

Stock Code : 2838

# Union Bank of Taiwan

2020 General Shareholders

Procedure Manual

9 a.m., 28 May 2020

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

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# Union Bank of Taiwan

## 2020 General Shareholders Meeting Agenda

Time of Meeting: 9 a.m., 28 May 2020(Thursday)

Place of Meeting: No.16, Sec.4, Jhongshan N. Rd., Taipei City

CHIANTAN OVERSEAS YOUTH ACTIVITY CENTER

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

1. Announcement to Commence
2. Chairman Takes Stand
3. Chairman's Words
4. Reports
  - (1) 2019 Business Report
  - (2) 2019 Audit Committee Audit Report
  - (3) 2019 Report on Employee and Director Remuneration Distribution Status
  - (4) Revised the Bank's " Integrity Management Code and Conduct Guide " report.
5. Approvals
  - (1) Approval of 2019 Business Report and Financial Statements
  - (2) Approval of 2019 Profit Distribution Proposal
6. Discussions
  - (1) Proposed amendment to certain clauses of the Articles of Association of the Bank.
  - (2) Discuss the company's surplus to allocate capital to issue new share.
7. Provisional Motions
8. Adjournment

## 1. Reports

### Proposal No. 1

Subject: The 2019 Business Report is submitted for review.

Illustration: Please refer to Attachment 1 Business Report (pages 6 to 11 of this manual).

### Proposal No. 2

Subject: The 2019 Audit Committee Audit Report is submitted for review.

Illustration: Please refer to Attachment 2 Audit Committee Audit Report (page 12 of this manual).

### Proposal No. 3

Subject: The 2019 Report on Employee and Director Remuneration Distribution Status is submitted for review.

Illustration:

- (1) The Bank's 2019 net profit before tax before deduction of distribution of employee and director remuneration is NT\$4,052,582,190. In accordance with the Article of Association of the Bank, it is proposed that NT\$74,567,512 be provided as employee remuneration and NT\$3,647,324 be provided as director remuneration.
- (2) Among them, employees pay NT\$74,567,512. For stocks. According to the Financial Supervisory Committee's Order of January 30, 2016 (Golden Management Certificate No. 1050001900), The number of shares to be issued is calculated based on the closing price of the previous day of the board resolution (March 10, 2020, the closing price of the Bank's common shares is NT\$10.65), A total of 7,001,644 new shares were issued, with a denomination of NT\$10 each, and less than one share of NT\$3, paid in cash. Directors' remuneration is paid in cash. The above amounts are consistent with the annual provision.

### Proposal No. 4

Subject: Revised the Bank's "Integrity Management Code and Conduct Guide" report.

Illustration:

- (1) The Bank's original "Code of Integrity Management" originally included the Code of Integrity Management, Integrity Management Operating Procedures and Conduct Guidelines, and the revised name was "Code of Integrity Management and Guidelines of Conduct".
- (2) This revision is based on the "Code of Integrity Management of Listed OTC Companies" issued by Taiwan Stock Exchange Co., Ltd. Letter No. 10800083781 issued by Taiwan Securities Governance on 5, 23, 2019. Please refer to the attachment 5 for a comparison table of the provisions before and after the amendment (pages 38 to 44 of this manual).

## 2. Approvals

### Proposal No. 1

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

(Proposed by Board of Directors)

Illustration:

1. The 2019 financial statements of the Bank (including consolidated financial statements) have been audited by accountants Jui-Chan Huang and Cheng-Hsiu Yang of Deloitte & Touche and have, together with the business report, been approved by the audit committee and the 10<sup>th</sup> meeting of the 13<sup>th</sup> term of the board of directors of the Bank. They are submitted for approval.
2. Please refer to the above-cited documents in Attachment 1 (pages 6 to 11 of this manual) and Attachment 3 (pages 13 to 35 of this manual).

Resolution:

### Proposal No. 2

Subject: The 2019 Profit Distribution Proposal is submitted for approval. (Proposal by Board of Directors)

Illustration:

1. 2019 distributable profit of NT\$4,172,302,316. It is proposed that the distribution be made as shown in Attachment 4 (page 36 of this manual) in accordance with the articles of association of the Bank.
  - (1) Special dividends (NT\$2.4 per share, calculated at a rate of 4.8% per share) total NT\$480,000,000.
  - (2) Common stock cash dividend (NT\$0.1 per share) totaling NT\$288,445,529.
  - (3) Dividends on common stocks (NT\$0.7 per share) totaling NT\$2,019,118,704.
  - (4) Undistributed profit: NT\$1,384,738,083.
2. After the profit distribution proposal is approved by the general shareholders meeting, the board of managing directors is authorized to determine the record date for dividend distribution and to handle cash distribution related matters.
3. In accordance with the regulation of the Ministry of Finance Tai-Cao-Shui No. 871941343 date 30 April 1998, in distributing profit, individual identification should be adopted. The 2019 profit should be distributed in priority in this profit distribution.
4. If the total number of outstanding shares is subsequently changed due to buy-back of the Bank's shares or the transfer, exchange or cancellation of treasury shares or any other event, resulting in the change of dividend distribution ratio, the shareholders meeting should authorize the board of directors to carry out the change.

Resolution:

### 3. Discussions

#### Proposal No. 1

Subject: Proposed amendment to certain clauses of the Articles of Association of the Bank .  
(Proposed by Board of Directors)

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 the attachment \* for the comparison table before and after the revision of the company's articles of association (pages 45 of this manual)

Resolution:

#### Proposal No. 2

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

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 201,911,870 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. The shareholders shall make up the odd lots by themselves, and within 5 days from the base date of the allotment, make an application to the company's stock agency for processing into the whole share. Chairman of the company is authorized to appoint a specific person to purchase remaining odd lots based on the denomination.

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:

#### **4、 Provisional Motions.**

#### **Adjournment**

# 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.

### 3. 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

## **Attachment 3**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Union Bank of Taiwan

#### **Opinion**

We have audited the accompanying financial statements of Union Bank of Taiwan (the Bank), which comprise the balance sheets as of December 31, 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  
*l.*

# UNION BANK OF TAIWAN

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

ASSETS	2019		2018	
	Amount	%	Amount	%
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>	-
<b>TOTAL</b>	<b><u>\$ 686,379,046</u></b>	<b><u>100</u></b>	<b><u>\$ 639,006,928</u></b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
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>
<b>TOTAL</b>	<b><u>\$ 686,379,046</u></b>	<b><u>100</u></b>	<b><u>\$ 639,006,928</u></b>	<b>100</b>

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

# UNION BANK OF TAIWAN

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

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
<b>NET INTEREST</b>					
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>
<b>NET REVENUES OTHER THAN INTEREST</b>					
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>
<b>TOTAL NET REVENUES</b>	<u>11,660,356</u>	<u>100</u>	<u>10,571,712</u>	<u>100</u>	<u>10</u>
<b>PROVISIONS</b>					
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>
<b>OPERATING EXPENSES</b>					
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 Increase (Decrease) %
	Amount	%	Amount	%	
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>
<b>OTHER COMPREHENSIVE INCOME</b>					
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>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 6,859,589</u>	<u>59</u>	<u>\$ 2,544,240</u>	<u>24</u>	<u>170</u>
<b>EARNINGS PER SHARE (NEW TAIWAN DOLLARS)</b>					
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	<u>\$ 28,844,553</u>	<u>\$ 2,000,000</u>	<u>\$ 30,844,553</u>	<u>\$ 8,035,484</u>	<u>\$ 6,875,793</u>	<u>\$ 627,440</u>	<u>\$ 5,180,139</u>	<u>\$ 12,683,372</u>	<u>\$ -</u>	<u>\$ (604,632)</u>	<u>\$ 5,289,524</u>	<u>\$ 4,684,892</u>	<u>\$ 56,248,301</u>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	1,800	(499)
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	(104,519)	(86,202)
Net cash generated from (used in) operating activities	<u>(22,695,257)</u>	<u>53,184,361</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)

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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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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)

ASSETS	2019		2018	
	Amount	%	Amount	%
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>
<b>LIABILITIES AND EQUITY</b>				
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	<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>	<u>-</u>
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	%	
<b>NET INTEREST</b>					
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)
<b>NET REVENUES OTHER THAN INTEREST</b>					
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
<b>TOTAL NET REVENUES</b>	<u>13,866,182</u>	<u>100</u>	<u>12,732,321</u>	<u>100</u>	9
<b>PROVISIONS</b>					
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)
<b>OPERATING EXPENSES</b>					
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		Percentag e 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>(1,723)</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>(2,189)</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. (Concluded)

## 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					Non-controlling Interests	Total 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		
	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)	-	-	-	-	-	-	(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)	-	-	-	-	-	-	(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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	1,800	(499)
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	(152,161)	(125,545)
Net cash generated from (used in) operating activities	<u>(21,902,109)</u>	<u>55,026,781</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(236,029)</u>	<u>354,486</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(24,543,803)	48,125,534
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>88,821,151</u>	<u>40,695,617</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
	<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)

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Reconciliation of the cash and cash equivalents reported in the consolidated statements of cash flows with those reported in the consolidated balance sheets as of December 31, 2019 and 2018:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
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 4

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

## Attachment 5

### "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 <del>Dishonest conduct in this Code means,</del> The staff of the Bank are performing business processes, <del>To gain or maintain benefits,</del> 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, rebates, facilitation fees, hospitality, entertainment and other valuable things.	Article 4 The benefits mentioned in this Code refer to any form or name of money, gifts, presents, commissions, positions, services, preferential treatment, rebates, facilitation fees, hospitality, entertainment and other valuable things.	Refer to the "Code for Integrity Management of Listed OTC Companies" for revision.

Clause after Amendment	Clause before Amendment	Remarks
<p><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><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> The basic premise of operating with integrity.</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 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</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 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</p>	<p>With reference to the amendments to the “Code of Integrity Management of Listed OTC Companies”, and clearly stipulating that the “Corporate 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>



Clause after Amendment	Clause before Amendment	Remarks
<p><u>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></p> <p><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></p> <p><u>(Omitted below)</u></p>	<p>integrity management. (Omitted below)</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 scope, formulate a prevention plan and regularly review the appropriateness and effectiveness of the prevention plan.</u> <u>The Bank formulates a preventive plan, which should at least cover the following measures:</u></p> <ol style="list-style-type: none"> <li><u>1. Bribery (giving or receiving)</u></li> <li><u>2. Provide illegal political contributions.</u></li> <li><u>3. Improper charitable donations or sponsorships.</u></li> <li><u>4. Offer or accept unreasonable gifts, hospitality, or other improper benefits.</u></li> <li><u>5. Infringement on business secrets, trademark rights, patent rights, copyrights and other intellectual property rights.</u></li> <li><u>6. Engaging in unfair competition.</u></li> </ol>		<p>Refer to the "Code of Good Faith Management for Listed OTC Companies" to update the scope of the company's plan to prevent dishonesty.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p><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>		
<p><u>Article 5-2</u>  <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>  <u>The Bank and the group 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>  <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>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 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.  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  The Bank should disclose its integrity management policies in internal regulations, annual reports, company websites or other publicity announcements, and timely</p>	<p>1. The content repeats with the updated 5-2-2, and delete this clause.  2. The original Article Nos. 16-19 are revised to Articles 15-18.</p>

Clause after Amendment	Clause before Amendment	Remarks
	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><u>Article 19</u>  <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 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 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>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 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</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</p>	<p>1. ISO 37001 8.9 c allows anonymous reporting, but Legal Compliance Department advised “the reporting system is to</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>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 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. Whistleblower should provide at least the following information:</p> <ol style="list-style-type: none"> <li>1. The name and ID number of the informant and the address, telephone number, and e-mail address of the informant.</li> <li>2. The name of the accused or other sufficient information to identify the identity of the accused.</li> <li>3. Specific evidence available for investigation.</li> </ol> <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 unit</u> according to the following procedures:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The <u>accepting</u> unit of the Bank and the supervisor or person reported in the preceding</li> </ol>	<p>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 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. Whistleblower should provide at least the following information:</p> <ol style="list-style-type: none"> <li>1. The name and ID number of the informant and the address, telephone number, and e-mail address of the informant.</li> <li>2. The name of the accused or other sufficient information to identify the identity of the accused.</li> <li>3. Specific evidence available for investigation.</li> </ol> <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"> <li>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 <del>or supervisors.</del></li> </ol>	<p>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 have to reallocate limited resources to investigate and deal with false cases, resulting in an adverse effect on the whistleblowing system.</p> <ol style="list-style-type: none"> <li>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.</li> </ol>

Clause after Amendment	Clause before Amendment	Remarks
<p>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 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>2. The <del>responsible</del> 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 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>	

## Attachment 6

### " 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. 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>	<p>Amended in accordance with Article 28 of the Company Law.</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.</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>	<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>
<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 the board of directors with the consent of more than half of all directors.</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 shall be proposed to the board of directors with the consent of more than half of all directors.</p>	<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.</p>
<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>

## Appendix 1

### Union Bank of Taiwan Shareholders Meeting Procedure Rules

Approved by founders meeting on 10 December 1991

Amendment approved by shareholders meeting on 20 April 1998

Amendment approved by shareholders meeting on 23 April 2010

Amendment approved by shareholders meeting on 22 June 2012

Amendment approved by shareholders meeting on 26 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences.

The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

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

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

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

When the government or legal person is a shareholder, the representative who attends the shareholders' meeting is not limited to one person. When a legal person is entrusted to attend the shareholders' meeting, only one person may be appointed to attend.

7. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the



chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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

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

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

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

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

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

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

10. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with

statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
12. Voting at a shareholders meeting shall be calculated based the number of shares. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Bank, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
13. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares. When this Bank holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original

proposals of that meeting.

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Bank, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in this Bank's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

14. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Bank, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
15. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. This Bank may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the

deliberations and their results, and shall be retained for the duration of the existence of this Bank.

16. On the day of a shareholders meeting, this Bank shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.  
If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Bank shall upload the content of such resolution to the MOPS within the prescribed time period.
17. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.  
The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."  
At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Bank, the chair may prevent the shareholder from so doing.  
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
18. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.  
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.
19. These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

## **Union Bank of Taiwan Articles of Association**

### **Chapter 1 General**

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

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

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

### **Chapter 2 Shares**

Article 4. The Bank's total capital is NT\$45 Billion, divided into 4500,000,000 shares, at NT\$10 per share. The shares are divided into ordinary shares and Preferred shares and are issued through several issuances. For shares already issued under the previous paragraph, the securities custodian organization may ask for merger and exchange for securities of large face value.

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

Article 5-1 The rights & obligations of Preferred share and other important issuance conditions of the Bank shall be as follows:

1. If there is a surplus in the Bank's annual statement, in addition to paying income tax in accordance with the law, after making up the annual losses of previous years, setting the statutory surplus reserve and setting or recovering the Preferred surplus reserve in accordance with the provisions of Article 39 of the Articles of Association, the balance shall be hereto given priority to the allocation of dividends on Preferred shares in the current year.
2. The upper limit of dividends on Preferred shares shall be up to 8% of the annual rate, which can be calculated according to the issue price per share; the dividends may be paid in one lump sum in cash each year; after the financial report has been accepted by the board of directors at the annual regular meeting of stockholders, the dividends payable over the previous year will be paid at the base date as set out by the board of directors. The dividends of issuance year and recovery year can be calculated according to the actual number of days of issuance in the current year.
3. The Bank shall distribute the dividends on Preferred shares at its discretion. If the dividends are distributed due to the absence of surplus or non-surplus in the Bank's annual final accounts, or if the distribution of dividends on Preferred shares will result in the Bank's capital adequacy ratio below the minimum requirements as stipulated in the Decree or by

the Competent Authority, or based on any other necessary considerations, the Bank must make resolutions on non-distribution of dividends on Preferred shares; the Preferred shareholders shall not raise objection to such resolutions; the non-distributed or distributed under-dividends shall not be accumulated in deferred payment from the surplus in subsequent years.

4. Apart from receiving the dividends as stated in Paragraph 2 of this Item, the Preferred shareholders shall not participate in the distribution of surplus and capital reserve in cash and appropriation of capital on ordinary shares.
5. The order of distributing the Bank's residual properties to the Preferred shareholders takes precedence over the ordinary shareholders, and is the same as the order of compensating the shareholders holding the Preferred shares issued by the Bank, whichever is next to the order of compensating the general creditors, but limited to the issue amount.
6. The Preferred shareholders have no voting rights and rights of election, but have the right to vote at the Preferred Shareholders meeting or the Shareholders meeting involved in the rights and obligations of Preferred shareholders.
7. The Preferred share shall not be converted into the ordinary share. Also, the Preferred shareholders shall not request the Bank to recover the rights of Preferred shares held by such Preferred shareholders.
8. The Preferred shares refer to the undated shares which may be recovered by the Bank in whole or in part as per the original actual issuing price at any time from the next day after the expiry of five-year term of issuance. The non-recovered Preferred shares will still have rights and obligations as set out in the issuance conditions of this Article. In the same year in which the Preferred shares are recovered, if a resolution on payment of dividends is made at the Shareholder meeting of the Bank, as of the recovery date, the dividends will be paid, which can be calculated according to the actual number of days issuance in the same year.  
The board of directors shall be authorized to determine the name, issuing date and specific issuance conditions of Preferred share in respect of the capital market conditions and the subscription willingness of investors in accordance with the provisions of Articles of Association of the Bank and other relevant laws & regulations.

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

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

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

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

Companies.

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

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

### **Chapter 3 Business**

Article 10. The Bank operates the following business:

H101021 Commercial banking business.、 H601011 Personal insurance agent、 H601021 Property insurance agent

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

### **Chapter 4 Shareholders Meeting**

Article 11. The Bank's shareholder meetings are divided into general meetings and Preferred meetings. General meetings are held once every year within 6 months from the end of the accounting year. Preferred meetings are held in accordance with the law as required. To convene a general shareholders meeting, a notice shall be given to each shareholder 30 days in advance. To convene a Preferred shareholders meeting, a notice shall be given to each shareholder 15 days in advance. For shareholders holding less than 1,000 shares, the above notices may be given by public announcements. The notice and public announcement shall specify the reason for convening the meeting. With the consent of the recipient, the notice may be given electronically. When necessary, the Preferred Shareholders meeting shall be held in accordance with the provisions of relevant laws & regulations.

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

Article 13. The chairman shall chair shareholder meetings. If the chairman cannot attend the meeting for any reason, the chairman shall designate one managing director to chair the meeting. If the chairman does not make such designation, the managing directors shall appoint one person from among themselves. If the meeting is convened by any other person entitled to convene the meeting other than the board of directors, such person entitled to convene the meeting shall chair the meeting. If the meeting is convened by two or more persons entitled to convene the meeting, one person shall be elected to chair the meeting.

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

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

- (1) Establishment and amendment of these articles of association of the Bank.
- (2) Resolution about capital increase or decrease.
- (3) Election of directors.
- (4) Audit and approval of the statements prepared by the board of directors and audit report by the audit committee. To audit the statements and report, the shareholders meeting may select auditors.
- (5) Resolution to distribute profit, dividend and bonus.
- (6) Other resolutions in accordance with the Company Act.

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

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

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

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

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

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

## **Chapter 5 Board of Directors**

Article 18. The Bank has 9 to 15 directors, who constitute the board of directors.

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

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



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

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

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

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

There shall be at least one independent director among the managing directors. At least  $\frac{1}{5}$  of the managing directors shall be independent directors.

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

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

- (1) Review and determination of main charters.
- (2) Review and determination of important business and the planning thereof.
- (3) Determination of capital increase or decrease.
- (4) Decision to set up, cancel or change any department of the Bank.
- (5) Review and determination important contracts.
- (6) Establishment of budget and closing.
- (7) Decision about real property transactions.
- (8) Preparation of profit distribution proposal.
- (9) Review and determination of hiring and dismissal of managers and main staff.
- (10) Matters to be determined as instructed by the chairman.
- (11) Other duties granted by law or shareholders meeting.

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

To convene a board meeting, notice shall be sent to all directors in writing, by email or by fax. If the chairman cannot attend the meeting due to any reason, the chairman shall designate one managing director. If no

designation is made, the managing directors shall elect one person from among themselves to perform the chairman's duty.

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

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

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

If the director's spouse, second-in-kin and other blood relatives, or a company that has a controlled affiliation with the director, is interested in the matter of the meeting, the director is deemed to be interested in such matter.

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

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

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

Article 28. During recess of the board of directors, the managing directors shall perform the duties of the board of directors regularly through meetings based on the division of responsibilities in accordance with the law, these articles of association, shareholder resolutions and director resolutions (except for matters involving significant interest to the Bank).

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

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

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

Article 32. The Bank has an audit department that reports to the board of directors

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

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

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

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

### **Chapter 6 Managers**

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

Article 35. If the president cannot perform his duties due to any reason, the chairman shall designate one person from among the vice presidents to perform his duties.

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

### **Chapter 7 Accounting**

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

(1) Business report.

(2) Financial statements.

(3) Profit distribution or loss compensation proposal.

Article 38. If the Bank has profit at year-end closing, the board of directors shall, in consideration of the operating performance of the current year, provide employee remuneration and director remuneration in the following manner:

(1) Employee remuneration: Between 1-5% of the profit; if employee

remuneration is paid in stock, the beneficiaries may include employees of subsidiaries that meet certain conditions. The board of directors is authorized to determine such conditions.

(2) Director Remuneration: No more than 0.1% of the profit.

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

However, if the Bank has accumulated losses, provision shall first be made to compensate the losses before employee remuneration and director remuneration are provided based on the ratios under the previous paragraph.

Article 39. If the Bank has profit at year-end closing, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated. Then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law or as required for business. The remaining amount, together with the accumulated undistributed profit from the previous year, shall be subject to a profit distribution proposal to be prepared by the board of directors and submitted to the shareholders meeting for resolution of the distribution of shareholder dividend and bonus.

When distributing the foregoing surplus, statutory surplus reserve and capital reserve by issuing new shares, a special resolution shall be submitted to the shareholders' meeting; in the case of cash distribution, the board of directors shall be authorized to be distributed by more than two-thirds of the directors and more than half of the directors shall attend the resolution. And report to the shareholders meeting.

The dividend and shareholder bonus under the first paragraph shall be distributed in cash or in stock, as determined by the board of directors based on the financial status at the time, future profitability status and capital budget planning of the Bank. In principle, if the ratio between the Bank's own capital and risky asset after distribution will be lower than the ratio stipulated by the competent authority by 1%, stock dividend may be issued in priority; before the level reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of total capital.

Article 39-1. At the end of each second half of the fiscal year, the bank may prepare surplus distribution or loss reserves for the first half of the fiscal year. The proposal, together with the business report and financial statements, should be submitted to the audit committee for review and should be submitted to the board of directors for resolution. When distributing surplus, in addition to estimating and retaining taxable income, making up for losses according to law and providing statutory surplus reserves, employees' compensation should also be estimated and retained.

If the distribution of surplus in the preceding paragraph is based on the issuance of new shares, a special resolution shall be submitted to the general meeting of shareholders. The issue of cash shall be approved by

the board of directors.

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

### **Chapter 8 Miscellaneous**

Article 41. The organizational charter, levels of responsibility and other charters of each department of the Bank shall be established by the board of directors.

Article 42. Any matter that is not stipulated in these articles of association shall be handled in accordance with the Banking Act, the Company Act and applicable laws.

Article 43. These articles of association were established on 20 August 1990. The first amendment was made on 24 April 1993. The second amendment was made on 12 April 1995. The third amendment was made on 23 April 1996. The fourth amendment was made on 18 April 1997. The fifth amendment was made on 20 April 1998. The sixth amendment was made on 3 May 1999. The seventh amendment was made on 10 May 2000. The eighth amendment was made on 19 April 2001. The ninth amendment was made on 17 June 2002. The tenth amendment was made on 27 May 2003. The eleventh amendment was made on 11 June 2004. The twelfth amendment was made on 9 June 2006. The thirteenth amendment was made on 15 June 2007. The fourteenth amendment was made on 13 June 2008. The fifteenth amendment was made on 19 June 2009. The sixteenth amendment was made on 23 April 2010. The seventeenth amendment was made on 9 June 2011. The eighteenth amendment was made on 22 June 2012. The nineteenth amendment was made on 6 June 2014. The twentieth amendment was made on 26 June 2015. The twenty-first amendment was made on 8 June 2016. The twenty-second amendment was made on 20 June 2017. The twenty-third amendment was made on May 31, 2019.

## Appendix3

### **“Ethical Corporate Management Best Practice Principles of Union Bank of Taiwan, Ltd.”**

Approved in the 18th Meeting of  
the 8th Board on Mar. 18, 2015

#### Article 1

The Bank engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where the Bank and its business groups and organizations operate, with a view to providing all personnel of the Bank with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of the Bank, any incorporated foundation in which the Bank's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Bank.

#### Article 2

For the purposes of these Procedures and Guidelines, the term "personnel of the Bank" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of the Bank or its group enterprises and organizations. Any provision, promise, request, or acceptance of improper benefits by any personnel of the Bank through a third party will be presumed to be an act by the personnel of the Bank.

#### Article 3

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Bank, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

#### Article 4

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

#### Article 5

The Bank shall designate the a specific unit under the command of Board as the

solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:

1. Overseeing concerned units' compliance with the laws and regulations, assisting indoctrination of honest and ethical values in our Company's operation strategies, and implementing preventive measures to make certain of honest practice.
2. Overseeing concerned units' efforts in providing solutions to prevent dishonest acts, and stipulating standard operation procedure and behavior guidelines concerning the tasks within the scope of the said solutions.
3. Overseeing concerned units to implement counterbalancing measures specifically for higher risks of dishonest acts within their respective scope of business.
4. Overseeing efforts and performance of the education of honest practice policy.
5. Overseeing concerned units to stipulate reporting system as guarantee for effective implementation.
6. Assisting the board and the management to inspect and review the effectiveness of preventive measures established for honest practice policy, and routinely issue report the compliance observed in the review.

#### Article 6

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Bank shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of the Bank.

#### Article 7

Except under any of the circumstances set forth in the preceding article, when any

personnel of the Bank are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Bank's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Bank's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Bank's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Bank's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Bank shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.

#### Article 8

The Bank shall neither provide nor promise any facilitating payment.

If any personnel of the Bank provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

#### Article 9

To make certain of the Bank's financial stability and CSR compliance, the Bank shall comply with the "Internal Accounting Audit Responsibility Allocation Table" when offering political donation, charity donation, or sponsorship

#### Article 10

When a Company director, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Bank would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and



voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of the Bank discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Bank may use company resources on commercial activities other than those of the Bank, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Bank.

#### Article 11

The Bank shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Bank's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of the Bank shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Bank of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Bank unrelated to their individual duties.

#### Article 12

The Bank shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### Article 13

The Bank shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of the Bank to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

The Bank shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that the Bank's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Bank shall recall those products or suspend the services, verify the facts and present a review and improvement plan. The responsible unit of the Bank shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

#### Article 14

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading. Any organization or person outside of the Bank that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Bank shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Bank acquired as a result, and that they may not use such information without the prior consent of the Bank.

#### Article 15

The Bank shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

#### Article 16

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Bank shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Bank carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

#### Article 17

Any personnel of the Bank, when engaging in commercial activities, shall make a statement to the trading counterparty about the Bank's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept,

directly or indirectly, any improper benefit in whatever form or name.

#### Article 18

All personnel of the Bank shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Bank's ethical management policy.

#### Article 19

Before entering into a contract with another party, the Bank shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Bank part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party as damages, and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

#### Article 20

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Bank will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. The Bank shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports.

A whistleblower shall at least furnish the following information:

1. the whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.
2. the informed party's name or other information sufficient to distinguish its identifying features.
3. specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. the Bank also undertakes to protect the whistleblowers from improper treatment due to

their whistle-blowing.

The responsible unit of the Bank shall observe the following procedure:

1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
2. The responsible unit of the Bank and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Bank's policy and regulations of ethical management, the Bank shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Bank will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, the Bank shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The responsible unit of the Bank shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

#### Article 21

If any personnel of the Bank discovers that another party has engaged in unethical conduct towards the Bank, and such unethical conduct involves alleged illegality, the Bank shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Bank shall additionally notify the governmental anti-corruption agency.

#### Article 22

The responsible unit of the Bank shall organize awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries. The Bank shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Bank seriously violates ethical conduct, the Bank shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Bank.

The Bank shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

#### Article 23

These Procedures and Guidelines, and any amendments hereto, shall be

implemented after adoption by resolution of the board of directors, and shall be delivered to Audit Committee and reported to the shareholders meeting. When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

## **Appendix 4**

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

The Bank has not announced its financial forecast for 2020, so it is unable to estimate profit or loss, earnings per share or fiduciary information.

## Appendix 5

### Shareholding Status of All Directors of the Company

1. In accordance with Article 26 of the Securities Exchange Act and the number of directors and supervisors of the public offering company and the implementation of the rules:

The total shareholding of all non-independent directors of the Company shall not be less than 74,026,927 shares of the Company's issued shares.

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

Title	Name	Number of shares held			Share held ratio
		Special shares	Ordinary shares	total shares	
Chairman	Li Siang Chang	-	1,487,767	1,487,767	0.04%
Managing Director (Independent Director)	Wang Gao Jing	-	-	-	0.00%
Managing Director	Chuan Cheng Investment Co., Ltd. (represented by: Jiang Cheng Hisung)	4,245,959	137,795,166	142,041,125	4.60%
Director	Union Enterprise Construction Co., Ltd. (representative : Jeff Lin)	-	100,182,018	100,182,018	3.24%
Director	Yo Bang Co., Ltd. (represented by: Cao Su Fong)	-	41,850,041	41,850,041	1.35%
Director	Bai Sheng Investment Co., Ltd. (represented by: Lin Si Yong)	8,167,281	146,558,731	154,726,012	5.01%
Independent Director	Lu Ren Fa	-	-	-	0.00%
Independent Director	Li Guo Chang	-	-	-	0.00%
No. of Shares Held by All Non-Independent Directors		12,413,240	427,873,723	440,286,963	14.27%

Note: The date of the current general shareholders meeting is 28 May 2020 (share transfer suspension period is from 30 March 2020 to 28 May 2020)

Capital stock 3,084,455,292 shares(Ordinary shares: 2,884,455,292 shares, special shares: 200,000,000 shares)

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