

Union Bank of Taiwan

The Minutes of 2020 Annual Meeting of Shareholders

Date and Time: May 28, 2020 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: 3,084,455,292shares

Total shares represented by shareholders present in person or by proxy : 2,464,614,740shares

(Contain to exercise the right to vote number 388,479,099by electronics)

Percentage of shares held by shareholders present in person or by proxy: 79.90%

Chairman: Director Li Siang Chang

Attend as a delegate: General manager& Director: Jeff Lin、Independent Director: Wang Kao Jing、

Independent Director: Li Guo Chang、Independent Director: Lu Ren Fa、Managing Director : Jiang

Cheng Hisung、Director: Lin Si Yong、Huang Jui-Chan of Deloitte & Touche、LAW OFFICE OF

S.S.Lai ATTORNEY AT LAW: Cheng Tsai-Fang、Bright &Wise Attorneys-at-Law: Peter C. Chen

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 Li Siang Chang

3. Reports

(1) 2019 Business Report (Please make reference to attach the form)

All attendance shareholder talks over with know.

(2) 2019 Audit Committee Audit Report (Please make reference to attach the form)

All attendance shareholder talks over with know.

(3) 2019 Report on Employee and Director Remuneration Distribution Status.

All attendance shareholder talks over with know.

(4) Revised the Bank's " Integrity Management Code and Conduct Guide " report. (Please make reference to attach the form)

All attendance shareholder talks over with know.

4. Approvals

Proposal No. 1 (Proposed by Board of Directors)

Subject : The 2019 business report and financial statements are submitted for approval.

Illustration:

1. The 2019 financial statements of the Bank (including consolidated financial statements) have been audited by accountants Huang Jui-Chan and Yang Cheng-Hsiu of Deloitte & Touche and have, together with the business report, been approved by the audit committee and the 13th 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)

2,430,179,642shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,407,400,282 (Contain the electronics vote: 353,334,023)	99.06%
Disapproval votes: 527,116 (Contain the electronics vote: 527,116)	0.02%
Invalid votes: 0	0%
Abstention votes : 22,252,244 (Contain the electronics vote: 21,975,091)	0.92%

Proposal was approved after voting.

Proposal No. 2 (Proposed by Board of Directors)

Subject: The 2019 Profit Distribution Proposal is submitted for approval.

(Proposal by Board of Directors)

Illustration:

- This profit distribution proposal relates to the 2019 distributable profit of NT\$4,172,302,316. It is proposed that the distribution be made as shown in Attachment, in accordance with the articles of association of the Bank.
 - Special dividends (NT\$2.4 per share, calculated at a rate of 4.8% per share) total NT\$480,000,000.
 - Common stock cash dividend (NT\$0.1 per share) totaling NT\$288,445,529.
 - Dividends on common stocks (NT\$0.7 per share) totaling NT\$2,019,118,704.
 - Undistributed profit: NT\$1,384,738,083.
- 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.
- 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 2019 profit should be distributed in priority in this profit distribution.
- 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)
2,430,179,642shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,409,511,393 (Contain the electronics vote: 355,445,134)	99.15%
Disapproval votes: 862,220 (Contain the electronics vote: 862,220)	0.03%
Invalid votes: 0	0%
Abstention votes : 19,806,029 (Contain the electronics vote: 19,528,876)	0.82%

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 some provisions of the Company Law and the Bank's current practice:
 - (1) Amend Article 3 of the Articles of Association, in accordance with Article 28 of the Company Law, revise the Bank's announcement method as "The Bank's announcement method shall be published on newsprint or newsletter, or the central competent authority shall establish or designate a website. The provisions of the preceding paragraph shall be stipulated if the securities authority has otherwise provided."
 - (2). According to the current stocks of the Bank, no physical issue, no printed stocks, and no reissue, delete the issued shares in the preceding paragraph of Article 4, Item 2 of the Articles of Association, and the securities centralized custody institution may request the merger and reissue of large-denomination securities. "
 - (3). Amend Article 34 of the Articles of Association, according to the provisions of Article 29 of the Company Law, the manager shall be appointed and dismissed after the resolution of the board of directors, and because the deputy manager does not have the right to represent the head office or branch, which is not called by the company law Manager, fix it.

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)

2,430,179,642shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,409,539,430 (Contain the electronics vote: 355,473,171)	99.15%
Disapproval votes: 531,601 (Contain the electronics vote: 531,601)	0.02%
Invalid votes: 0	0%
Abstention votes : 20,108,611 (Contain the electronics vote: 19,831,458)	0.83%

Proposal was approved after voting.

Proposal No. 2 (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\$2,019,118,704 was allocated from the distributable surplus in 2019, and the surplus was transferred to NT\$2,019,118,700 to issue 21,911,870 shares of common stock. The remaining NT\$ 4 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)
2,430,179,642shares

Decide the result	Percentage of shares held by total votes
Approval votes: 2,409,206,779 (Contain the electronics vote: 355,141,520)	99.14%
Disapproval votes: 866,465 (Contain the electronics vote: 866,465)	0.03%
Invalid votes: 0	0%
Abstention votes : 20,106,398 (Contain the electronics vote: 19,829,245)	0.83%

Proposal was approved after voting.

6. Motions : none

Shareholders' numbers 85802 、 88691 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 28, 2020 at 10:40a.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: Li Siang Chang

Record : Chen Ying Ching

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

2019 Business Report

1. Domestic and Overseas Financial Status

In 2019, market funds continue to be loose to support investment markets and business operations. The return of domestic Taiwanese funds and the US-China trade war. Some Taiwanese companies are attacking related markets, which has led to the growth of the banking industry's lending and wealth management businesses. The global economy has been continuously affected by negative factors such as the U.S.-China trade war, Hong Kong's anti-China Brexit and Brexit, and political factors, which have led to an increase in the exposure of Bank of China's operations and rising investment risks. The prosperity of the banking industry remained flat in 2019.

In 2020, the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD) again lowered their growth expectations for the global economy and world trade volume in 2020, and international institutions remain conservative about the global economic outlook. Although the United States and China have temporarily reached an agreement, the issues of intellectual property rights, technological competition and other trade structures are not easy to solve. In addition, the spread of COVID-19 new coronavirus epidemic has impacted global economic and trade exchanges and economic activities, and paid close attention to follow-up development.

2. 2019 Operating Results and Main Business Status

With the joint effort by all employees of the Bank in 2019, good performance has been demonstrated in terms of various operational benchmarks. In terms of profitability, the 2019 net profit after tax is NT\$3.359 Billion. The earnings per share after tax (EPS) is NT\$1. Total asset rate of return (ROA) is 0.51%. Net value rate of return (ROE) is 6.69%. In terms of asset quality, the overdue lending ratio is 0.15%. Bad debt coverage ratio is 749.68%. 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 17 January 2020, 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 2019:

(1) Deposit

The balance of Taiwan's foreign currency deposits at the end of 2019 was 539.4 billion yuan, an increase of 19.5 billion yuan from the 519.9 billion yuan at the end of 2018, with a growth rate of 3.75%. In terms of deposit structure, demand deposit balance was 246.9 billion yuan, accounting for

45.77% of the total deposit ratio, and time deposit balance was 292.5 billion yuan, accounting for 54.23% of the total deposit ratio.

(2) Lending

The balance of loans at the end of 2019 was NT \$ 390.3 billion, an increase of RMB59.8 billion from NT \$ 330.5 billion at the end of 2018, with a growth rate of 18.09%. Among them, guaranteed loans amounted to NT \$ 301 billion, accounting for 77.12% of total loans; unsecured loans amounted to NT \$ 89.3 billion, accounting for 22.88% of total loans.

(3) Credit Card

1. Observe market topics (such as the Tokyo Olympics, etc.) and launch short-term (2 to 3 months) all-channel promotion activities to maintain the exposure of federal cards and the stickiness of card friends; in addition, continue regular channel activities and deepen online shopping, overseas consumption, and insurance installments, Catering and new-type channels (such as Uber Eats, etc.) transactions to increase the overall spending amount of credit card spending in 2019, total credit card spending of 91.8 billion yuan, an increase of 3% over 2018.
2. Continue to package specific card types, promote effective cards, strengthen cooperation with transportation tickets and introduce new payment tools, such as mobile payment, LINE PAY, etc., and launched LINE POINTS, a favorite of young people, as the main feedback activity in July Lai Dian card, based on the third-party payment and mobile payment-oriented currency less trend, develop new customer groups and increase the effective card rate; as of December 2019, the number of credit card circulation cards was 2.162,706 cards.

(4) Fortune Management

The Bank's 2019 wealth management households grew by 5.63% compared with 2018, and the average monthly balance of total management assets grew by 9.93% compared with 2018. Operating income increased by 2.19% 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

In 2019, the net interest income was NT\$ 6.564 billion, the net income other than interest was NT\$5.096 billion, and the total net income was NT\$11.660 billion. After deducting the net debt provision of NT\$236 million and operating expenses of NT\$7.45 billion, the net profit before tax was NT\$3.974 billion. The net profit after tax was NT\$ 3.359 billion.

(6) Corporate Image

The Bank launched a brand image advertisement with the theme of "Silver Medal Gift" in 2019. The content hopes to convey and encourage the public to face difficulties. They should be brave to maintain a positive attitude of self-confidence and never give up. Digital financial services. In addition, the

Bank attaches great importance to corporate social responsibility and actively invests in various social welfare activities, including giving play to the talents of children who care for the economic and educational resources, and breaking through themselves. The Bank participated in the annual performances of the "Happy Han Orchestra and Theater Company" and Work training program, assist "Hope Children Choir" to raise funds for overseas competitions, sponsor "Taiwan Middle East Mountain High School Basketball Team" training funds; pay attention to the development of children's financial knowledge, hold "Child Financial Management Experience Camp" every summer; caring for animal conservation, continuing Adopting Taiwan's local conservation animals, "ring-necked pheasant and stone tiger"; in order to enhance the artistic atmosphere and cultivate local artistic talents, the Bank continued to sponsor the "Kaohsiung Spring Art Festival" series of concerts and held "Children's Charity Drawing Competition" Co-organized the "Federal Art Competition" and the "Federal Art Tour Exhibition" with the "Federal Cultural and Educational Foundation" to jointly promote the art of oil painting in Taiwan.

1. 2020 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:

Build a digital service process, provide an online data filling page for appointment opening, save time for clients to fill in data at the counter, and improve the overall efficiency of account opening operations; evaluate new ATMs to expand the Bank's service base, enhance the Bank's visibility and deposit business Expansion. Continue to expand deposit solicitations and employee salary transfers with reciprocal vendors of the Bank; deposit account openings in convenience stores, etc . launched a combination of deposit, credit card, wealth management, and credit Projects to develop new customer groups; Planning of SME deposit expansion projects to increase the growth of the current corporate legal deposits of the Bank and increase the number of new customers.

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:

Through the Bank's cross-business marketing, select target customer groups, use DM, e-DM, and SMS to notify relevant event information to attract new mortgage loans and maintain old customers; continue to focus and deepen high-quality customers, grasp customer demand trends, and consolidate existing customers ; Provide customized projects for different ethnic groups to develop new customer groups; actively recruit new or self-training car loan AO personnel to increase business volume; stabilize the new car loan business, increase the amount of used car loans and original car loan commitments for continuous expansion Business scale.

4. Credit Card:

Continue to invest in the promotion of the Lai Dian card issuance business, create a foundation for cross-selling operations, pour into micro-credit income, insurance income, etc . ; devote to electronic services, such as LINE PAY card payment, mobile billing, LINE BC binding, online business promotion, etc. Automated services, improve customer online services and save related costs; To increase the amount of spending based on consumer demand, organize various channels such as department stores, mass merchandisers, hypermarkets, the Internet, etc., or promote consumer activities such as travel, insurance, mobile payment, etc. to increase customer stickiness; continue Promote mobile payment loading, expand new special stores and promote multiple new payment methods of special stores, such as Union Pay EC, self-built Gateway, LINE PAY acquiring, etc., to enhance the competitiveness of acquiring business

5. Wealth management, insurance agency and trust business:

In accordance with the regulations of the competent authority, fully implement the incentive measures calculated on the basis of the fund size (AUM), and continue to strengthen the business development of fixed income funds to enhance the wealth management business assets

of customers, and increase the proportion of foreign bonds and ETF business to meet Investment needs of high-asset customers; In 2020, the insurance industry will face the challenge of conforming to the international accounting standard IFRS 17. The main insurance products will return to the protection or investment type. To continue to provide complete and diversified insurance products, continue to introduce retirement, medical and care demand policies, while using large Data analysis to screen high-quality customers, accurate marketing, and increase profit; Integrate trust services to expand family trust business, strengthen core customer relationships and develop second-generation customers; strengthen the expansion of securities visa business and real estate trading price security trust business.

6. Digital financial business:

(1) Personal e-banking services-In order to enhance the competitiveness of e-banking services, the user experience is the core of the construction, and the system architecture and user interface of personal online banking and mobile banking (LOHAS APP) are continuously updated and updated to improve system performance Optimize various transaction processes and build various online financial application services.

(2) Corporate Internet Banking Services: Increasing corporate Internet Banking service functions, providing a more convenient online trading platform, Poli Enterprise customers can effectively grasp the latest information about the company's internal funds in and out and various transactions, and actively promote corporate customers' online financial transaction management Autonomy to improve operational efficiency and create competitive advantages.

(3) Digital banking services: Continuous expansion and enhancement of online service functions, combined with video, new identity cards and digital account opening authority specification opening, optimization and adjustment of online account opening process; use of digital banks to increase the effectiveness of virtual and real integration services and strengthen non-traditional financial services Strongholds such as Laier Fuchao Business, LINEPay Card business cooperation, and online and offline gold flow service links; through the use of business concessions, inter-industry cooperation and cross-marketing and other methods of multiple marketing of the Bank's digital banks, and actively develop new accounts.

(4) Strengthen the marketing application of the community and various information platforms: Strengthen community management, improve the integration of various information platforms such as LINE BC, SMS, EDM, etc., and combine LINE API related new functions to continuously optimize the addition of personalized message notifications , Marketing and other service applications.

(5) New types of digital financial service integration and application: Importing big data models and successively building "credit card customers and consumer groups, bank-wide personal financial customer groups, bank-wide personal financial product preferences, potential corporate customer mining and personal credit input scoring models" Five models to effectively analyze the business data of the Bank to gain a more precise insight into customer behavior needs; Incorporate the Bank's customer service system, introduce intelligent customer service core services; introduce such as face biometrics technology and related financial service applications and integration; plan to provide the Bank's digital financial services (such as ATM, VTM automated equipment).

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 has a total of 90 business locations in the country, and continues to actively expand its overseas operations and expand its operations. At present, the Hanoi office has been approved by the Bank of Vietnam and is actively preparing for opening to provide customers with international financial services.
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 2019, the Bank has set up a total of 865 in-bank and off-bank ATMs.

(3)The Bank's 2020 Estimated Operational Targets

1.

Type of Business	2020Target
Deposit (including foreign currencies)	Average balance of NT\$576.5 Billion at the end of the year

Lending (excluding credit card)	Average balance of NT\$413.5 Billion at the end of the year
Foreign Exchange	Annual transaction of US\$7.017 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 BASEL regulations to meet the 2020 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:Jeff Lin Accounting Head: Yang Ju Chang

Union Bank of Taiwan

Audit Committee Audit Report

The Bank's board of directors' 2019 annual business report, surplus distribution table, and balance sheet, consolidated profit and loss statement, equity change statement, cash flow statement and consolidated financial statements, etc. checked by Deloitte & Touche Jui-Chan Huang and Cheng-Hsiu Yang accountants After the review by the Audit Committee, the report is as above in accordance with Article 14-4 of the Securities Exchange Law and Article 219 of the Company Law. Please check.

To
Union Bank of Taiwan 2020 General Shareholder Meeting

Union Bank of Taiwan

Chairman of Audit Committee:

Li Guo Chang

11 March 2020

INDEPENDENT AUDITORS' REPORT
The Board of Directors and Stockholders
Union Bank of Taiwan
Opinion

Attachment

We have audited the accompanying financial statements of Union Bank of Taiwan (the Bank), which comprise the balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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 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, 2019. 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, 2019 are described as follows:

Assessment of the Impairment of Discounts and Loans

As of December 31, 2019, the net amount of discounts and loans of the Bank was \$386,383,784 thousand which, represented approximately 56% 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, 2019.

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, 2019 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 Jui-Chan Huang and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2020

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 10,937,284	2	\$ 12,677,719	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	17,344,886	3	29,262,634	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	30,599,774	4	36,355,695	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	40,962,420	6	33,118,474	5
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	104,170,149	15	94,149,872	15
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	51,360,225	8	68,467,365	11
RECEIVABLES, NET	20,432,902	3	17,870,713	3
CURRENT TAX ASSETS	49,185	-	73,563	-
DISCOUNTS AND LOANS, NET	386,383,784	56	326,837,853	51
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	5,375,020	1	4,725,795	1
OTHER FINANCIAL ASSETS, NET	3,520,128	1	2,204,959	-
PROPERTY AND EQUIPMENT, NET	7,945,393	1	7,982,503	1
RIGHT-OF-USE ASSETS	1,361,636	-	-	-
INTANGIBLE ASSETS				
Goodwill	1,985,307	-	1,985,307	-
Computer software	<u>142,872</u>	-	<u>169,280</u>	-
Total intangible assets	2,128,179	-	2,154,587	-
DEFERRED TAX ASSETS	540,779	-	634,777	-
OTHER ASSETS, NET	<u>3,267,302</u>	-	<u>2,490,419</u>	-
TOTAL	<u>\$686,379,046</u>	<u>100</u>	<u>\$639,006,928</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 11,300,923	2	\$ 11,389,841	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	650,981	-	307,799	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	65,377,436	10	44,334,388	7
PAYABLES	4,519,286	1	6,912,587	1
CURRENT TAX LIABILITIES	364,806	-	24,379	-
DEPOSITS AND REMITTANCES	533,655,963	78	514,386,800	80
BANK DEBENTURES	10,200,000	1	9,700,000	2
OTHER FINANCIAL LIABILITIES	111	-	11,825	-
PROVISIONS	249,967	-	252,949	-
LEASE LIABILITIES	1,338,560	-	-	-
DEFERRED TAX LIABILITIES	1,569,639	-	1,228,719	-
OTHER LIABILITIES	<u>903,073</u>	-	<u>644,612</u>	-
Total liabilities	<u>630,130,745</u>	<u>92</u>	<u>589,193,899</u>	<u>92</u>
EQUITY				
Share capital				
Ordinary shares	28,844,553	4	26,900,129	4
Preference shares	<u>2,000,000</u>	-	<u>2,000,000</u>	1
Total share capital	<u>30,844,553</u>	<u>4</u>	<u>28,900,129</u>	<u>5</u>
Capital surplus	<u>8,035,484</u>	<u>1</u>	<u>8,032,413</u>	<u>1</u>
Retained earnings				
Legal reserve	6,875,793	1	5,988,776	1
Special reserve	627,440	-	612,656	-
Unappropriated earnings	<u>5,180,139</u>	<u>1</u>	<u>4,619,232</u>	<u>1</u>
Total retained earnings	<u>12,683,372</u>	<u>2</u>	<u>11,220,664</u>	<u>2</u>
Other equity	<u>4,684,892</u>	<u>1</u>	<u>1,659,823</u>	-
Total equity	<u>56,248,301</u>	<u>8</u>	<u>49,813,029</u>	<u>8</u>
TOTAL	<u>\$686,379,046</u>	<u>100</u>	<u>\$639,006,928</u>	<u>100</u>

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

NION BANK OF TAIWAN
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage
	Amount	%	Amount	%	Increase (Decrease) %
NET INTEREST					
Interest revenues	\$ 12,023,379	103	\$ 11,016,864	104	9
Interest expenses	<u>5,459,519</u>	<u>47</u>	<u>4,225,103</u>	<u>40</u>	<u>29</u>
Net interest	<u>6,563,860</u>	<u>56</u>	<u>6,791,761</u>	<u>64</u>	<u>(3)</u>
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net	2,777,365	24	2,444,065	23	14
Gain on financial assets and liabilities at fair value through profit or loss	1,411,067	12	257,274	3	448
Realized gain on financial assets at fair value through other comprehensive income	336,640	3	436,244	4	(23)
Share of profit of subsidiaries and associates	105,216	1	96,603	1	9
Foreign exchange gain, net	363,269	3	450,995	4	(19)
Loss from asset impairment	(42,921)	-	(33,589)	-	28
Securities brokerage fee revenues, net	98,868	1	103,379	1	(4)
Loss on disposal of properties and equipment, net	(3,427)	-	(2,257)	-	52
Other noninterest gain, net	<u>50,419</u>	<u>-</u>	<u>27,237</u>	<u>-</u>	<u>85</u>
TOTAL NET REVENUES	<u>11,660,356</u>	<u>100</u>	<u>10,571,712</u>	<u>100</u>	<u>10</u>
PROVISIONS					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>235,584</u>	<u>2</u>	<u>291,985</u>	<u>3</u>	<u>(19)</u>
OPERATING EXPENSES					
Employee benefit expenses	3,588,081	31	3,303,509	31	9
Depreciation and amortization	809,417	7	354,939	3	128
Others	<u>3,052,907</u>	<u>26</u>	<u>3,184,254</u>	<u>30</u>	<u>(4)</u>

(Continued)

UNION BANK OF TAIWAN
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage
	Amount	%	Amount	%	Increase (Decrease) %
Total operating expenses	<u>7,450,405</u>	<u>64</u>	<u>6,842,702</u>	<u>64</u>	<u>9</u>
INCOME BEFORE INCOME TAX	3,974,367	34	3,437,025	33	16
INCOME TAX EXPENSE	<u>614,910</u>	<u>5</u>	<u>480,301</u>	<u>5</u>	<u>28</u>
NET INCOME	<u>3,359,457</u>	<u>29</u>	<u>2,956,724</u>	<u>28</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	172,852	2	(13,151)	-	1,414
Unrealized gain on investments in equity instrument at fair value through other comprehensive income	2,247,568	19	417,367	4	439
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	1,000	-	(5,211)	-	119
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(334,744)</u>	<u>(3)</u>	<u>(197,434)</u>	<u>(2)</u>	<u>70</u>
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>2,086,676</u>	<u>18</u>	<u>201,571</u>	<u>2</u>	<u>935</u>
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations	(227,061)	(2)	303,314	3	(175)

(Continued)

UNION BANK OF TAIWAN
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(9,459)	-	85,530	1	(111)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	1,604,564	14	(965,975)	(9)	266
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>45,412</u>	<u>-</u>	<u>(36,924)</u>	<u>(1)</u>	<u>223</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>1,413,456</u>	<u>12</u>	<u>(614,055)</u>	<u>(6)</u>	<u>330</u>
Other comprehensive income (loss) for the year, net of income tax	<u>3,500,132</u>	<u>30</u>	<u>(412,484)</u>	<u>(4)</u>	<u>949</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,859,589</u>	<u>59</u>	<u>\$ 2,544,240</u>	<u>24</u>	<u>170</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)					
Basic	<u>\$1.00</u>		<u>\$1.00</u>		
Diluted	<u>\$1.00</u>		<u>\$0.99</u>		

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

UNION BANK OF TAIWAN

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(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 the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2018	\$ 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
Appropriation of the 2018 earnings													
Legal reserve	-	-	-	-	887,017	-	(887,017)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	14,784	(14,784)	-	-	-	-	-	-
Stock dividends on common shares	1,883,009	-	1,883,009	-	-	-	(1,883,009)	(1,883,009)	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	-	(480,000)
Net income for the year ended December 31, 2019	-	-	-	-	-	-	3,359,457	3,359,457	-	-	-	-	3,359,457
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	139,435	139,435	-	(191,108)	3,551,805	3,360,697	3,500,132
Acquisition of interest in subsidiary	-	-	-	-	-	-	(6,698)	(6,698)	-	-	(2,105)	(2,105)	(8,803)
Share-based payment	61,415	-	61,415	3,071	-	-	-	-	-	-	-	-	64,486
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	333,523	333,523	-	-	(333,523)	(333,523)	-
BALANCE AT DECEMBER 31, 2019	\$ 28,844,553	\$ 2,000,000	\$ 30,844,553	\$ 8,035,484	\$ 6,875,793	\$ 627,440	\$ 5,180,139	\$ 12,683,372	\$ -	\$ (604,632)	\$ 5,289,524	\$ 4,684,892	\$ 56,248,301

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, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,974,367	\$ 3,437,025
Adjustments for:		
Depreciation expenses	726,896	288,758
Amortization expenses	82,521	66,181
Expected credit losses/provision of allowance for doubtful accounts	235,584	291,985
Gain on disposal of financial assets at fair value through profit or loss	(1,411,067)	(257,274)
Interest expenses	5,459,519	4,225,103
Interest revenues	(12,023,379)	(11,016,864)
Dividend income	(312,318)	(435,866)
Share of profit of subsidiaries and associates	(105,216)	(96,603)
Loss on disposal of properties and equipment	3,427	2,258
Impairment loss recognized on financial assets	63,106	39,935
Reversal of impairment losses on nonfinancial asset	(20,185)	(6,346)
(Gain)/Loss on disposal of collaterals	(43,640)	2,658
Changes in operating assets and liabilities		
Due from the Central Bank and call loans banks	6,069,171	(4,081,105)
Financial assets at fair value through profit or loss	8,416,444	(23,169,161)
Financial assets at fair value through other comprehensive income	(4,009,476)	2,701,189
Investments in debt instruments at amortized cost	(10,706,007)	2,634,924
Receivables	(2,575,866)	(342,585)
Discounts and loans	(59,783,147)	(8,451,780)
Other financial assets	(506,469)	(322,286)
Due to the Central Bank and other banks	(88,918)	2,428,551
Financial liabilities at fair value through profit or loss	(906,274)	(845,089)
Securities sold under repurchase agreements	21,043,048	14,060,412
Payables	(2,391,267)	(136,334)
Deposits and remittances	19,269,163	64,974,681
Other financial liabilities	(11,714)	(9,895)
Provisions for employee benefits	154,120	(25)
Other liabilities	<u>1,800</u>	<u>(499)</u>
Cash generated from (used in) operations	(29,395,777)	45,981,948
Interest received	11,888,433	10,957,721
Dividend received	313,673	450,598
Interest paid	(5,397,067)	(4,119,704)
Income tax paid	<u>(104,519)</u>	<u>(86,202)</u>
Net cash generated from (used in) operating activities	<u>(22,695,257)</u>	<u>53,184,361</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	(564,394)	(1,579,977)
Payments for properties and equipment	(286,869)	(223,854)
Proceeds from disposal of properties and equipment	48	1,092
Increase in settlement fund	-	(1,957)

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019	2018
Decrease in settlement fund	448	-
Increase in refundable deposits	(449,180)	(379,678)
Payments for intangible assets	(44,804)	(47,075)
Proceeds from disposal of collaterals	63,825	3,688
Payments for right-of-use assets	(974)	-
Increase in other assets	<u>(355,463)</u>	<u>(6,471)</u>
Net cash used in investing activities	<u>(1,637,363)</u>	<u>(2,234,232)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of bank debentures	2,000,000	-
Repayments of bank debentures	(1,500,000)	(2,000,000)
Proceeds from guarantee deposits received	7,390	3,302
Repayment of the principal portion of lease liabilities	(412,491)	-
Increase in other liabilities	248,855	52,354
Dividends paid	<u>(480,000)</u>	<u>(1,132,801)</u>
Net cash used in financing activities	<u>(136,246)</u>	<u>(3,077,145)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(227,286)</u>	<u>301,259</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,696,152)	48,174,243
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>87,470,739</u>	<u>39,296,496</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 62,774,587</u>	<u>\$ 87,470,739</u>

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(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, 2019 and 2018:

	<u>December 31</u>	
	2019	2018
Cash and cash equivalents in balance sheets	\$ 10,937,284	\$ 12,677,719
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”	477,078	6,325,655
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>51,360,225</u>	<u>68,467,365</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 62,774,587</u>	<u>\$ 87,470,739</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT
The Board of Directors and Stockholders
Union Bank of Taiwan

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, 2019 and 2018, 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, 2019 and 2018, 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 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, 2019. 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, 2019 are described as follows:

Assessment of the Impairment of Discounts and Loans

As of December 31, 2019, the net amount of discounts and loans of the Company was \$384,649,673 thousand which, represented approximately 55% 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, 2019.

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, 2019 and 2018 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, 2019 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 Jui-Chan Huang and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2020

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 12,382,445	2	\$ 14,014,731	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	17,344,886	3	29,262,634	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	30,917,254	5	36,709,925	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	41,236,965	6	33,393,507	5
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	104,170,149	15	94,149,872	15
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	51,417,825	7	68,480,765	11
RECEIVABLES, NET	21,177,107	3	18,131,482	3
CURRENT TAX ASSETS	58,716	-	81,020	-
DISCOUNTS AND LOANS, NET	384,649,673	55	325,015,686	50
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	1,587,482	-	1,623,462	-
OTHER FINANCIAL ASSETS, NET	3,632,648	1	2,301,648	-
PROPERTY AND EQUIPMENT, NET	7,969,302	1	8,007,495	1
RIGHT-OF-USE ASSETS	1,439,735	-	-	-
INVESTMENT PROPERTIES, NET	5,369,780	1	5,398,908	1
INTANGIBLE ASSETS				
Goodwill	1,985,307	-	1,985,307	-
Computer software	152,150	-	177,654	-
Total intangible assets	<u>2,137,457</u>	<u>-</u>	<u>2,162,961</u>	<u>-</u>
DEFERRED TAX ASSETS	698,921	-	791,550	-
OTHER ASSETS, NET	<u>8,970,842</u>	<u>1</u>	<u>8,060,448</u>	<u>1</u>
TOTAL	<u>\$ 695,161,187</u>	<u>100</u>	<u>\$ 647,586,094</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 11,860,732	2	\$ 12,111,895	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	650,981	-	307,799	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	65,377,436	9	44,334,388	7
PAYABLES	4,615,289	1	7,013,422	1
CURRENT TAX LIABILITIES	369,729	-	41,221	-
DEPOSITS AND REMITTANCES	532,899,100	77	513,918,075	79
BANK DEBENTURES	10,200,000	1	9,700,000	2
BONDS PAYABLE	1,473,858	-	1,480,976	-
OTHER FINANCIAL LIABILITIES	4,887,786	1	4,089,464	1
PROVISIONS	258,535	-	262,482	-
LEASE LIABILITIES	1,415,180	-	-	-
DEFERRED TAX LIABILITIES	1,617,201	-	1,269,570	-
OTHER LIABILITIES	<u>3,285,481</u>	<u>1</u>	<u>2,998,047</u>	<u>-</u>
Total liabilities	<u>638,911,308</u>	<u>92</u>	<u>597,527,339</u>	<u>92</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Share capital				
Ordinary shares	28,844,553	4	26,900,129	4
Preference shares	2,000,000	-	2,000,000	1
Total share capital	<u>30,844,553</u>	<u>4</u>	<u>28,900,129</u>	<u>5</u>
Capital surplus	8,035,484	1	8,032,413	1
Retained earnings				
Legal reserve	6,875,793	1	5,988,776	1
Special reserve	627,440	-	612,656	-
Unappropriated earnings	5,180,139	1	4,619,232	1
Total retained earnings	<u>12,683,372</u>	<u>2</u>	<u>11,220,664</u>	<u>2</u>
Other equity	4,684,892	1	1,659,823	-
Total equity attributable to owners of the Bank	56,248,301	8	49,813,029	8
NON-CONTROLLING INTERESTS	<u>1,578</u>	<u>-</u>	<u>245,726</u>	<u>-</u>
Total equity	<u>56,249,879</u>	<u>8</u>	<u>50,058,755</u>	<u>8</u>
TOTAL	<u>\$ 695,161,187</u>	<u>100</u>	<u>\$ 647,586,094</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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST					
Interest revenues	\$ 12,003,109	87	\$ 10,987,708	86	9
Interest expenses	<u>5,525,647</u>	<u>40</u>	<u>4,285,920</u>	<u>33</u>	29
Net interest	6,477,462	47	6,701,788	53	(3)
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net	2,716,846	19	2,422,852	19	12
Gain on financial assets and liabilities at fair value through profit or loss	1,485,872	11	223,068	2	566
Realized gain on financial assets at fair value through other comprehensive income	346,202	2	443,699	3	(22)
Share of loss of associates	(35,980)	-	(9,636)	-	273
Foreign exchange gain, net	369,470	3	464,241	4	(20)
Loss from asset impairment	(42,921)	-	(33,589)	-	28
Securities brokerage fee revenues, net	235,895	2	208,334	1	13
Rental revenue	2,236,624	16	2,254,083	18	(1)
Other noninterest gain, net	<u>76,712</u>	<u>-</u>	<u>57,481</u>	<u>-</u>	33
TOTAL NET REVENUES	<u>13,866,182</u>	<u>100</u>	<u>12,732,321</u>	<u>100</u>	9
PROVISIONS					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>240,675</u>	<u>2</u>	<u>293,579</u>	<u>2</u>	(18)
OPERATING EXPENSES					
Employee benefit expenses	3,831,242	27	3,531,027	28	9
Depreciation and amortization	2,483,882	18	1,987,560	16	25
Others	<u>3,282,927</u>	<u>24</u>	<u>3,443,571</u>	<u>27</u>	(5)

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Total operating expenses	<u>9,598,051</u>	<u>69</u>	<u>8,962,158</u>	<u>71</u>	7
INCOME BEFORE INCOME TAX	4,027,456	29	3,476,584	27	16
INCOME TAX EXPENSE	<u>655,978</u>	<u>4</u>	<u>521,583</u>	<u>4</u>	26
CONSOLIDATED NET INCOME	<u>3,371,478</u>	<u>25</u>	<u>2,955,001</u>	<u>23</u>	14
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	174,293	1	(13,977)	-	1,347
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,247,353	16	412,817	3	444
Income tax relating to items that will not be reclassified subsequently to profit or loss	(335,033)	(2)	(197,735)	(1)	69
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations	(238,885)	(2)	405,845	3	(159)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	1,604,564	12	(965,975)	(8)	266
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>47,777</u>	<u>-</u>	<u>(53,925)</u>	<u>-</u>	189
Other comprehensive income (loss) for the year, net of income tax	<u>3,500,069</u>	<u>25</u>	<u>(412,950)</u>	<u>(3)</u>	948
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,871,547</u>	<u>50</u>	<u>\$ 2,542,051</u>	<u>20</u>	170

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 3,359,457	24	\$ 2,956,724	23	14
Non-controlling interests	<u>12,021</u>	<u>-</u>	<u>(1,723)</u>	<u>-</u>	798
	<u>\$ 3,371,478</u>	<u>24</u>	<u>\$ 2,955,001</u>	<u>23</u>	14
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 6,859,589	50	\$ 2,544,240	20	170
Non-controlling interests	<u>11,958</u>	<u>-</u>	<u>(2,189)</u>	<u>-</u>	646
	<u>\$ 6,871,547</u>	<u>50</u>	<u>\$ 2,542,051</u>	<u>20</u>	170
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)					
Basic	<u>\$1.00</u>		<u>\$1.00</u>		
Diluted	<u>\$1.00</u>		<u>\$0.99</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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable Owners of the Company								Other Equity						
	Share Capital			Capital Surplus	Retained Earnings				Unrealized Gain (Loss) on Available-for-sale Financial Assets	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gains (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2018	\$ 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
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	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	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	245,726	50,058,755
Appropriation of the 2018 earnings															
Legal reserve	-	-	-	-	887,017	-	(887,017)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	14,784	(14,784)	-	-	-	-	-	-	-	-
Stock dividends on common shares	1,883,009	-	1,883,009	-	-	-	(1,883,009)	(1,883,009)	-	-	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	-	(480,000)	-	(480,000)
Net income for the year ended December 31, 2019	-	-	-	-	-	-	3,359,457	3,359,457	-	-	-	-	3,359,457	12,021	3,371,478
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	139,435	139,435	-	(191,108)	3,551,805	3,360,697	3,500,132	(63)	3,500,069
Acquisition of interest in subsidiary	-	-	-	-	-	-	(6,698)	(6,698)	-	-	(2,105)	(2,105)	(8,803)	(256,106)	(264,909)
Share-based payment	61,415	-	61,415	3,071	-	-	-	-	-	-	-	-	64,486	-	64,486
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	333,523	333,523	-	-	(333,523)	(333,523)	-	-	-
BALANCE AT DECEMBER 31, 2019	\$ 28,844,553	\$ 2,000,000	\$ 30,844,553	\$ 8,035,484	\$ 6,875,793	\$ 627,440	\$ 5,180,139	\$ 12,683,372	\$ -	\$ (604,632)	\$ 5,289,524	\$ 4,684,892	\$ 56,248,301	\$ 1,578	\$ 56,249,879

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,027,456	\$ 3,476,584
Adjustments for:		
Depreciation expenses	2,395,478	1,917,557
Amortization expenses	88,404	70,003
Expected credit losses/Provision of allowance for doubtful accounts	240,675	293,579
Gain on disposal of financial assets at fair value through profit or loss	(1,485,872)	(223,068)
Interest expenses	5,525,647	4,285,920
Interest revenues	(12,003,109)	(10,987,708)
Dividend income	(321,880)	(443,146)
Share of loss of associates	35,980	9,636
Gain on disposal of properties and equipment	(18,089)	(18,436)
Impairment loss recognized on financial assets	63,106	39,935
Reversal of impairment losses on nonfinancial assets	(20,185)	(6,346)
(Gain)/Loss on disposal of collaterals	(43,640)	2,658
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	6,069,171	(4,081,105)
Financial assets at fair value through profit or loss	8,491,975	(23,154,778)
Financial assets at fair value through other comprehensive income	(4,009,203)	2,675,488
Investments in debt instruments at amortized cost	(10,706,007)	2,634,924
Receivables	(3,061,438)	(482,042)
Discounts and loans	(59,871,253)	(8,524,972)
Other financial assets	(522,300)	(348,257)
Due to the Central Bank and other banks	(251,163)	2,862,710
Financial liabilities at fair value through profit or loss	(906,274)	(844,862)
Securities sold under repurchase agreements	21,043,048	14,060,412
Payables	(2,393,463)	(138,654)
Deposits	18,981,025	64,868,605
Other financial liabilities	(11,714)	(9,895)
Provisions for employee benefits	154,596	(1,820)
Other liabilities	<u>1,800</u>	<u>(499)</u>
Cash generated from (used in) operations	(28,507,229)	47,932,423
Interest received	11,865,208	10,929,641
Dividends received	357,904	470,766
Interest paid	(5,465,831)	(4,180,504)
Income tax paid	<u>(152,161)</u>	<u>(125,545)</u>
Net cash generated from (used in) operating activities	<u>(21,902,109)</u>	<u>55,026,781</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	-	(1,579,977)
Payments for properties and equipment	(298,983)	(235,783)
Proceeds from disposal of properties and equipment	48	1,092
Payments for investment properties	(30,174)	(30,571)

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Increase in settlement fund	-	(1,957)
Decrease in settlement fund	448	-
Increase in refundable deposits	(456,918)	(381,659)
Payments for intangible assets	(46,425)	(52,532)
Proceeds from disposal of collaterals	63,825	3,688
Payments for right-of-use assets	(974)	-
Increase in other assets	<u>(2,050,024)</u>	<u>(1,647,545)</u>
Net cash used in investing activities	<u>(2,819,177)</u>	<u>(3,925,244)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper	810,036	-
Decrease in commercial paper	-	(192,082)
Proceeds from issue of bank debentures	2,000,000	-
Repayments of bank debentures	(1,500,000)	(2,000,000)
Proceeds from guarantee deposits received	23,990	-
Refunds of guarantee deposits received	-	(49,554)
Repayment of the principal portion of lease liabilities	(436,833)	-
Increase in other liabilities	261,228	62,668
Changes in non-controlling interests	(264,909)	(18,720)
Dividends paid	<u>(480,000)</u>	<u>(1,132,801)</u>
Net cash generated from (used in) financing activities	<u>413,512</u>	<u>(3,330,489)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(236,029)</u>	<u>354,486</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,543,803)	48,125,534
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>88,821,151</u>	<u>40,695,617</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 64,277,348</u>	<u>\$ 88,821,151</u>

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019 and 2018:

	<u>December 31</u>	
	2019	2018
Cash and cash equivalents in the consolidated balance sheets	\$ 12,382,445	\$ 14,014,731
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”	477,078	6,325,655
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>51,417,825</u>	<u>68,480,765</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 64,277,348</u>	<u>\$ 88,821,151</u>

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

Attachment

Union Bank of Taiwan
2019 Profit Distribution Table

Unit: NT\$

Item	Amount	
Beginning Undistributed Profit		1,354,422,770
Surplus after tax for the current period		3,359,457,438
Determine the remeasurement amount of the welfare plan and recognize it in the retained surplus		139,434,323
Earnings are retained by investment adjustments based on the equity method		(6,698,281)
Disposal of equity instruments at fair value through other comprehensive income		333,523,297
Provide the statutory surplus reserve for the year		(1,007,837,231)
Current surplus available for distribution		4,172,302,316
Assign items		
Special stock dividend (annual rate 4.8%)	(480,000,000)	
Common stock dividend NT\$0.8 per share (cash dividend NT\$0.1 per share, stocks dividend NT\$0.7 per share)	(2,307,564,233)	(2,787,564,233)
Undistributed profit		1,384,738,083

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 2019.
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: Jeff Lin Accounting Head: Yang Ju Chang

"Code of Integrity Management Code and Conduct Guide"
Table of Comparison Clauses Before and After Amendment

Clause after Amendment	Clause before Amendment	Remarks
Name: Integrity Management Code and <u>Conduct Guide</u>	name: Integrity Management Code	The contents of this specification include the integrity management code, integrity management operation procedures and behavior guidelines, and the revised name.
Article 3 In the course of carrying out business, our personnel shall <u>not</u> directly or indirectly provide, accept, promise or request any undue benefit, or engage in other acts that violate integrity, lawlessness or breach of fiduciary duties, <u>in order to obtain or maintain benefits (hereinafter referred to as dishonest behavior).</u> The objects of the conduct in the preceding paragraph include public officials, candidates for political participation, political parties or party officials, as well as any public or private enterprises or institutions and their directors (directors), supervisors (supervisors), managers, employees, and have substantial control Capable person or other interested person.	Article 3 Dishonest conduct in this Code means, The staff of the Bank are performing business processes, To gain or maintain benefits, Directly or indirectly provide, accept, promise or request any improper benefits, or engage in other acts that violate integrity, lawlessness or breach of fiduciary duty. The objects of the conduct in the preceding paragraph include public officials, candidates for political participation, political parties or party officials, as well as any public or private enterprises or institutions and their directors (directors), supervisors (supervisors), managers, employees, and have substantial control Capable person or other interested person.	It is forbidden to conduct dishonest behaviors of our staff.
Article 4 The benefits mentioned in this Code refer to any form or name of money, gifts, presents, commissions, positions, services, preferential treatment,	Article 4 The benefits mentioned in this Code refer to any form or name of money, gifts, presents, commissions, positions, services, preferential treatment,	Refer to the "Code for Integrity Management of Listed OTC Companies" for revision.

Clause after Amendment	Clause before Amendment	Remarks
<p>rebates, facilitation fees, hospitality, entertainment and other valuable things. <u>However, this is not the case when it is a normal social etiquette, and it is incidental without any risk of affecting certain rights and obligations.</u></p>	<p>rebates, facilitation fees, hospitality, entertainment and other valuable things.</p>	
<p><u>Article 4-1</u> <u>The Bank shall abide by the company law, securities trading law, commercial accounting law, political contribution law, corruption crime regulation, government procurement law, public officials' conflict of interest avoidance law, relevant regulations on listing on the counter or other laws and regulations related to business conduct as the implementation</u> <u>The basic premise of operating with integrity.</u></p>		<p>Refer to the "Code for Integrity Management of Listed OTC Companies" for revision.</p>
<p><u>Article 4-2</u> <u>The Bank should formulate a policy based on integrity based on a clean, transparent and responsible business philosophy, approved by the Board of Directors, and established a good corporate governance and risk control mechanism to create a sustainable development business environment.</u></p>		<p>Refer to the "Code for Integrity Management of Listed OTC Companies" for revision.</p>
<p><u>Article 5</u> <u>The Bank's directors, managers, employees, assignees and substantive controllers should do their duty to be kind managers, urge the company to prevent</u></p>	<p><u>Article 5</u> The Bank appoints a dedicated unit under the Board of Directors (hereinafter referred to as the Bank's dedicated unit) to supervise the implementation of the Bank's</p>	<p>With reference to the amendments to the “Code of Integrity Management of Listed OTC Companies”, and clearly stipulating that the “Corporate</p>

Clause after Amendment	Clause before Amendment	Remarks
<p><u>dishonesty, and review its implementation effectiveness and continuous improvement at any time to ensure the implementation of integrity management policies .</u> <u>In order to improve the management of integrity management, the "Corporate Social Responsibility Committee" under the Board of Directors and the "Corporate Governance Team" are designated as the designated unit (hereinafter referred to as the Bank's designated unit), with sufficient resources and qualified personnel to supervise the company. The implementation of the integrity management policy and prevention plan, the main duties of the following matters, and should be reported to the board of directors regularly (at least once a year):</u> <u>1. Supervise relevant units to cooperate with the legal system to help integrate integrity and moral values into the company's business strategy and formulate relevant anti-fraud measures to ensure integrity management.</u> <u>(Omitted below)</u></p>	<p>integrity management policy and prevention plan. Its main functions are to handle the following matters and should report to the Board of Directors regularly: 1. Supervise relevant units to cooperate with the legal system to help integrate integrity and moral values into the company's business strategy, and formulate relevant anti-fraud measures to ensure integrity management. (Omitted below)</p>	<p>Governance Team” under the “Corporate Social Responsibility Committee” is the Bank ’s dedicated unit for integrity management, its reporting frequency to the board of directors shall be conducted at least once a year.</p>
<p><u>Article 5-1</u> <u>The Bank shall establish an assessment mechanism for the risk of dishonesty, regularly analyze and evaluate business activities with a high risk of dishonesty in the business</u></p>		<p>Refer to the "Code of Good Faith Management for Listed OTC Companies" to update the scope of the company's plan to</p>

Clause after Amendment	Clause before Amendment	Remarks
<p><u>scope, formulate a prevention plan and regularly review the appropriateness and effectiveness of the prevention plan.</u></p> <p><u>The Bank formulates a preventive plan, which should at least cover the following measures:</u></p> <ol style="list-style-type: none"> <u>1. Bribery (giving or receiving)</u> <u>2. Provide illegal political contributions.</u> <u>3. Improper charitable donations or sponsorships.</u> <u>4. Offer or accept unreasonable gifts, hospitality, or other improper benefits.</u> <u>5. Infringement on business secrets, trademark rights, patent rights, copyrights and other intellectual property rights.</u> <u>6. Engaging in unfair competition.</u> <u>7. Products and services that directly or indirectly damage the rights, interests, health and safety of consumers or other interested parties during research and development, procurement, manufacturing, provision or sale.</u> 		<p>prevent dishonesty.</p>
<p><u>Article 5-2</u></p> <p><u>The Bank shall require directors and senior management to issue a statement of compliance with the integrity management policy, and require employees to abide by the integrity management policy in terms of employment conditions.</u></p> <p><u>The Bank and the group</u></p>		<ol style="list-style-type: none"> 1. Refer to "Integrity of Listed OTC Companies" "Code of Practice" updated. 2. The first item of the article is mainly for reference ISO 37001 item 7.2.2.2 Subparagraph c Related organizations should request senior management Management members and directors Bribery Policy

Clause after Amendment	Clause before Amendment	Remarks
<p><u>companies and organizations should express the integrity management policy in their regulations, external documents and company websites, as well as the board and senior management's commitment to actively implement the integrity management policy, and indeed implement it in internal management and business activities.</u></p> <p><u>For the first and second integrity management policies, statements, commitments and implementation, the Bank shall produce documented information and keep it properly.</u></p>		<p>statement, Article 7.2.2.1 Subparagraph a The employment conditions require the employee to comply To abide by the anti-bribery policy is to hire Use contract should include and emphasize integrity Operating terms.</p> <p>3. The third item of the provision is mainly for reference ISO 37001 regulates corporate anti-bribery Related policies and flows of the bribery management mechanism Process and implementation situation should be produced Documents and keep them properly.</p>
Delete	<p>Article 15</p> <p>The Bank should disclose its integrity management policies in internal regulations, annual reports, company websites or other publicity announcements, and timely announce it at external events such as product presentations and legal person briefings to enable its suppliers, customers or other business-related institutions and personnel Can clearly understand its integrity management philosophy and norms.</p>	<p>1. The content repeats with the updated 5-2-2, and delete this clause.</p> <p>2. The original Article Nos. 16-19 are revised to Articles 15-18.</p>
<p><u>Article 19</u></p> <p><u>The Bank shall establish an effective accounting system and internal control system for business activities with a high risk of dishonest conduct. It shall not have external</u></p>		<p>1. Refer to the "Code of Honest Operation of Listed OTC Companies" for updates.</p> <p>2. The second item mainly refers to the internal audit of the anti-bribery management system in Article 9.2 of</p>

Clause after Amendment	Clause before Amendment	Remarks
<p><u>accounts or keep secret accounts, and shall be reviewed at any time to ensure that the design and implementation of the system continue to be effective.</u> <u>The internal audit unit of the Bank shall formulate relevant audit plans based on the results of the assessment of the risk of dishonesty, including the audit object, scope, project, frequency, etc., and check the compliance with the prevention plan, and may appoint an accountant to perform the audit</u> <u>When necessary, professionals may be invited to assist.</u> <u>The results of the verification in the preceding paragraph shall be reported to the senior management and the unit responsible for integrity management, and an audit report shall be prepared and submitted to the board of directors.</u></p>		<p>ISO37001 (for example: Section 9.2.2 a audit plan includes execution frequency and method; Article 9.2.2 b defines each time The standards and scope of the audit; the audit of item 9.2.3 should be based on risk operation; the selection of the audit object in item A.16.3 of the appendix can be determined based on its risk).</p> <p>3. The third item is to ensure that the results of the audit are notified to the relevant anti-bribery management system personnel, senior management personnel, and the board of directors by referring to paragraph 9.2.2 d of ISO37001.</p>
<p>Article 20 The Bank encourages internal and external personnel to report dishonesty or misconduct, according to the severity of the circumstances of the report, and awards bonuses as appropriate. Internal staff should be subject to disciplinary sanctions for false reports or malicious accusations, and those with serious circumstances should be dismissed. The Bank establishes and announces internal</p>	<p>Article 20 The Bank encourages internal and external personnel to report dishonesty or misconduct, according to the severity of the circumstances of the report, and awards bonuses as appropriate. Internal staff should be subject to disciplinary sanctions for false reports or malicious accusations, and those with serious circumstances should be dismissed. The Bank establishes and announces internal</p>	<p>1. ISO 37001 8.9 c allows anonymous reporting, but Legal Compliance Department advised “the reporting system is to encourage insiders to report illegal, but if the anonymous reporting is allowed, it is likely to be abused by intentional persons, or become a customer complaint channel, so the relevant units may</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>independent reporting mailboxes and dedicated lines on the company's website and internal websites, or entrusts other external independent institutions to provide reporting mailboxes and dedicated lines for use by internal and external personnel of the Bank.</p> <p>Whistleblower should provide at least the following information:</p> <ol style="list-style-type: none"> 1. The name and ID number of the informant and the address, telephone number, and e-mail address of the informant. 2. The name of the accused or other sufficient information to identify the identity of the accused. 3. Specific evidence available for investigation. <p>The relevant personnel of the Bank in handling the report should report the identity of the informant and the content of the report in a confidential manner, and the Bank is committed to protecting the informant from improper disposal due to the report. And the Bank <u>accepts the whistleblower</u> unit according to the following procedures:</p> <ol style="list-style-type: none"> 1. Reporting cases involving general employees should be reported to the unit supervisor. Reporting cases involving directors or senior <u>management</u> should be reported to independent directors. 2. The <u>accepting</u> unit of the 	<p>independent reporting mailboxes and dedicated lines on the company's website and internal websites, or entrusts other external independent institutions to provide reporting mailboxes and dedicated lines for use by internal and external personnel of the Bank.</p> <p>Whistleblower should provide at least the following information:</p> <ol style="list-style-type: none"> 1. The name and ID number of the informant and the address, telephone number, and e-mail address of the informant. 2. The name of the accused or other sufficient information to identify the identity of the accused. 3. Specific evidence available for investigation. <p>The relevant personnel of the Bank in handling the report should report the identity of the informant and the content of the report in a confidential manner, and the Bank is committed to protecting the informant from improper disposal due to the report. And handled by the Bank's unit according to the following procedures:</p> <ol style="list-style-type: none"> 1. Reporting cases involving general employees should be reported to the unit supervisor. Reporting cases involving directors or senior executives should be reported to independent directors or 	<p>have to reallocate limited resources to investigate and deal with false cases, resulting in an adverse effect on the whistleblowing system.</p> <p>2. Refer to the ISO 37001 appendix A.18.8 for the organization to carry out appropriate follow-up actions after completing the investigation of the bribery incident, and increase the third paragraph 5 of this article.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>Bank and the supervisor or person reported in the preceding paragraph shall immediately ascertain the relevant facts, and if necessary, <u>the Audit Department</u> or other relevant departments shall provide assistance.</p> <p>3. If it is proved that the accused has indeed violated relevant laws or the Bank’s integrity management policies and regulations, it shall immediately request the accused to stop the relevant behavior and take appropriate measures, and if necessary, request damages through legal procedures, in order to Maintain the reputation and rights of the Bank.</p> <p>4. Whistleblower acceptance, investigation process, and investigation results should be kept in written documents and kept for five years, and their preservation can be done electronically. Before the expiration of the preservation period, when a lawsuit related to the content of the report occurs, the relevant materials shall be kept until the end of the lawsuit.</p> <p>5. Regarding the facts of the report, the relevant units should be responsible for reviewing the relevant internal control system and operating procedures and proposing improvement measures to prevent the same behavior from happening again. <u>If</u></p>	<p>supervisors.</p> <p>2. The responsible unit of the Bank and the supervisor or person reported in the preceding paragraph shall immediately ascertain the relevant facts, and if necessary, shall be assisted by regulations or other relevant departments.</p> <p>3. If it is proved that the accused has indeed violated relevant laws or the Bank ’s integrity management policies and regulations, it shall immediately request the accused to stop the relevant behavior and take appropriate measures, and if necessary, request damages through legal procedures, in order to Maintain the reputation and rights of the Bank.</p> <p>4. Whistleblower acceptance, investigation process, and investigation results should be kept in written documents and kept for five years, and their preservation can be done electronically. Before the expiration of the preservation period, when a lawsuit related to the content of the report occurs, the relevant materials shall be kept until the end of the lawsuit.</p> <p>5. Regarding the facts of the report, the related units should be responsible for reviewing the relevant internal control system and operating procedures and proposing improvement measures to</p>	

Clause after Amendment	Clause before Amendment	Remarks
<p><u>necessary, they should report to the competent authority or transfer it to the judicial authority for investigation.</u></p> <p>6. The accepting unit of the Bank shall report the circumstances of the report, its handling methods and follow-up review and improvement measures to the Board of Directors.</p>	<p>prevent the same behavior from happening again.</p> <p>6. The designated unit of the Bank shall report the circumstances of the report, its handling methods and subsequent review and improvement measures to the Board.</p>	

" The Bank's Articles of Association."
Table of Comparison Clauses Before and After Amendment

Clause after Amendment	Clause before Amendment	Remarks
<p><u>Article 3</u> <u>The bank's announcement method can be published on newsprint or newsletter, or the central competent authority has established or designated a website.</u> <u>The provisions of the preceding paragraph shall be governed by the securities authority if it has otherwise.</u></p>	<p>Article 3 The announcement method of the Bank shall be published in <u>the daily newspaper of the Bank.</u></p>	Amended in accordance with Article 28 of the Company Law.
<p>Article 4 The total rated capital of the Bank is NT \$ 45 billion, divided into 4.5 billion shares, and the nominal value of NT \$ 10 per share is divided into ordinary shares and special shares, which are issued in stages.</p>	<p>Article 4 The total rated capital of the Bank is NT \$ 45 billion, divided into 4.5 billion shares, and the nominal value of NT \$ 10 per share is divided into ordinary shares and special shares, which are issued in stages. <u>For the issued shares in the preceding paragraph, the securities centralized custody institution may request the merger and replacement of large-denomination securities.</u></p>	In order to comply with the current issue of the Bank's stocks, all of them are issued without entities, the stocks have not been printed, and there is no change of circumstances, and the second item of this article is deleted.
<p>Article 34 The bank has a general manager, upholds the resolutions of the board of directors to comprehensively manage the banking business, and has several deputy general managers, associate managers, and managers to assist the general manager in handling banking business. The appointment, dismissal and remuneration of the general manager, deputy general manager, associate manager, manager should be proposed to</p>	<p>Article 34 The Bank has a general manager, upholds the resolution of the board of directors to comprehensively manage banking business, and has several deputy general managers, <u>associate managers</u>, managers, and deputy managers to assist the general manager in handling banking business. The appointment, dismissal and remuneration of the general manager, deputy general manager, <u>associate manager</u>, manager, and deputy manager</p>	According to the provisions of Article 29 of the Company Law, the manager shall be appointed and dismissed after the resolution of the board of directors, and because the deputy manager does not have the right to represent the head office or branch outside, and is not a manager mentioned in the company law.

Clause after Amendment	Clause before Amendment	Remarks
the board of directors with the consent of more than half of all directors.	shall be proposed to the board of directors with the consent of more than half of all directors.	
<p>Article 43 This constitution was established on August 20, 1990 in the Republic of China. (Omitted below) The twenty-fourth amendment was made on May 28, 2020.</p>	<p>Article 43 This constitution was established on August 20, 1990 in the Republic of China. (Omitted below)</p>	<p>This revision date is updated.</p>