appropriation of the 2017 earnings													
Legal reserve	-	-	-	-	823,496	-	(823,496)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	27,450	(27,450)	-	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(1,042,061)	(1,042,061)	-	-	-	-	(1,042,061)
Stock dividends on common shares	781,546	-	781,546	-	-	-	(781,546)	(781,546)	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(90,740)	(90,740)	-	-	-	-	(90,740)
Net income for the year ended December 31, 2018	-	-	-	-	-	-	2,956,724	2,956,724	-	-	-	-	2,956,724
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-	(4,302)	(4,302)	-	351,920	(760,102)	(408,182)	(412,484)
Share-based payment	67,059	-	67,059	-	-	-	(4,895)	(4,895)	-	-	-	-	62,164
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(35,606)	(35,606)	-	-	35,606	35,606	-
BALANCE AT DECEMBER 31, 2018	\$ 26,900,129	\$ 2,000,000	\$ 28,900,129	\$ 8,032,413	\$ 5,988,776	\$ 612,656	\$ 4,619,232	\$ 11,220,664	\$ -	\$ (413,524)	\$ 2,073,347	\$ 1,659,823	\$ 49,813,029

The accompanying notes are an integral part of the financial statements

UNION BANK OF TAIWAN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,437,025	\$ 3,313,250
Adjustments for:		
Depreciation expenses	288,758	265,915
Amortization expenses	66,181	60,594
Expected credit losses/Provision of allowance for doubtful accounts	291,985	356,861
Net gain on disposal of financial assets at fair value through profit or loss	(257,274)	(294,376)
Interest expenses	4,225,103	3,613,710
Interest revenues	(11,016,864)	(10,298,904)
Dividend income	(435,866)	(225,302)
Share of profit of associates	(96,603)	(193,703)
Loss on disposal of properties and equipment	2,258	4,496
Gain on disposal of investments	-	(612,099)
Impairment loss recognized on financial assets	39,935	-
Reversal of impairment losses on financial asset	(6,346)	-
Loss on disposal of collaterals	2,658	-
Changes in operating assets and liabilities		
Due from the Central Bank and call loans banks	(4,081,105)	(3,641,413)
Financial assets at fair value through profit or loss	(23,169,161)	(1,848,607)
Financial assets at fair value through other comprehensive income	2,701,189	-
Investments in debt instruments at amortized cost	2,634,924	-
Accounts receivable	(342,585)	(219,901)
Discounts and loans	(8,451,780)	(34,727,226)
Available-for-sale financial assets	-	6,205,466
Held-to-maturity financial assets	-	(44,498,510)
Other financial assets	(322,286)	9,079,422
Due to the Central Bank and other banks	2,428,551	1,943,661
Financial liabilities at fair value through profit or loss	(845,089)	(277,453)
Securities sold under repurchase agreements	14,060,412	1,399,839
Accounts payable	(136,334)	55,090
Deposits	64,974,681	17,349,295
Other financial liabilities	(9,895)	2,154
Provisions for employee benefits	(25)	(246)
Other liabilities	(499)	899
Cash generated from (used) in operations	45,981,948	(53,187,088)
Interest received	10,957,721	10,304,523
Dividend received	450,598	267,762
Interest paid	(4,119,704)	(3,552,364)
Income tax returned (paid)	(86,202)	7,417
Net cash generated from (used in) operating activities	<u>53,184,361</u>	<u>(46,159,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	(1,579,977)	-

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
Payments for properties and equipment	(223,854)	(191,869)
Proceeds of the disposal of properties and equipment	1,092	22
Increase in settlement fund	(1,957)	-
Decrease in settlement fund	-	161,568
Increase in refundable deposits	(379,678)	(96,519)
Payments for intangible assets	(47,075)	(62,718)
Proceeds of the disposal of collaterals	3,688	-
Increase in other assets	(6,471)	-
Decrease in other assets	<u>-</u>	<u>63,412</u>
Net cash used in investing activities	<u>(2,234,232)</u>	<u>(126,104)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of the issue of bank debentures	-	500,000
Repayments of bank debentures	(2,000,000)	-
Increase in guarantee deposits received	3,302	-
Decrease in guarantee deposits received	-	(2,513)
Increase in other liabilities	52,354	42,773
Cash dividends paid	(1,132,801)	(1,172,319)
Issuance of preference shares	<u>-</u>	<u>10,000,000</u>
Net cash generated from (used in) financing activities	<u>(3,077,145)</u>	<u>9,367,941</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>301,259</u>	<u>(805,523)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	48,174,243	(37,723,436)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>39,296,496</u>	<u>77,019,932</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 87,470,739</u>	<u>\$ 39,296,496</u>

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2018 and 2017:

	<u>December 31</u>	
	2018	2017
Cash and cash equivalents in balance sheets	\$ 12,677,719	\$ 10,756,051
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”	6,325,655	325,111
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>68,467,365</u>	<u>28,215,334</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 87,470,739</u>	<u>\$ 39,296,496</u>

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

(With Deloitte & Touche auditors’ report dated March 26, 2019)

(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, 2018 and 2017, 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, 2018 and 2017, 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, 2018. 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.

The key audit matters of the Company's consolidated financial statements for the year ended December 31, 2018 are described as follows:

Accuracy of Interest Revenue from of Discounts and Loans

For the year ended December 31, 2018, the amount of interest revenue from discounts

and loans was \$6,987,828 thousand which, represented approximately 55% of total net revenue, and was considered material to the financial statements as a whole. Refer to Note 36 to the consolidated financial statements. Therefore, we considered the accuracy of the recognition of interest revenue as a key audit matter for the year ended December 31, 2018.

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

1. Understanding of the design of the Company's computerized information system and General IT Controls, and testing of the operating effectiveness of the controls over the relevant application system and the information generated.
2. Understanding of the design of the application system for recognition of interest revenue from commercial loans and discounts. Testing of operating effectiveness of relevant automated controls in the application system.
3. Select material loans to verify if the balance generated from the information system is the same with the carry amount.
4. Testing and assessment of the accuracy of interest revenue generated by information system. Verify if there is any difference between the interest revenue of the aforementioned loans derived from the information system and those recorded in the ledgers.

Assessment of the Impairment of Discounts and Loans

As of December 31, 2018, the net amount of discounts and loans of the Company was \$325,015,686 thousand which, represented approximately 50% of total consolidated assets, and was considered material to the financial statements as a whole. Refer to Note 14 to the consolidated financial statements. The Company's management performs loan impairment assessment involving critical judgements on accounting estimates and assumptions; therefore, we determined allowance for possible losses on discounts and loans a key audit matter for the year ended December 31, 2018.

The Company's management periodically performs loan impairment assessment through making judgements to measure the loss allowance at an amount equal to 12-month expected credit losses or the lifetime expected credit losses. Also, the allowance provision should comply with classification of credit assets and relevant regulations for the provision issued by the authorities.

For the accounting policies and relevant information on loan impairment assessment, refer to Notes 4, 5 and 14 to the financial statements.

The main audit procedures we performed in response to certain aspects of the key audit matter described above were 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. Obtain an understanding of the assumptions and critical factors of the impairment assessment model, including the Probability of Default and the Loss Given Default, and testing whether those estimates reasonably reflected the

actual status of each loan.

3. Perform test on reasonableness of calculation of expected credit losses for selected loans.
4. Test the classification of credit assets by length of overdue period for the respective loans and its collateral in order to assess whether the provision of allowances for possible losses complies with relevant regulations issued by authorities.

Other Matter

We have also audited the separate financial statements of Union Bank of Taiwan as of and for the years ended December 31, 2018 and 2017 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, 2018 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-Ran Cheng and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2019

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 14,014,731	2	\$ 12,136,172	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	29,262,634	5	19,180,985	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	36,709,925	6	12,136,325	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	33,393,507	5	-	-
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	94,149,872	15	-	-
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	68,480,765	11	28,234,334	5
RECEIVABLES, NET	18,131,482	3	17,751,420	3
CURRENT TAX ASSETS	81,020	-	52,134	-
DISCOUNTS AND LOANS, NET	325,015,686	50	316,728,989	56
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET	-	-	35,489,633	6
HELD-TO-MATURITY FINANCIAL ASSETS	-	-	51,285,957	9
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	1,623,462	-	53,121	-
OTHER FINANCIAL ASSETS, NET	2,301,648	-	48,267,839	9
PROPERTY AND EQUIPMENT, NET	8,007,495	1	8,081,729	2
INVESTMENT PROPERTIES, NET	5,398,908	1	5,284,434	1
INTANGIBLE ASSETS				
Goodwill	1,985,307	-	1,985,307	-
Computer software	<u>177,654</u>	<u>-</u>	<u>184,137</u>	<u>-</u>
Total intangible assets	<u>2,162,961</u>	<u>-</u>	<u>2,169,444</u>	<u>-</u>
DEFERRED TAX ASSETS	791,550	-	1,172,974	-
OTHER ASSETS, NET	<u>8,060,448</u>	<u>1</u>	<u>7,590,797</u>	<u>1</u>
TOTAL	<u>\$ 647,586,094</u>	<u>100</u>	<u>\$ 565,616,287</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	\$ 12,111,895	2	\$ 9,249,185	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	307,799	-	183,384	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	44,334,388	7	30,273,976	5
ACCOUNTS PAYABLE	7,013,422	1	7,108,824	1
CURRENT TAX LIABILITIES	41,221	-	77,173	-
DEPOSITS AND REMITTANCES	513,918,075	79	449,049,470	79
BANK DEBENTURES	9,700,000	2	11,700,000	2
BOND PAYABLE	1,480,976	-	1,409,598	-
OTHER FINANCIAL LIABILITIES	4,089,464	1	4,291,441	1
PROVISIONS	262,482	-	182,262	-
DEFERRED TAX LIABILITIES	1,269,570	-	937,196	-
OTHER LIABILITIES	<u>2,998,047</u>	<u>-</u>	<u>2,967,213</u>	<u>1</u>
Total liabilities	<u>597,527,339</u>	<u>92</u>	<u>517,429,722</u>	<u>91</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Share capital				
Ordinary shares	26,900,129	4	26,051,524	5
Preference shares	<u>2,000,000</u>	<u>1</u>	<u>2,000,000</u>	<u>-</u>
Total share capital	<u>28,900,129</u>	<u>5</u>	<u>28,051,524</u>	<u>5</u>
Capital surplus	<u>8,032,413</u>	<u>1</u>	<u>8,032,413</u>	<u>2</u>
Retained earnings				
Legal reserve	5,988,776	1	5,165,280	1
Special reserve	612,656	-	585,206	-
Unappropriated earnings	<u>4,619,232</u>	<u>1</u>	<u>4,503,995</u>	<u>1</u>
Total retained earnings	<u>11,220,664</u>	<u>2</u>	<u>10,254,481</u>	<u>2</u>
Other equity	<u>1,659,823</u>	<u>-</u>	<u>1,580,257</u>	<u>-</u>
Total equity attributable to owners of the Bank	49,813,029	8	47,918,675	9
NON-CONTROLLING INTERESTS	<u>245,726</u>	<u>-</u>	<u>267,890</u>	<u>-</u>
Total equity	<u>50,058,755</u>	<u>8</u>	<u>48,186,565</u>	<u>9</u>
TOTAL	<u>\$ 647,586,094</u>	<u>100</u>	<u>\$ 565,616,287</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, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST					
Interest revenues	\$ 10,987,708	86	\$ 10,268,804	82	7
Interest expenses	<u>4,285,920</u>	<u>33</u>	<u>3,677,756</u>	<u>29</u>	17
Net interest	6,701,788	53	6,591,048	53	2
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net	2,422,852	19	2,298,017	18	5
Gain on financial assets and liabilities at fair value through profit or loss, net	223,068	2	356,479	3	(37)
Realized gain from available-for-sale financial assets, net	-	-	830,130	7	(100)
Realized gains on financial assets at fair value through other comprehensive income	443,699	3	-	-	-
Share of loss of associates	(9,636)	-	(326)	-	2,856
Foreign exchange gain (loss), net	464,241	4	(159,723)	(1)	391
Loss from asset impairment, net	(33,589)	-	(799)	-	4,104
Gain on financial assets measured at cost, net	-	-	57,416	-	(100)
Securities brokerage fee revenues, net	208,334	1	203,732	2	2
Rental revenue	2,254,083	18	2,231,092	18	1
Other noninterest net gain	<u>57,481</u>	<u>-</u>	<u>64,299</u>	<u>-</u>	(11)
TOTAL NET REVENUES	<u>12,732,321</u>	<u>100</u>	<u>12,471,365</u>	<u>100</u>	2
PROVISIONS					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>293,579</u>	<u>2</u>	<u>356,861</u>	<u>3</u>	(18)

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefit expenses	3,531,027	28	3,352,574	27	5
Depreciation and amortization	1,987,560	16	1,937,510	15	3
Others	<u>3,443,571</u>	<u>27</u>	<u>3,437,849</u>	<u>28</u>	<u>-</u>
Total operating expenses	<u>8,962,158</u>	<u>71</u>	<u>8,727,933</u>	<u>70</u>	3
INCOME BEFORE INCOME TAX	3,476,584	27	3,386,571	27	3
INCOME TAX EXPENSE	<u>521,583</u>	<u>4</u>	<u>620,536</u>	<u>5</u>	(16)
CONSOLIDATED NET INCOME	<u>2,955,001</u>	<u>23</u>	<u>2,766,035</u>	<u>22</u>	7
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(13,977)	-	10,474	-	(233)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	412,817	3	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(197,735)	(1)	(1,781)	-	11,002
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	405,845	3	(890,651)	(7)	146

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017		Percentage
	Amount	%	Amount	%	Increase (Decrease) %
Unrealized gain on available-for-sale financial assets	-	-	1,214,673	10	(100)
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(1,006,753)	(8)	-	-	-
Reversal of impairment loss on investments in debt instruments at fair value through other comprehensive income	40,778	-	-	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(53,925)	-	64,104	-	(184)
Other comprehensive income (loss) for the year, net of income tax	(412,950)	(3)	396,819	3	(204)
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,542,051</u>	<u>20</u>	<u>\$ 3,162,854</u>	<u>25</u>	(20)
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 2,956,724	23	\$ 2,744,987	22	8
Non-controlling interests	(1,723)	-	21,048	-	(108)
	<u>\$ 2,955,001</u>	<u>23</u>	<u>\$ 2,766,035</u>	<u>22</u>	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 2,544,240	20	\$ 3,141,678	25	(19)
Non-controlling interests	(2,189)	-	21,176	-	(110)
	<u>\$ 2,542,051</u>	<u>20</u>	<u>\$ 3,162,854</u>	<u>25</u>	(20)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)					
Basic	<u>\$1.07</u>		<u>\$1.02</u>		
Diluted	<u>\$1.06</u>		<u>\$1.02</u>		

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable Owners of the Company											Other Equity		Non-controlling Interests	Total Equity
	Share Capital			Share Capital	Retained Earnings				Unrealized Gain (Loss) on Available-for-sale Financial Assets	Exchange Differences on Translating Foreign Operations	Unrealized Gains (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total		
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2017	\$ 26,051,524	\$ -	\$ 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 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	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	28,051,524	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
Effect of retrospective application of IFRS 9	-	-	-	-	-	-	(31,391)	(31,391)	(2,345,701)	-	2,797,843	452,142	420,751	(1,255)	419,496
RETROSPECTIVE RESTATEMENT BALANCE AT JANUARY 1, 2018	26,051,524	2,000,000	28,051,524	8,032,413	5,165,280	585,206	4,472,604	10,223,090	-	(765,444)	2,797,843	2,032,399	48,339,426	266,635	48,606,061
Appropriation of the 2017 earnings															
Legal reserve	-	-	-	-	823,496	-	(823,496)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	27,450	(27,450)	-	-	-	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(1,042,061)	(1,042,061)	-	-	-	(1,042,061)	-	(1,042,061)	
Stock dividends on common shares	781,546	-	781,546	-	-	-	(781,546)	(781,546)	-	-	-	-	-	-	
Cash dividends on preference shares	-	-	-	-	-	-	(90,740)	(90,740)	-	-	-	(90,740)	-	(90,740)	
Net income for the year ended December 31, 2018	-	-	-	-	-	-	2,956,724	2,956,724	-	-	-	-	2,956,724	(1,723)	2,955,001
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-	(4,302)	(4,302)	-	351,920	(760,102)	(408,182)	(412,484)	(466)	(412,950)
Share-based payment	67,059	-	67,059	-	-	-	(4,895)	(4,895)	-	-	-	-	62,164	-	62,164
Cash dividends on subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,720)	(18,720)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(35,606)	(35,606)	-	-	35,606	35,606	-	-	-
BALANCE AT DECEMBER 31, 2018	<u>\$ 26,900,129</u>	<u>\$ 2,000,000</u>	<u>\$ 28,900,129</u>	<u>\$ 8,032,413</u>	<u>\$ 5,988,776</u>	<u>\$ 612,656</u>	<u>\$ 4,619,232</u>	<u>\$ 11,220,664</u>	<u>\$ -</u>	<u>\$ (413,524)</u>	<u>\$ 2,073,347</u>	<u>\$ 1,659,823</u>	<u>\$ 49,813,029</u>	<u>\$ 245,726</u>	<u>\$ 50,058,755</u>

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,476,584	\$ 3,386,571
Adjustments for:		
Depreciation expenses	1,917,557	1,873,385
Amortization expenses	70,003	64,125
Expected credit losses/Provision of allowance for doubtful accounts	293,579	356,861
Gain on disposal of financial assets at fair value through profit or loss	(223,068)	(356,479)
Interest expenses	4,285,920	3,677,756
Interest revenues	(10,987,708)	(10,268,804)
Dividend income	(443,146)	(241,044)
Share of loss of associates	9,636	326
Gain on disposal of properties and equipment	(18,436)	(17,565)
Gain on disposal of investments	-	(645,405)
Impairment loss recognized on financial assets	39,935	799
Reversal of impairment losses on nonfinancial assets	(6,346)	-
Loss on disposal of collaterals	2,658	-
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(4,081,105)	(3,641,413)
Financial assets at fair value through profit or loss	(23,154,778)	(1,823,629)
Financial assets at fair value through other comprehensive income	2,675,488	-
Investments in debt instruments at amortized cost	2,634,924	-
Accounts receivable	(482,042)	(224,260)
Discounts and loans	(8,524,972)	(34,455,640)
Available-for-sale financial assets	-	6,348,871
Held-to maturity financial assets	-	(44,498,510)
Other financial assets	(348,257)	9,694,362
Due to the Central Bank and other banks	2,862,710	859,873
Financial liabilities at fair value through profit or loss	(844,862)	(278,773)
Securities sold under repurchase agreements	14,060,412	1,399,839
Accounts payable	(138,654)	65,695
Deposits	64,868,605	17,430,555
Other financial liabilities	(9,895)	2,155
Provisions for employee benefits	(1,820)	(2,089)
Other liabilities	(499)	899
Cash generated from (used in) operations	47,932,423	(51,291,539)
Interest received	10,929,641	10,274,544
Dividends received	470,766	245,551
Interest paid	(4,180,504)	(3,615,966)
Income tax paid	(125,545)	(67,642)
Net cash generated from (used in) operating activities	<u>55,026,781</u>	<u>(44,455,052)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	(1,579,977)	-

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
Payments for properties and equipment	(235,783)	(200,903)
Proceeds of the disposal of properties and equipment	1,092	21
Payments for investment properties	(30,571)	(15,077)
Increase in settlement fund	(1,957)	-
Decrease in settlement fund	-	161,568
Increase in refundable deposits	(381,659)	(96,985)
Payments for intangible assets	(52,532)	(66,476)
Proceeds of the disposal of collaterals	3,688	-
Increase in other assets	<u>(1,647,545)</u>	<u>(1,574,695)</u>
Net cash used in investing activities	<u>(3,925,244)</u>	<u>(1,792,547)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper	-	54,148
Decrease in commercial paper	(192,082)	-
Proceeds of the issue of bonds payable	-	317,955
Proceeds of the issue of bank debentures	-	500,000
Repayments of bank debentures	(2,000,000)	-
Increase in guarantee deposits received	-	2,312
Decrease in guarantee deposits received	(49,554)	-
Increase in other liabilities	62,668	64,401
Dividends paid to non-controlling interests	(18,720)	(22,426)
Cash dividends paid	(1,132,801)	(1,172,319)
Issuance of preference shares	-	<u>10,000,000</u>
Net cash generated from (used in) financing activities	<u>(3,330,489)</u>	<u>9,744,071</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE		
BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>354,486</u>	<u>(827,215)</u>
NET INCREASE (DECREASE) IN CASH AND CASH		
EQUIVALENTS	48,125,534	(37,330,743)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF		
THE YEAR	<u>40,695,617</u>	<u>78,026,360</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE		
YEAR	<u>\$ 88,821,151</u>	<u>\$ 40,695,617</u>

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(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, 2018 and 2017:

	December 31	
	2018	2017
Cash and cash equivalents in the consolidated balance sheets	\$ 14,014,731	\$ 12,136,172
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”	6,325,655	325,111
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>68,480,765</u>	<u>28,234,334</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 88,821,151</u>	<u>\$ 40,695,617</u>

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

Item	Amount	
Beginning Undistributed Profit		1, 738, 702, 642
Follow the applicable IFRS 9 adjustments		(31, 391, 297)
Adjustment of undistributed surplus at the beginning of the period		1, 707, 311, 345
Current after-tax surplus		2, 956, 724, 354
Determining the benefit plan re-measurement recognized in the retained surplus		(4, 302, 001)
Employee compensation, capital increase, debit, retained earnings		(4, 895, 295)
Gains and losses on equity instruments measured at fair value through other comprehensive gains and losses		(35, 605, 687)
Gains and losses on equity instruments measured at fair value through other comprehensive gains and losses		
Statutory surplus reserve		(887, 017, 306)
Special surplus reserve according to law		(14, 783, 622)
Distributable surplus in this period		3, 717, 431, 788
Assignment project		(2, 363, 009, 018)
Special dividends (dividend rate 4.8%)	(480, 000, 000)	
Common stock dividend (0.7 per share)	(1, 883, 009, 018)	
Undistributed surplus at the end of the period		1, 354, 422, 770

Notes:

1. According to the Ministry of Finance's 1998.04.30 fiscal and taxation No. 871941343, when the surplus is distributed, it should be identified by individual identification. This surplus distribution will give priority to the surplus of 2018.
2. The cash dividends are distributed according to the shareholding ratio of the shareholders and are calculated until the Yuan. The abnormal zero amount of the short-end one is transferred from the Bank to other income.

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

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

Clause after Amendment	Clause before Amendment	Remarks
<p><u>Article 5-1:</u> 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; In accordance with the Bank's semi-annual fiscal year and annual surplus distribution in cash, the board of directors shall set a benchmark date to pay dividends., 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</p>	<p><u>Article 5-1:</u> 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.</p>	<p>In accordance with Article 240 of the Company Law amendments.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>Preferred shareholders shall not participate in the distribution of surplus and capital reserve in cash and appropriation of capital on ordinary shares.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
<p>Article 25.</p> <p>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</p>	<p>Article 25</p> <p>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</p>	<p>In accordance with Article 206 of the Company Law, when the directors have</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>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. A spouse, a second parent, or other internal blood relatives of a director, or a company that has a controlling affiliation with a director, who is interested in matters of the preceding meeting, shall be deemed to have a stake in the matter.</p>	<p>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.</p>	<p>their own interests in the matters of the meeting, they should explain the important contents of their own interests on the board of directors. Adding a director's spouse, a second parent, or other internal blood relatives, or a company that has a controlling affiliation with the directors, is considered to be a director's own interest in the matter.</p>
<p>Article 39 If the Bank has profit at year-end closing, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated. Then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law or as required for business. The remaining amount, together with the accumulated undistributed profit from the previous year, shall be subject to a profit distribution proposal to be prepared by the board of directors and submitted to the shareholders meeting for resolution of the distribution of shareholder dividend and bonus. When distributing the surplus of the preceding paragraph, the statutory surplus reserve and the capital reserve by way of issuing new shares, the shareholders' meeting shall be invited to make a special resolution; the cash assignor shall be authorized to be distributed by the board of directors with more than two-thirds of the directors attending and attending the resolution of more than half of the directors. And report to the shareholders meeting. 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</p>	<p>Article 39 If the Bank has profit at year-end closing, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated. Then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law or as required for business. The remaining amount, together with the accumulated undistributed profit from the previous year, shall be subject to a profit distribution proposal to be prepared by the board of directors and submitted to the shareholders meeting for resolution of the distribution of shareholder dividend and bonus. The dividend and shareholder bonus under the first paragraph shall be distributed in cash or in stock, as determined by the board of directors based on the financial status at the time, future profitability status and capital budget planning of the Bank. In principle, if the ratio between the Bank's own capital and risky asset after distribution will be lower than the ratio stipulated by the competent authority by 1%, stock dividend may be issued in priority; before the level reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of total capital.</p>	<p>In accordance with the amendments to Article 240 of the Companies Act</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>own capital and risky asset after distribution will be lower than the ratio stipulated by the competent authority by 1%, stock dividend may be issued in priority; before the level reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of total capital.</p>		
<p>Article 39-1 At the end of each half of the accounting year, the Bank may propose a proposal for the distribution of surplus or loss for the first half of the fiscal year, together with the business report and financial statements submitted to the Audit Committee for review, and the resolution of the board of directors. When allocating surpluses, in addition to estimating and retaining taxable donations, making up for losses according to law, and making statutory surplus reserves, it is also advisable to retain employee compensation. When the surplus distribution of the preceding paragraph is based on the method of issuing new shares, it shall be submitted to the shareholders' meeting for special resolution; the person who issues cash shall be subject to the resolution of the board of directors of the Bank.</p>	<p>Article 39-1 NONE</p>	<p>The text shall be amended (as the case may be).</p>
<p>Article 43 This charter was concluded on August 20, 1990 in the Republic of China. (hereinafter omitted) The 23rd amendment was made on May 31, 2019.</p>	<p>Article 43 This charter was concluded on August 20, 1990 in the Republic of China. (Omitted below).</p>	<p>The date of this amendment has been added.</p>

Attachment

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

Clause	Clause after Amendment	Clause before Amendment	Remarks
Article 1	The dispose on assets acquired or disposed by the company, shall be disposed according to Dispose Criterion that Public Company Acquire or Dispose Assets (hereinafter referred to as this criterion) issued by this dispose process and Financial Supervisory Commission (hereinafter referred to as FSM). <u>However, if the financial related laws and regulations are otherwise provided, the provisions shall prevail.</u>	The dispose on assets acquired or disposed by the company, shall be disposed according to Dispose Criterion that Public Company Acquire or Dispose Assets (hereinafter referred to as this criterion) issued by this dispose process and Financial Supervisory Commission (hereinafter referred to as FSM).	In order to avoid the doubt that the order of the law applies, it is stipulated in the relevant provisions of the relevant financial regulations.
Article 2	The application scope of assets referred by this process procedure is as follows: 1. Stocks, bonds, corporate bonds, financial bonds, negotiable securities of recognition fund, depository receipt, subscribe (sell) authority certificate, beneficial securities, asset backed securities and other investment. 2. Real estate (including land, house, building, investment real estate,) and equipment. 3. Member card 4. Patent right, copyright, trademark right, chartered right and other intangible assets. <u>5. Use rights assets.</u> 6. Obligatory right of financing institution (including receivables, buy send discount, loan and overdue receivables). 7. Derivative securities. 8. Assets acquired or disposed according to legal merger, split, acquisition or shares transferee. 9. Other important assets.	The application scope of assets referred by this process procedure is as follows: 1. Stocks, bonds, corporate bonds, financial bonds, negotiable securities of recognition fund, depository receipt, subscribe (sell) authority certificate, beneficial securities, asset backed securities and other investment. 2. Real estate (including land, house, building, investment real estate, land usage right) and equipment. 3. Member card 4. Patent right, copyright, trademark right, chartered right and other intangible assets. 5. Obligatory right of financing institution (including receivables, buy send discount, loan and overdue receivables). 6. Derivative securities. 7. Assets acquired or disposed according to legal merger, split, acquisition or shares transferee. 8. Other important assets.	1. The competent authority shall, in accordance with the provisions of the International Financial Reporting Standards No. 16 Lease Bulletin, add a fifth paragraph to expand the scope of the right to use assets and move the current second land use right to the fifth paragraph. The competent authority revised 2. Paragraphs 5 to 9 of the current paragraph are moved to paragraphs 6 to 9.
Article 3	Definitions of words in this process procedure are as follows: 1. Derivative securities: it means the forward contract, option contracts, futures contracts, whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, prices or rate indices, credit ratings, or credit indices, or other variables. A leveraged margin contract, an exchange contract, a combination	Definitions of words in this process procedure are as follows: 1. Derivative securities: it means the forward contract, option contract, future Contract, leverage contract, commutative contract with the value derived by assets, interest rates, exchange rates, indexes or other benefits and commodities, and the compound contract formed by the grouping of commodities above. The referred forward contract not includes	1. The competent authority shall, in accordance with the definition of Financial Instruments No. 9 of the International Financial Reporting Standards, amend the scope of the derivative

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>of the above-mentioned contracts, or a combined contract or structured commodity in which derivative goods are embedded. The so-called forward contract does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import (sale) contracts. Derivative goods: forward contracts, option contracts, futures contracts, whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, prices or rate indices, credit ratings, or credit indices, or other variables. A leveraged margin contract, an exchange contract, a combination of the above-mentioned contracts, or a combined contract or structured commodity in which derivative goods are embedded. The so-called forward contract does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term import (sale) contracts.</p> <p>2. Assets acquired or disposed by legal merger, split, acquisition or shares transferee: it means the assets acquired or disposed by merger, split or acquisition according to enterprise acquisition law, financial holding company law, financial institution merger law or other laws, or issuing new stock and transferee the stock of company (hereinafter referred to as stock transferee) according to regulations in Item 156 the third Article of Company Law.</p> <p>3. Related persons, sub-company: shall identify according to the rule regulation of financial reports of securities issuers.</p> <p>4. Professional valuer: real estate valuer or other person working on real estate and equipment valuation service according to law.</p> <p>5. Event occurrence date: it means the dates as former such</p>	<p>insurance contract, performance contract, after-sales service contract, long-term lease contract and long-time purchasing (selling) goods contract.</p> <p>2. Assets acquired or disposed by legal merger, split, acquisition or shares transferee: it means the assets acquired or disposed by merger, split or acquisition according to enterprise acquisition law, financial holding company law, financial institution merger law or other laws, or issuing new stock and transferee the stock of company (hereinafter referred to as stock transferee) according to regulations in Item 8 of 156 Article of Company Law.</p> <p>3. Related persons, sub-company: shall identify according to the rule regulation of financial reports of securities issuers.</p> <p>4. Professional valuer: real estate valuer or other person working on real estate and equipment valuation service according to law.</p> <p>5. Event occurrence date: it means the dates as former such as trading contract date, payment date, entrust transaction date, transfer date, resolution date of board of directors, or date of other information determining transaction object and transaction amount. As for the investor that need to be approved by competent authorities, take the date as former or date of receiving approval of competent authorities as the criterion.</p> <p>6. Mainland investment: it means the mainland investment according to investment of Investment Commission of Ministry of Economic or technology cooperation licensing regulation in mainland.</p>	<p>commodities of this Code, and therefore cooperate with the competent authority to amend it.</p> <p>2. The competent authority shall, in accordance with the amendment of the company's law, amend the "Article 156, Section 8" cited in the second paragraph to "Article 156, the third", so it shall be revised in accordance with the competent authority. .</p> <p>Third, the scope of the investment as a professional.</p> <p>4. The scope of the securities exchange and the securities firm's business premises at home and abroad.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>as trading contract date, payment date, entrust transaction date, transfer date, resolution date of board of directors, or date of other information determining transaction object and transaction amount. As for the investor that need to be approved by competent authorities, take the date as former or date of receiving approval of competent authorities as the criterion.</p> <p>6. Mainland investment: it means the mainland investment according to investment of Investment Commission of Ministry of Economic or technology cooperation licensing regulation in mainland.</p> <p>7. Investment as a professional: refers to a financial holding company, a bank, an insurance company, a ticket financing company, a trust industry, a self-operated or underwriting business, which is established according to the law and is managed by the local financial authority. Self-operated futures dealers, securities investment trusts, securities investment advisory businesses and fund management companies.</p> <p>8. Stock exchange: Domestic stock exchange refers to Taiwan Stock Exchange Co., Ltd; foreign stock exchange refers to any securities trading market organized and managed by the securities authority of the country.</p> <p>9. The business premises of securities dealers: the domestic securities firm's business premises, which refers to the place where the securities dealers set up counters to conduct transactions according to the securities securities management office's management rules for trading securities; the foreign securities firm's business premises refer to the foreign securities authorities' management. The financial institution's business premises that operate securities business.</p>		

Clause	Clause after Amendment	Clause before Amendment	Remarks
Article 4	<p>The assets acquired or disposed by the company in the scope of Article 2, except for other evaluation or operation procedures, the rest shall depend on the regulations of this process procedure, all the handling ministries or offices propose the assessment methods, operating procedures and other data, submit board of directors for authorizing after approval, during adjournment of board of directors, executive board of directors approves and report to board of directors for future reference. The items should be record in the preceding item assessment and operation procedure are as follows:</p> <p>1. Assessment procedure: including price decision method, reference bases, etc.</p> <p>2. Operation procedure: including authorization amount, level, execution unit, transaction process, etc.</p> <p>As for the real estate acquired by the company not for business application, And its right to use assets, the total and limit amount shall be handled according to bank law and related regulations.</p> <p>As for the total amount of negotiable securities or limit amount of individual negotiable securities of the company, they shall be handled according to The Bank Investment Policy and related regulations.</p> <p>As for working on transaction of related persons, transaction of derivative commodities, conducting enterprise merger, split, acquisition or shares transferee, which shall not only conform to the regulations from Chapter 3 to Chapter 5 in this disposal procedure, but also be handled according to the related operation regulation.</p> <p>The company shall urge sub-company to set and execute to acquire or dispose assets disposal procedure according to regulation of the criterion, then control and manage the</p>	<p>The assets acquired or disposed by the company in the scope of Article 2, except for other evaluation or operation procedures, the rest shall depend on the regulations of this process procedure, all the handling ministries or offices propose the assessment methods, operating procedures and other data, submit board of directors for authorizing after approval, during adjournment of board of directors, executive board of directors approves and report to board of directors for future reference. The items should be record in the preceding item assessment and operation procedure are as follows:</p> <p>1. Assessment procedure: including price decision method, reference bases, etc.</p> <p>2. Operation procedure: including authorization amount, level, execution unit, transaction process, etc.</p> <p>As for the real estate acquired by the company not for business application, the total and limit amount shall be handled according to bank law and related regulations.</p> <p>As for the total amount of negotiable securities or limit amount of individual negotiable securities of the company, they shall be handled according to The Bank Investment Policy and related regulations.</p> <p>As for working on transaction of related persons, transaction of derivative commodities, conducting enterprise merger, split, acquisition or shares transferee, which shall not only conform to the regulations from Chapter 3 to Chapter 5 in this disposal procedure, but also be handled according to the related operation regulation.</p> <p>The company shall urge sub-company to set and execute to acquire or dispose assets disposal procedure according to regulation of the criterion, then control and manage the</p>	<p>The competent authority shall, in accordance with the provisions of the International Financial Reporting Standards No. 16 Lease Bulletin, include the real estate use right assets not for business use in the calculation of the limits of the handling procedures, and shall be revised in accordance with the competent authority.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	acquisition or disposition of company assets according to Supervision Control Operation Criterion of the Bank on Sub-company.	acquisition or disposition of company assets according to Supervision Control Operation Criterion of the Bank on Sub-company.	
Article 6	<p>As for the real estate or equipment acquired, Or its right to use assets, except for domestic or disposed by the company, except for equipment Or its right to use assets for trading with governmental agencies, self-land entrust construction, rented land entrust construction, or acquisition or disposition for business application, when the transaction amount reaching to 20% of paid-in capital of company or more than NTD\$ 300 million, shall acquire the valuation report issued by professional value before the event occurrence date, and shall conform the following regulations:</p> <p>1. Due to special reasons, the limited price, or specific price, or special price shall be set as the reference bases of transaction price, the transaction shall firstly submit to board of directors for resolution approval, if the transaction conditions are changed in the future, it shall also be handled according to the procedures above.</p> <p>2. As for transaction amount of reaching to 1 billion NTD, shall ask more than two professional valuers to make price valuation.</p> <p>3. If there is one of the following situations in the price valuation results of professional valuers, except for the valuation result of acquired assets higher than the transaction amount, or valuation result of assets disposal lower than transaction amount, shall ask accountant to handle according to No. 20 regulation of auditing criterion issued in Accounting Research and Development Foundation (hereinafter referred to as Accounting Research and Development Foundation), and express the detailed opinions for</p>	<p>As for the real estate or equipment acquired or disposed by the company, except for equipment for trading with governmental agencies, self-land entrust construction, rented land entrust construction, or acquisition or disposition for business application, when the transaction amount reaching to 20% of paid-in capital of company or more than NTD\$ 300 million, shall acquire the valuation report issued by professional value before the event occurrence date, and shall conform the following regulations:</p> <p>1. Due to special reasons, the limited price, or specific price, or special price shall be set as the reference bases of transaction price, the transaction shall firstly submit to board of directors for resolution approval, if the transaction conditions are changed in the future, it shall also be handled according to the procedures above.</p> <p>2. As for transaction amount of reaching to 1 billion NTD, shall ask more than two professional valuers to make price valuation.</p> <p>3. If there is one of the following situations in the price valuation results of professional valuers, except for the valuation result of acquired assets higher than the transaction amount, or valuation result of assets disposal lower than transaction amount, shall ask accountant to handle according to No. 20 regulation of auditing criterion issued in Accounting Research and Development Foundation (hereinafter referred to as Accounting Research and Development Foundation), and express the detailed opinions for the suitability of difference reason and transaction price.</p> <p>(1). Difference between valuation</p>	<p>The competent authority shall, in accordance with the provisions of the International Financial Reporting Standards No. 16 Lease Bulletin, include the real estate use right assets not for business use in the calculation of the limits of the handling procedures, and shall be revised in accordance with the competent authority.</p> <p>1. The competent authority considers the transaction with the central and local government agencies in China, and needs to handle the bidding or bidding in accordance with relevant regulations. The price is less likely to be manipulated, so that it can be exempted from the acquisition of expert opinions and trade with foreign government agencies. Because the relevant regulations and the bargaining mechanism are relatively unclear, it is not within the scope of this article. The first</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>the suitability of difference reason and transaction price.</p> <p>(1).Difference between valuation result and transaction amount reaching to more than 20% of transaction amount.</p> <p>(2).Difference between valuation results of more than two professional valuers reaching to more than 10% of transaction amount.</p> <p>4. Date of report issued by the professional valuator and contractual establishment date shall not exceed three months. But if apply to the same issue of current value and no more than six months, the original professional valuator shall issue position paper.</p>	<p>result and transaction amount reaching to more than 20% of transaction amount.</p> <p>(2).Difference between valuation results of more than two professional valuers reaching to more than 10% of transaction amount.</p> <p>4. Date of report issued by the professional valuator and contractual establishment date shall not exceed three months. But if apply to the same issue of current value and no more than six months, the original professional valuator shall issue position paper.</p>	<p>item is limited to domestic government agencies, so it is revised in accordance with the competent authority.</p> <p>2. The competent authority shall, in accordance with the provisions of the International Financial Reporting Standards No. 16 Lease Bulletin, revise the first item and include the right-of-use asset in the specification of this Article, so it shall be revised in accordance with the competent authority.</p> <p>3. The first paragraph of the first paragraph shall be amended as a text.</p>
Article 8	<p>The company acquires or disposes intangible or membership card assets transaction amount reaches to twenty percent of the paid-in capital or exceeds NTD three hundred million, except for domestic transacting with government agencies, shall consult accountant to express opinion on the reasonability of transaction price before fact happens, meanwhile shall follow the No. 20 Provision of auditing standards statement that issued by Accounting Research and Development Foundation to deal with.</p>	<p>The company acquires or disposes membership card or intangible assets transaction amount reaches to twenty percent of the paid-in capital or exceeds NTD three hundred million, except for transacting with government agencies, shall consult accountant to express opinion on the reasonability of transaction price before fact happens, meanwhile shall follow the No. 20 Provision of auditing standards statement that issued by Accounting Research and Development Foundation to deal with.</p>	<p>The reasons for the amendment are the same as in Article 6 and are subject to textual amendments.</p>
Article 9	<p>The company acquired valuation report or the position paper of accountant, lawyer, or securities underwriters, the professional valuator, the valuer, accountant, lawyer, or securities underwriters shall. The following provisions</p>	<p>The company acquired valuation report or the position paper of accountant, lawyer, or securities underwriters, the professional valuator, the valuer, accountant, lawyer, or securities underwriters shall not be the related persons of</p>	<p>In accordance with Article 5 of the “Guidelines for the Acquisition or Disposal of Assets of Public Offering Companies”, the</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>shall be met:</p> <ol style="list-style-type: none"> 1. Have not been sentenced to more than one year in prison for breach of the Securities Exchange Law, the Company Law, the Banking Law, the Insurance Law, the Financial Holding Company Law, the Commercial Accounting Law, or the fraud, breach of trust, encroachment, forgery of documents or business crimes. Announcement is confirmed. However, if the execution is completed, the probation period expires or the pardon has been completed for three years, this is not the limit. 2. The situation in which the party to the transaction may not be a related person or a person with a substantive relationship. 3. If the company should obtain the valuation report of two or more professional valuers, different professional valuers or appraisers may not be related to each other or have substantive relationships. <p>When issuing the valuation report or opinion, the personnel of the preceding paragraph shall handle the following matters:</p> <ol style="list-style-type: none"> 1. Before undertaking a case, you should carefully assess your professional ability, practical experience and independence. 2. When checking the case, the appropriate operational procedures should be properly planned and implemented to form a conclusion and a report or opinion should be issued accordingly; and the procedures, data collected and conclusions to be carried out are detailed in the working paper of the case. 3. The source, parameters and information of the materials used shall be evaluated item by item for completeness, correctness and reasonableness as the basis for the issuance of valuation reports or opinions. 4. The matters of declaration shall include the professionalism and independence of the relevant personnel, the information used 	<p>traded parties.</p>	<p>negative qualifications of relevant experts shall be clarified, and the evaluation, verification and declaration of the valuation report or opinion issued by relevant experts shall be clearly defined and revised.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	for evaluation shall be reasonable and correct, and the relevant laws and regulations shall be followed.		
Article 12	<p>If the Company has acquired or its right to use assets disposed of the immovable property or other assets (other than immovable property) from or with the related persons, Or its right to use assets and the transaction amount has reached 20% of the Company's paid-in capital, 10% of the total assets or NTD\$ 300 million or more, apart from buying and selling the government bonds, conditionally buying back and selling back the bonds, subscribing or redeeming the domestic money market funds, the following information should be submitted to the board of directors for approval and the Supervisor for recognition before signing the transaction contract and paying a sum of money:</p> <ol style="list-style-type: none"> 1. Purpose, necessity and expected benefits of acquiring or disposing of assets; 2. Reasons for selecting the related persons as the transaction objects; 3. Information on acquiring the real estate from the related persons Or its right to use assets and evaluating the rationality of predetermined transaction conditions in accordance with the provisions of Article 13nd 14. 4. Original date of acquiring the real estate from the related persons and price, transaction object and its relationship with the Company and related persons and other matters; 5. Information on predicting the forecasted statement of cash receipts and payments in months of the coming year after signing the contract as well as evaluating the necessity of transaction and the rationality of application of funds; 6. Valuation report issued by the professional valuer and obtained in accordance with the provisions of the preceding article or comments made by the 	<p>If the Company has acquired or disposed of the immovable property or other assets (other than immovable property) from or with the related persons, and the transaction amount has reached 20% of the Company's paid-in capital, 10% of the total assets or NTD\$ 300 million or more, apart from buying and selling the government bonds, conditionally buying back and selling back the bonds, subscribing or redeeming the domestic money market funds, the following information should be submitted to the board of directors for approval and the Supervisor for recognition before signing the transaction contract and paying a sum of money:</p> <ol style="list-style-type: none"> 1. Purpose, necessity and expected benefits of acquiring or disposing of assets; 2. Reasons for selecting the related persons as the transaction objects; 3. Information on acquiring the real estate from the related persons and evaluating the rationality of predetermined transaction conditions in accordance with the provisions of Article 13nd 14. 4. Original date of acquiring the real estate from the related persons and price, transaction object and its relationship with the Company and related persons and other matters; 5. Information on predicting the forecasted statement of cash receipts and payments in months of the coming year after signing the contract as well as evaluating the necessity of transaction and the rationality of application of funds; 6. Valuation report issued by the professional valuer and obtained in accordance with the provisions of the preceding article or comments made by the accountant; 	<ol style="list-style-type: none"> 1. The competent authority considers that the central and local government debts of our country are clear and easy to inquire, and the procedures for submission to the board of directors and the recognition of the supervisors are exempted. The foreign governments have different credits and are not exempt from this article. The designated public debts are limited to domestic public debts, so they are revised in accordance with the competent authority; in addition, the competent authority, in accordance with the provisions of the International Financial Reporting Standard No. 16 Lease Bulletin, incorporates the right-of-use assets into the provisions of this Article and also complies with the revision of the competent authority. 2. The competent authority considers that the publicly-issued company and its parent company, its subsidiaries, or

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>accountant;</p> <p>7. Restrictions on this transaction and other important matters. The amount of transaction as stated in the preceding paragraph shall be calculated in accordance with the provisions of Paragraph 2 of Article 28. The so-called "one year" refers to the previous year calculated retroactively based on the date of actual occurrence of transaction as the base date. It is not required for further calculating the part submitted to the board of directors for approval and the Supervisor for recognition in accordance with the provisions of such Standards.. The board of directors shall authorize the Chairman of the board to decide whether to acquire or dispose of the equipment for use in the business between the Company and the parent company or between the subsidiary companies within a certain sum of money in advance in accordance with the provisions of Subparagraph 2, Paragraph 1, Article 4, and then submit the latest report to the board of directors for retroactive recognition after the event. The Company and the subsidiaries engage in the following transactions, and their approval rights are handled in accordance with the Company's "Internal Auditing Authority and Accountability Table":</p> <ol style="list-style-type: none"> 1. Obtain or dispose of the equipment for business use or its right to use assets. 2. Acquiring or disposing of the right to use real estate for business use. <p>When submitting to the board of directors for discussion in accordance with the provisions of preceding paragraph, the Company shall give full consideration to the opinions raised by the independent directors. The objections or reservations (if any) proposed by the independent directors shall</p>	<p>7. Restrictions on this transaction and other important matters. The amount of transaction as stated in the preceding paragraph shall be calculated in accordance with the provisions of Paragraph 2 of Article 28. The so-called "one year" refers to the previous year calculated retroactively based on the date of actual occurrence of transaction as the base date. It is not required for further calculating the part submitted to the board of directors for approval and the Supervisor for recognition in accordance with the provisions of such Standards.. The board of directors shall authorize the Chairman of the board to decide whether to acquire or dispose of the equipment for use in the business between the Company and the parent company or between the subsidiary companies within a certain sum of money in advance in accordance with the provisions of Subparagraph 2, Paragraph 1, Article 4, and then submit the latest report to the board of directors for retroactive recognition after the event. When submitting to the board of directors for discussion in accordance with the provisions of preceding paragraph, the Company shall give full consideration to the opinions raised by the independent directors. The objections or reservations (if any) proposed by the independent directors shall be set out in the minutes of proceedings of the board of directors. If the first item is not approved by more than one-half of all members of the Audit Committee, the provisions of Article 32, paragraphs 3 and 4 shall apply.</p>	<p>its directly or indirectly 100%-owned subsidiaries, have mutual plans for the collective purchase or lease of equipment for business use. The necessary and demand for transfer (including trading or subletting), or the possibility of subscribing to real estate, sub-lease, and the risk of such transactions is low, and the equipment acquired or disposed of for use by the companies and their right-of-use assets are relaxed. Or the procedure for the verification of real estate use rights assets for business use. The approval authority for the revision of the above transaction situation is handled in accordance with the "Internal Auditing Authority and Responsibilities Table for Accounting Affairs" of the Company.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>be set out in the minutes of proceedings of the board of directors.</p> <p>If the first item is not approved by more than one-half of all members of the Audit Committee, the provisions of Article 32, paragraphs 3 and 4 shall apply.</p>		
Article 13	<p>The company obtains the real estate from related persons Or its right to use assets , shall evaluate the rationality of transaction cost according to the following methods:</p> <p>1.According to the related persons transaction price plus necessary funds interest and the cost the company shall undertake according to law. The referred necessary funds interest cost, shall take the weighted average interest rate of the annual borrowed amount of the company purchased the assets as the standard to calculate, but shall not be higher than the highest borrowing rates of non-financial industry that announced by the Ministry of Finance.</p> <p>2.If related persons once use this contract object to set a mortgage from financial institutions, financial institutions evaluate the gross loan of this contract object, only when the actual loan aggregate-value reaches to more than 70% of gross loan evaluation meanwhile loan period has exceeded 1 year. But if the financial institution or any of transaction parties are related persons of each other, under such circumstance, shall not apply.</p> <p>Combination purchase of the land and building of same contract object, shall evaluate the transaction cost of land and building according to any method the preceding section lists.</p> <p>Evaluation of the real estate costs according to regulations of the Section 1 and Section 2, shall consult and invite accountant to review and express specific opinion.</p> <p>The company acquires real estate from the related persons Or its</p>	<p>The company obtains the real estate from related persons, shall evaluate the rationality of transaction cost according to the following methods:</p> <p>1.According to the related persons transaction price plus necessary funds interest and the cost the company shall undertake according to law. The referred necessary funds interest cost, shall take the weighted average interest rate of the annual borrowed amount of the company purchased the assets as the standard to calculate, but shall not be higher than the highest borrowing rates of non-financial industry that announced by the Ministry of Finance.</p> <p>2.If related persons once use this contract object to set a mortgage from financial institutions, financial institutions evaluate the gross loan of this contract object, only when the actual loan aggregate-value reaches to more than 70% of gross loan evaluation meanwhile loan period has exceeded 1 year. But if the financial institution or any of transaction parties are related persons of each other, under such circumstance, shall not apply.</p> <p>Combination purchase of the land and building of same contract object, shall evaluate the transaction cost of land and building according to any method the preceding section lists.</p> <p>Evaluation of the real estate costs according to regulations of the Section 1 and Section 2, shall consult and invite accountant to review and express specific opinion.</p> <p>The company acquires real estate from the related persons, any of the following circumstances, shall</p>	<p>1. The competent authority shall, in accordance with the provisions of the Lease Bulletin No. 16 of the International Financial Reporting Standards, include the assets of the real estate use right acquired by the related parties in the provisions of this Article, and cooperate with the regulations of the competent authority.</p> <p>2. The competent authority considers that the public issuance company and its parent company, its subsidiaries, or its directly or indirectly 100%-owned subsidiaries, have a collective lease of real estate, and the possibility of sub-letting, and The risk of unlawful transactions involving a non-conventional transaction is relatively low. The fourth paragraph of the fourth paragraph is added to exclude the reasonableness of the transaction costs (the price at</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>right to use assets, any of the following circumstances, shall handle in accordance with the regulations of Article 12, not applicable to the regulations of preceding three sections:</p> <p>1.The related person’s acquisition of real estate because of inheritance or donation. Or its right to use assets.</p> <p>2.For more than 5 years already since the time when related persons contracting and acquiring real estate Or its right to use assets to the contracting date of this transaction.</p> <p>3.Acquisition of real estate because of signing co-construction contract with related persons, or acquisition of real estate because of self-land entrust construction, rented land entrust construction, and entrust related persons for construction of real estate.</p> <p>4. The Company and its subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, acquire the real estate use right assets for business use.</p>	<p>handle in accordance with the regulations of Article 12, not applicable to the regulations of preceding three sections:</p> <p>1.The related person’s acquisition of real estate because of inheritance or donation.</p> <p>2.For more than 5 years already since the time when related persons contracting and acquiring real estate to the contracting date of this transaction.</p> <p>3.Acquisition of real estate because of signing co-construction contract with related persons, or acquisition of real estate because of self-land entrust construction, rented land entrust construction, and entrust related persons for construction of real estate.</p>	<p>which the acquirer obtains the price of the real estate transaction or the price paid for the leased real estate). Therefore, it is revised in accordance with the competent authority.</p>
Article 14	<p>Compared with transaction price, the company evaluates the result low according to the regulations of preceding first section and second section, shall handle according to the Article 15. But because of the following circumstances, meanwhile for which put forwards objective evidence and acquires the specific and rational opinion of real estate professional evaluator, shall not subject to the limits.</p> <p>1.Related persons are the people who acquire raw land or rented land and then construct, meanwhile meet one of the followed conditions:</p> <p>(1) Raw land evaluation according to the method of preceding article, as for building, according to construction cost plus reasonable construction profit, the total exceeds actual transaction price. The referred reasonable construction profit</p>	<p>Compared with transaction price, the company evaluates the result low according to the regulations of preceding first section and second section, shall handle according to the Article 15. But because of the following circumstances, meanwhile for which put forwards objective evidence and acquires the specific and rational opinion of real estate professional evaluator, shall not subject to the limits.</p> <p>1.Related persons are the people who acquire raw land or rented land and then construct, meanwhile meet one of the followed conditions:</p> <p>(1) Raw land evaluation according to the method of preceding article, as for building, according to construction cost plus reasonable construction profit, the total exceeds actual transaction price. The referred reasonable construction profit shall take the</p>	<p>The competent authority relaxed the acquisition of real estate use right assets from related parties, and was able to use the non-relevant lease transactions in the adjacent area for one year as a reference case for calculating and estimating the reasonableness of the transaction price, and the current first paragraph first paragraph third item The consolidation to the second item and the addition of the rental case are also transaction</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>shall take the lower gross margin between the average operating margin of related persons' construction department in the past three years or gross margin of construction industry in recent period that published by Ministry of Finance as standard.</p> <p>(2) Other floors of a same contract object real estate or other non-related persons' successful transaction case in nearby district within 1 year, area is similar, meanwhile the transaction condition is equivalent after evaluated according to reasonable floor and district difference in price of real estate business practices.</p> <p>2.Purchase of real estate from related persons, the transaction condition is equivalent to other non-related persons' successful transaction case in nearby district within 1 year, meanwhile area is similar.</p> <p>As for the preceding referred nearby district or transaction case, take the case that in a same or nearby street meanwhile within 500 meters in circumference at a distance from transaction contract object, or the case which has similar announced land current value as principle; the referred similar area shall take the non-related persons other transaction case that area is no less than 50% of transaction contract object area as principle; the referred within 1 year means to based on the fact occurrence date of acquisition of real estate this time, retrospect and calculate one year.</p>	<p>lower gross margin between the average operating margin of related persons' construction department in the past three years or gross margin of construction industry in recent period that published by Ministry of Finance as standard.</p> <p>(2) Other floors of a same contract object real estate or other non-related persons' successful transaction case in nearby district within 1 year, area is similar, meanwhile the transaction condition is equivalent after evaluated according to reasonable floor and district difference in price of real estate business practices.</p> <p>(3) Other non-related persons' rental case of other floors of a same contract object real estate within 1 year, the transaction condition is equivalent, after estimated according to reasonable floor difference in price of real estate rental practices.</p> <p>2.Purchase of real estate from related persons, the transaction condition is equivalent to other non-related persons' successful transaction case in nearby district within 1 year, meanwhile area is similar.</p> <p>As for the preceding referred nearby district or transaction case, take the case that in a same or nearby street meanwhile within 500 meters in circumference at a distance from transaction contract object, or the case which has similar announced land current value as principle; the referred similar area shall take the non-related persons other transaction case that area is no less than 50% of transaction contract object area as principle; the referred within 1 year means to based on the fact occurrence date of acquisition of real estate this time, retrospect and calculate one year.</p>	<p>cases and are revised in conjunction with the competent authority.</p>
Article 15	The company acquires real estate from related persons Or its right to use assets, if compared with transaction price, the evaluation	The company acquires real estate from related persons, if compared with transaction price, the evaluation result is low according	In accordance with the provisions of the International

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>result is low according to the regulations of Article 13 and Article 14, and the company shall handle the following matters:</p> <p>1.The difference between the real estate Or its right to use assets transaction price and evaluation cost shall not be assigned or transferred as capital increase and allotment of shares according to special reserve that proposed and listed in the first section regulation of Article 41 of the Securities and Exchange Law. If the investor of the company investment equity method assessment is public company, also shall propose and list the special reserve on the proposed and listed amount according to shareholding ratio in accordance with the first section regulation of Article 41 of the Securities and Exchange Law.</p> <p>2.Supervisor shall handle according to the Article 218 of Company Law.</p> <p>3.The first and second items handling cases should be proposed and reported to Shareholders meeting, transaction details are revealed in the annual report and prospectus. Shall start use the special reserves that the company proposes and lists according to the preceding item after the high-priced purchased assets have been recognized as unrealized loss, disposal, appropriate compensation or restitution, or there is other evidence that confirmation of no unreasonable situation, and after agreed by the Financial Supervisory Commission.</p> <p>If there is other evidence that there is improper regular business practice condition when the company acquires real estate Or its right to use assetstransaction from related persons, shall handle according to the preceding 2 sections.</p>	<p>to the regulations of Article 13 and Article 14, and the company shall handle the following matters:</p> <p>1.The difference between the real estate transaction price and evaluation cost shall not be assigned or transferred as capital increase and allotment of shares according to special reserve that proposed and listed in the first section regulation of Article 41 of the Securities and Exchange Law. If the investor of the company investment equity method assessment is public company, also shall propose and list the special reserve on the proposed and listed amount according to shareholding ratio in accordance with the first section regulation of Article 41 of the Securities and Exchange Law.</p> <p>2.Supervisor shall handle according to the Article 218 of Company Law.</p> <p>3.The first and second items handling cases should be proposed and reported to Shareholders meeting, transaction details are revealed in the annual report and prospectus. Shall start use the special reserves that the company proposes and lists according to the preceding item after the high-priced purchased assets have been recognized as unrealized loss, disposal, appropriate compensation or restitution, or there is other evidence that confirmation of no unreasonable situation, and after agreed by the Financial Supervisory Commission.</p> <p>If there is other evidence that there is improper regular business practice condition when the company acquires real estate transaction from related persons, shall handle according to the preceding 2 sections.</p>	<p>Financial Reporting Standards No. 16 Lease Bulletin, in the first preambular paragraph, the first paragraph, the second paragraph and the third item, the assets of the real estate use right leased to the related parties are included in the assessment cost. When the transaction price is low, the requirements should be revised, so it should be revised in accordance with the competent authority.</p>
Article 17	When the company operates the transaction of derivative commodity, shall implement the	When the company operates the transaction of derivative commodity, shall implement the	Text modification.

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>following risk management measures:</p> <p>1.risk management scope shall include credit, market price, liquidity, cash flow, operation, legal and other risk managements.</p> <p>2.Transaction personnel who engaged in derivative commodity transaction and the person who engaged in confirmation and delivery, etc shall not concurrently hold the position of each other.</p> <p>3.Risk measure, monitor and control personnel shall belong to different departments with the personnel of preceding item, meanwhile shall report to the board of directors or the high-ranking managers who are irresponsible for transaction or parts of the decision making responsibility.</p> <p>4.The derivative commodity transaction holding parts shall be assessed at least once a week, but as for the safe-haven transaction as business required shall be assessed at least twice one month, the assessment report shall be submitted to the high-ranking managers who authorized by the board of directors.</p> <p>5.Other important risk management measures.</p>	<p>following risk management measures:</p> <p>1.risk management scope shall include credit, market price, liquidity, cash flow, operation, legal and other risk managements.</p> <p>2.Transaction personnel who engaged in derivative commodity transaction and the person who engaged in confirmation and delivery, etc shall not concurrently hold the position of each other.</p> <p>3.Risk measure, monitor and control personnel shall belong to different departments with the personnel of preceding item, meanwhile shall report to the board of directors or the high-ranking managers who are irresponsible for transaction or parts of the decision making responsibility.</p> <p>4.The derivative commodity transaction holding parts shall be assessed at least once a week, but as for the safe-haven transaction as business required shall be assessed at least twice one month, the assessment report shall be submitted to the high-ranking managers who authorized by the board of directors.</p> <p>5.Other important risk management measures.</p>	
Article 18	<p>When the company operate the transaction of derivative commodity, board of directors shall implement supervision and administration according to the following policies:</p> <p>1.Assign high-ranking managers to pay attention to the supervision and control of transaction risk of derivative commodity at any time.</p> <p>2.Regularly assess whether the performance of transaction of derivative commodity conforms to the set operation strategy and whether the undertaken risk is under the allowed scope of the company.</p> <p>High-ranking managers authorized by board of directors</p>	<p>When the company operate the transaction of derivative commodity, board of directors shall implement supervision and administration according to the following policies:</p> <p>1.Assign high-ranking managers to pay attention to the supervision and control of transaction risk of derivative commodity at any time.</p> <p>2.Regularly assess whether the performance of transaction of derivative commodity conforms to the set operation strategy and whether the undertaken risk is under the allowed scope of the company.</p> <p>High-ranking managers authorized by board of directors</p>	Text modification.

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>shall manage transaction of derivative commodity according to the following policies:</p> <p>1.Regularly assess whether the current applied risk management measure is suitable and dispose according to transaction disposal procedure of derivative commodity set by the criterion and the company.</p> <p>2.Supervise transaction, profit and loss situation, when finding abnormal situation, shall conduct necessary response measures, and report to board of directors immediately, independent director of board of directors shall attend and express opinions.</p> <p>When the company operate the transaction of derivative commodity, and authorizes the related personnel to dispose according to disposal procedure regulation of operating transaction of derivative commodity, shall propose and report to the latest board of directors after then.</p>	<p>shall manage transaction of derivative commodity according to the following policies:</p> <p>1.Regularly assess whether the current applied risk management measure is suitable and dispose according to transaction disposal procedure of derivative commodity set by the criterion and the company.</p> <p>2.Supervise transaction, profit and loss situation, when finding abnormal situation, shall conduct necessary response measures, and report to board of directors immediately, independent director of board of directors shall attend and express opinions.</p> <p>When the company operate the transaction of derivative commodity, and authorizes the related personnel to dispose according to disposal procedure regulation of operating transaction of derivative commodity, shall propose and report to the latest board of directors after then.</p>	
Article 19	<p>The company works on derivatives commodity transaction, and it shall establish the memorandum book, to publish details on derivatives transaction types, amount of money, passing date of board of directors, and matters that shall be carefully evaluated according to Item 4 of Article 17, Item 2 of Section 1 and Item 1 of Section 2 of Article 18, for future reference.</p> <p>The internal auditors of the company shall understand the internal controls propriety of derivatives transaction at fixed period, and take monthly examination on the abidance condition of derivatives transaction disposal procedure by the transaction sector, then make an audit report. If the auditors discover some illegal matters, they shall inform Independent directors and The Audit Committee in written form.</p>	<p>The company works on derivatives commodity transaction, and it shall establish the memorandum book, to publish details on derivatives transaction types, amount of money, passing date of board of directors, and matters that shall be carefully evaluated according to Item 4 of Article 17, Item 2 of Section 1 and Item 1 of Section 2 of Article 18, for future reference.</p> <p>The internal auditors of the company shall understand the internal controls propriety of derivatives transaction at fixed period, and take monthly examination on the abidance condition of derivatives transaction disposal procedure by the transaction sector, then make an audit report. If the auditors discover some illegal matters, they shall inform The Audit Committee in written form.</p>	<p>The competent authority shall, in consideration of the spirit of the internal control system to establish an internal control system for the implementation of the internal control system, the spirit of the auditing operation, and the addition of independent directors who have been set up according to law, shall also notify the independent directors in writing of the discovery of major derivative goods violations. Match with revision</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
Article22	<p>As participating in the merger, division or acquisition, except as otherwise stipulated by law, or reporting to Financial Supervisory Commission for agreement in advance on specific factors, the company shall hold board of directors and Shareholders meeting with all participating companies on the same day, to resolve related issues on merger, split or acquisition.</p> <p>As participating in the share transferee, except as otherwise stipulated by law, or reporting to Financial Supervisory Commission for agreement in advance on specific factors, the company shall hold board of directors with all participating companies on the same day.</p> <p>The listing company participating in merger, split, acquisition or shares transferee or its stock traded in securities dealer's business premise, the company shall make the following materials into intact written record, and keep it for five years for examination.</p> <p>1. Basic information of staff: include the professional title, name, ID number (the passport number of foreigners) of all staff that participate in merger, division, acquisition or share transfer plan, or the plan implementation staff before the news is opened to the public.</p> <p>2. Date of important matter: include signing a letter of intent or memorandum, entrusting financial or legal advisor, signing the contract, board of directors and other dates.</p> <p>3. The important documents and journals: include merger, division, acquisition or share transfer plan, letter of intent or memorandum, the important contract and board of directors' journals, or other documents.</p> <p>The listing company participating in merger, split, acquisition or shares transferee or its stock traded in securities dealer's</p>	<p>As participating in the merger, division or acquisition, except as otherwise stipulated by law, or reporting to Financial Supervisory Commission for agreement in advance on specific factors, the company shall hold board of directors and Shareholders meeting with all participating companies on the same day, to resolve related issues on merger, split or acquisition.</p> <p>As participating in the share transferee, except as otherwise stipulated by law, or reporting to Financial Supervisory Commission for agreement in advance on specific factors, the company shall hold board of directors with all participating companies on the same day.</p> <p>The listing company participating in merger, split, acquisition or shares transferee or its stock traded in securities dealer's business premise, the company shall make the following materials into intact written record, and keep it for five years for examination.</p> <p>1. Basic information of staff: include the professional title, name, ID number (the passport number of foreigners) of all staff that participate in merger, division, acquisition or share transfer plan, or the plan implementation staff before the news is opened to the public.</p> <p>2. Date of important matter: include signing a letter of intent or memorandum, entrusting financial or legal advisor, signing the contract, board of directors and other dates.</p> <p>3. The important documents and journals: include merger, division, acquisition or share transfer plan, letter of intent or memorandum, the important contract and board of directors' journals, or other documents.</p> <p>The listing company participating in merger, split, acquisition or shares transferee or its stock traded in securities dealer's business premise, the company</p>	Text modification.

Clause	Clause after Amendment	Clause before Amendment	Remarks
	business premise, the company shall report data of Item 1 and Item 2 of the preceding paragraph to Financial Supervisory Commission for future reference through the internet information systems and according to the prescribed form, on the second day since the date of resolution passing. If there are companies not belonging to the listing company or its stock traded in securities dealer's business premise among companies participating in merger, split, acquisition or shares transferee, the listing company or its stock traded in securities dealer's business premise shall sign an agreement with them, And in accordance with the previous two provisions.	shall report data of Item 1 and Item 2 of the preceding paragraph to Financial Supervisory Commission for future reference through the internet information systems and according to the prescribed form, on the second day since the date of resolution passing. If there are companies not belonging to the listing company or its stock traded in securities dealer's business premise among companies participating in merger, split, acquisition or shares transferee, the listing company or its stock traded in securities dealer's business premise shall sign an agreement with them, and transact it according to the stipulation of Section 3 and Section 4.	
Article 27	if there are non-public issued companies among companies that participate in merger, split, acquisition or shares transferee, the company shall sign an agreement with them, and transact it according to the stipulation of Article 22, Article 23 and The provisions of the preceding article.	if there are non-public issued companies among companies that participate in merger, split, acquisition or shares transferee, the company shall sign an agreement with them, and transact it according to the stipulation of Article 22, Article 23 and Article 26.	Text modification.
Article 28	As acquiring or disposing the assets, if the following situations happen, the company's sponsoring department shall transact the announcement declaration of relevant information through the website appointed by Financial Supervisory Commission from the second day since the date of things happening, according to assets properties and prescribed form of announcement of Financial Supervisory Commission. 1.Acquire or dispose the real estate from related persons Or its right to use assets, or acquire or dispose other assets except for the real estate with related persons Or its right to use assets with the transaction amount of reaching 20% of paid-in capital, 10% of total assets or over 300 million of New Taiwan Currency.	As acquiring or disposing the assets, if the following situations happen, the company's sponsoring department shall transact the announcement declaration of relevant information through the website appointed by Financial Supervisory Commission from the second day since the date of things happening, according to assets properties and prescribed form of announcement of Financial Supervisory Commission. 1.Acquire or dispose the real estate from related persons, or acquire or dispose other assets except for the real estate with related persons with the transaction amount of reaching 20% of paid-in capital, 10% of total assets or over 300 million of New Taiwan Currency. However, buying and selling bonds or bonds	1. The competent authority considers that the central and local government debts of our country are clear and easy to inquire, and the notices are exempted from the announcement. The foreign government bonds are not the same, and the exemptions from this article are not yet covered. The first paragraphs and the sixth paragraphs will be The fixed public debts are clearly limited to domestic public debts, so

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>However, buying and selling bonds or bonds attached with buying and selling conditions, and purchase or redemption of domestic money market funds are not subject to the limits.</p> <p>2. Conduct the merger, split, acquisition or shares transferee.</p> <p>3. The operated derivative commodity transaction losses reach the total amount of the regulated disposal procedure or the upper limit of loss of specific contracts.</p> <p>4. The types of assets acquired or disposed of are equipment for business use, and the transaction objects are not related parties Or its right to use assets, and the transaction amount is NT\$1 billion or more.</p> <p>5. The real estate will be acquired by land commissioning, land lease commission construction, joint housing construction, joint construction, and joint construction. The estimated transaction amount is NT\$500 million.</p> <p>6. Assets transaction, the company's disposal creditor's rights or the operational mainland region investment except for the first five items, with the transaction amount of reaching 20% of paid-in capital, or over 300 million of New Taiwan Currency. But the following conditions are not subject to the limits.</p> <p>(1) Buying and selling domestic bonds.</p> <p>(2) The negotiable securities transaction done in the securities exchange at home and abroad or the securities dealer's business premise by persons that specialized in investment, or the negotiable securities subscribed by securities dealers in the basic-level market and negotiable securities subscribed according to stipulations. (excluding subordinated bonds), or purchase or buy back a securities investment trust or futures trust.</p> <p>(3) Buying and selling bonds</p>	<p>attached with buying and selling conditions, and purchase or redemption of domestic money market funds are not subject to the limits.</p> <p>2. Conduct the merger, split, acquisition or shares transferee.</p> <p>3. The operated derivative commodity transaction losses reach the total amount of the regulated disposal procedure or the upper limit of loss of specific contracts.</p> <p>4. The types of assets acquired or disposed of are equipment for business use, and the transaction objects are not related parties, and the transaction amount is NT\$1 billion or more.</p> <p>5. The real estate will be acquired by land commissioning, land lease commission construction, joint housing construction, joint construction, and joint construction. The estimated transaction amount is NT\$500 million.</p> <p>6. Assets transaction, the company's disposal creditor's rights or the operational mainland region investment except for the first five items, with the transaction amount of reaching 20% of paid-in capital, or over 300 million of New Taiwan Currency. But the following conditions are not subject to the limits.</p> <p>(1) Buying and selling bonds.</p> <p>(2) The negotiable securities transaction done in the securities exchange at home and abroad or the securities dealer's business premise by persons that specialized in investment, or the negotiable securities subscribed by securities dealers in the basic-level market and negotiable securities subscribed according to stipulations.</p> <p>(3) Buying and selling bonds attached with buying and selling conditions, and purchase or redemption of domestic money market funds.</p> <p>(4) The acquired or dispose asset type belongs to the equipment</p>	<p>they are revised in accordance with the competent authorities.</p> <p>2. The competent authority shall, in accordance with the provisions of the Lease Bulletin No. 16 of the International Financial Reporting Standards, amend the first paragraph, the first paragraph, the fourth paragraph and the third paragraph, and include the right-of-use assets in the specification, so cooperate with the competent authority. Revised.</p> <p>Third, the first paragraph of the fifth paragraph is to regulate the situation of non-relevant transactions, discretionary text corrections, to be clear.</p> <p>4. The competent authority considers investment as a professional (1) The sale and purchase of securities on the stock exchanges of securities companies or securities firms at home and abroad is a regular business operation, which may lead to frequent announcements, based on the</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>attached with buying and selling conditions, and purchase or redemption of domestic money market funds.</p> <p>(4) The acquired or dispose asset type belongs to the equipment supplied for business use, and its transaction object is not related persons, meanwhile, the transaction amount is no more than New Taiwan Currency of 500 million.</p> <p>(5) The real estate is acquired by means of entrusted construction on own land, entrusted construction on rented land, co-construct with separated rooms, co-construct with divided shares, co-construct with separated selling, and the estimated input transaction amount is no more than New Taiwan Currency of 500 million. The transaction amount of preceding paragraph is calculated according to the following way:</p> <p>1.The amount of each transaction.</p> <p>2.The accumulated transaction amount of the same nature acquired or disposed with the same offeree within one year.</p> <p>3.The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same development plan real estate Or its right to use assets within one year.</p> <p>4.The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same negotiable securities within one year. The “within one year” referred in the preceding paragraph means the time that trace and calculate forth for one year by taking this transaction’s occurrence date of facts as the baseline. According to the criterion stipulation, the announcement part is avoided to be included.</p> <p>According to the prescribed form, the company shall monthly input the derivative commodity</p>	<p>supplied for business use, and its transaction object is not related persons, meanwhile, the transaction amount is no more than New Taiwan Currency of 500 million.</p> <p>(5) The real estate is acquired by means of entrusted construction on own land, entrusted construction on rented land, co-construct with separated rooms, co-construct with divided shares, co-construct with separated selling, and the estimated input transaction amount is no more than New Taiwan Currency of 500 million. The transaction amount of preceding paragraph is calculated according to the following way:</p> <p>1.The amount of each transaction.</p> <p>2.The accumulated transaction amount of the same nature acquired or disposed with the same offeree within one year.</p> <p>3.The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same development plan real estate within one year.</p> <p>4.The accumulated transaction amount acquired or disposed (the acquirement and disposition are accumulated respectively) of the same negotiable securities within one year. The “within one year” referred in the preceding paragraph means the time that trace and calculate forth for one year by taking this transaction’s occurrence date of facts as the baseline. According to the criterion stipulation, the announcement part is avoided to be included.</p> <p>According to the prescribed form, the company shall monthly input the derivative commodity transaction conditions of the company and the subsidiary corporation of public issued corporations without belonging to China up to the end of last month, to the information return internet of Financial Supervisory Commission in 10 days before</p>	<p>significant consideration of information disclosure.爰</p> <p>exemption from its announcement; (2) the act of subscribing to ordinary corporate bonds in foreign primary markets is a regular act and its commodity nature is pure; and the domestic securities investment trust business and futures trust business are regulated by the financial management committee, and purchase or buy back The fund raised by the fund (excluding the offshore fund) is also a recurring act of investing as a professional. It is amended to relax the announcement of the exemption from the opening of the securities before the sale and the higher the risk of the subordinated bonds. A general financial bond that does not involve equity, does not include a secondary order bond, and is amended to the second item of the first paragraph of the sixth paragraph, so it is revised in accordance with the competent authority.</p>

Clause	Clause after Amendment	Clause before Amendment	Remarks
	<p>transaction conditions of the company and the subsidiary corporation of public issued corporations without belonging to China up to the end of last month, to the information return internet of Financial Supervisory Commission in 10 days before every month.</p> <p>When announcing, if there are mistakes or omissions in the announcement project which shall be announced by the company according to the stipulation, and these mistakes or omissions need to be supplemented and corrected, then the whole project shall be announced and declared again. As acquiring or disposing assets, the company shall prepare relevant contract, journal, memorandum book, appraisal report, accountant, lawyer or finder's opinion book in the company, and except for other conditions stipulated by the law, these materials shall be kept for at least five years.</p>	<p>every month.</p> <p>When announcing, if there are mistakes or omissions in the announcement project which shall be announced by the company according to the stipulation, and these mistakes or omissions need to be supplemented and corrected, then the whole project shall be announced and declared again. As acquiring or disposing assets, the company shall prepare relevant contract, journal, memorandum book, appraisal report, accountant, lawyer or finder's opinion book in the company, and except for other conditions stipulated by the law, these materials shall be kept for at least five years.</p>	<p>5. The third paragraph of the first paragraph shall be modified as a word.</p>
Article 30	<p>If the subsidiary corporation of the company which is not belonged to the public issued company in China, acquires or disposes assets, and shall announce its declaration conditions according to Chapter 6 stipulation, the company shall do it.</p> <p>The subsidiary corporation in the preceding paragraph is suitable for Section 1 of Article 28 of the announced declaration standard about reaching, and taking the company's paid-in capital or total assets as the criterion.</p> <p>The stipulation of 10% of total assets in the procedure shall be calculated according to the total assets amount of the most recent individual or special financial report stipulated in securities issuers' Financial Reports Statements criterion.</p>	<p>If the subsidiary corporation of the company which is not belonged to the public issued company in China, acquires or disposes assets, and shall announce its declaration conditions according to Chapter 6 stipulation, the company shall do it.</p> <p>The subsidiary corporation in the preceding paragraph is suitable for Section 1 of Article 28 of the announced declaration standard about reaching 20% of paid-in capital or 10% of total assets, and taking the company's paid-in capital or total assets as the criterion.</p> <p>The stipulation of 10% of total assets in the procedure shall be calculated according to the total assets amount of the most recent individual or special financial report stipulated in securities issuers' Financial Reports Statements criterion.</p>	Text modification.