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Observation Post System  
(<https://mops.twse.com.tw>) and on the Bank's Website  
(<https://www.ubot.com.tw>).

The English version of annual report is a brief  
translation and is not part of official  
document of the shareholder's meeting.  
The Chinese version shall prevail if there is  
any difference between these two.

# 2023 Annual Report



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**Please refer to page 216 ~219**

**III. Stock Registration Office**

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Tel: (02) 2768-6668

**IV. Credit Ratings Institution**

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Homepage: <http://www.taiwanratings.com.tw>

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**V. CPA for Financial Statement Auditing**

Name: Mr. Kuan-Hao Lee / Mr. Jiun-Hung Shih

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**VI. Offshore marketable securities exchange company and transaction information: None**

**VII. Homepage: <http://www.ubot.com.tw>**



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### 1. Results of Operation for 2023

#### (1) Foreign & Domestic Financial Environment

Although the outbreak of COVID-19 in 2023 became an influenza pandemic, and the international border control restrictions were gradually lifted, overseas markets were once again active. However, problems such as the Ukraine-Russian War, the Sino-US tech war, the failure of the Silicon Valley Bank, the Credit Suisse crisis, and the default of China's real estate, as a result, there are many uncertainties in the overall financial market and the overseas implied exposure of Taiwan's banking industry, and the world continues to face inflationary pressures, which prompted the U.S. Fed to continue the interest rate hikes for 2022, and increase interest rates by a total of 1 percent again in 2023. Taiwan's central bank responded by raising interest rates by 0.125 percent. However, the Bank benefited from the positive side of the interest rate hikes. The continuous return of Taiwanese businessmen and the government's continuous promotion of various policies to encourage industrial development have boosted investment and various deposit businesses. Overall, in 2023, the Bank maintain the growth momentum.

#### (2) Changes in Bank Organization

The number of domestic branches reached 90 in 2023. The Hanoi Representative Office was established in April 2020. After that, there are three overseas representative offices of Union Bank of Taiwan.

#### (3) Business Plan, Results of Operations and Budget Execution Status

Through the concerted effort of all employees, we made excellent performance in all key performance indicators (KPIs) in 2023. With regard to profitability, the Bank reported an after-tax net income of NT\$ 4.317 billion for the year ended Dec. 31, 2023, earnings per share (EPS) was NT\$ 1.02, return on assets (ROA) was 0.49%, and return on equity (ROE) was 7.01%. In terms of asset quality, the Bank was able to maintain sound asset quality, reporting an NPL ratio of 0.27% and bad debt coverage ratio of 439.98%.

Over the years, we have been promoting different types of business upon an operational strategy featuring steady growth and local cultivation. On December 14, 2023, Taiwan Ratings Corporation awarded our Bank its long- and short-term credit ratings and outlook ratings remain at "twA+", "twA-1" and "stable". According to the rating report of Taiwan Ratings Corporation, we have a prudent capital policy and appropriate risk controls, which will enable us to maintain a stable credit structure over the next one to two years. Taiwan Ratings Corporation expects that we can maintain a similar standard in market position, asset quality, capital sources and liquidity structure.

#### (4) Revenue/Expenditure and Profitability

In 2023, the net interest income was NT\$8.460 billion, the non-interest income was NT\$6.867 billion, and the net revenue was NT\$15.327 billion. After deducting net bad

## **Letter to Shareholders**

debt expenses totaling NT\$606 million and operating expenses totaling NT\$9.554 billion, the net income before and after tax was NT\$5.166 billion and NT\$4.317 billion respectively.

### **2. Credit Rating**

Rating Agency	Date of Rating	Rating Results		Outlook
Taiwan Ratings Corporation	December 14, 2023	Long-Term: twA+	Short-Term: twA-1	Stable

### **3. 2024 Business Plan**

#### **(1) Operating plan and important operating policy**

Actively expand the scale of various businesses with innovative and competitive services. In terms of business objectives, the Group adheres to the spirit of localized service to establish long-term relationship with customers and create win-win value:

##### **1. Deposit business**

- A. Continue to evaluate the establishment of new offsite ATMs and strengthen the setup of ATM locations outside the convenience stores to expand service locations, improve the Bank's visibility and expand the deposit business; also, evaluate the abolition of offsite ATMs with poor performance.
- B. Continue to expand deposit solicitation with merchants that our bank does business with; open deposits and exchange accounts with convenience store franchisees; launch various deposit programs to attract stable capital.

##### **2. Corporate banking business**

- A. Actively expand industrial and commercial loans, give priority to factory loans (MIT) and self-paying loans, and use the big data marketing project to explore potential customers.
- B. For loans granted under Article 72-2 of the Banking Act, or loans with real property as collateral and enhanced creditor's rights applying higher risk weights, the conditions shall be assessed on a case-by-case basis with reference to profitability and contribution.
- C. Moderately increase the processing fee income for complex transactions, high operating costs, or bridge loan cases.
- D. In response to the growth of the corporate banking business, accelerate the training of corporate banking salesperson, continue to optimize the evaluation standards and items, and formulate incentive measures to motivate the salesperson and enhance the growth momentum.
- E. Foreign exchange business
  - a. In line with the annual contract renewal of MIT customers, the "Foreign Exchange Business Development Team" accompanies the branch staffs to visit customers, and provides assistance in import and export related services to fully cooperate with branch business development.
  - b. The Bank will introduce preferential deposit projects in foreign

## Letter to Shareholders

- currencies from time to time based on market interest rates and capital needs to expand deposit services.
- c. Continue to optimize the foreign exchange related information system and add new functions to enhance the competitiveness of the Bank in the market.
- F. Bill & Bond Financing Business
- a. Guarantee business: Actively develop large-scale enterprises rated Grade 1-5 based on Taiwan Corporate Credit Risk Index (TCRI), and prioritize granting self-liquidating credits (e.g. customer instruments), credits with quality stocks or bank deposits recognized by the Bank as collateral, and continuously track the financial and operational status of credit customers.
  - b. Bill & bond business: In terms of investment business, actively cultivate financial transaction talents, select high-quality investment targets, and implement relevant risk control disciplines to increase overall revenue, and continue to enlarge the customer base, diversify sources of funds, and reduce liquidity risk, so as to increase revenue and maintain our market position.
3. Consumer banking
- A. To strengthen and improve the capital structure and effectively use the funds, the Company will increase the loan interest rate and loan case commissioning fee, reduce the undrawn credit limit, and increase the mortgage life insurance penetration rate to increase the yield rate based on price and volume.
  - B. Continue to focus preferred customers in further depth, keep abreast of the trend of customer need and keep existing customers.
  - C. To launch online mortgage business and actively market online mortgages to improve the efficiency and service quality of existing customers increasing loans for investment and financing funds.
  - D. Continue to expand the online loan optimization function, improve digital channel loan service, 24-hour online loan service, plan to develop unsecured loan revolving line, iPass overdraft loan, and online mortgage increase, in order to achieve the promotion of online channel.
  - E. To stabilize the business of loans for purchase of automobiles, and strengthen the promotion of original loans of automobiles to increase the operating profit.
  - F. The Bank will send out messages to customers whose loans are about to expire, and help back office employees to deal more with loan renewals or car purchases.
  - G. In response to the transfer of loans offered to small enterprises, wealth management AO are added through evaluation, with personnel of the Bank jointly appointed by the Human Resources Department with oversight from the Corporate Loan Department. In addition, loans have been offered to small



## **Letter to Shareholders**

enterprises amid the efforts to increase business and care for the enterprises in the vicinity of the branches.

H. Maintain credit check and assess the source of repayment to ensure credit quality; implement post-lending management to control overdue loans, and actively recover bad debts to increase the earnings after allocation.

### 4. Credit card business

A. Concentrate on customer management to enhance customer loyalty and conduct precision marketing to increase the Bank's market share in card members.

B. Strengthen digital platform services to provide a comprehensive online experience.

C. Grasp the consumption pulse, flexibly adjust the channel promotion strategies, and actively increase the amount spent and the activation rate.

D. Develop diversified payment and grabbing the acquiring business of large chain and online contracted stores.

E. Adjust the customer management strategy in response to the new BASEL III standard, and control the RWA (risk assets) by suspending the non-active customers and applying credit limit to the customers.

### 5. Wealth management, insurance agencies, and trusts

A. Planning to establish a wealth management business management system to improve management efficiency; reduce the error rate of manual settlement, and facilitate transaction monitoring and wealth management human resource management.

B. Assess the risks derived from the wealth management in accordance with the orientations of transactions, operations, legal compliance and customer relationship, and establish a rating system for wealth management to strengthen the assessment and monitoring of wealth management risks.

C. Continue to optimize the trading operating platform by adding commodity trading functions such as online banking APP, mobile transaction management, U-talk telephone ordering.

D. Strengthen personnel training, upgrade professionalism, and deepen customer base based on the asset allocation concept, which may be wealth management banks that are the main customers.

E. Add conservative structured products and expand product diversity to meet customers' all-round wealth management needs and increase wealth management AUM effects.

F. In response to the trend of super-aged and childless demographics, the demand for insurance for the economic life and medical care of the elderly is increasing. The Bank will continue to promote long-term and high-protection life insurance, medical insurance and other products to help customers plan

## **Letter to Shareholders**

- for retirement and preparation for asset inheritance.
- G. In line with the government's policy, continue to promote the key services of Trust 2.0 and actively cultivate trust talents.
6. Digital banking service
- A. Personal e-banking services were optimized by adding large-scale foreign exchange settlement, online settlement for inward foreign exchange remittances, and foreign currency non-preset transfer to improve the convenience of customers' foreign exchange transactions.
- B. Enhance corporate e-banking services and enrich foreign exchange service functions, including foreign exchange settlement service for large-scale foreign exchange and online delivery negotiated exchange rate service, in order to provide a better platform for corporate cash flow services.
- C. Strengthen risk management and fraud prevention measures to reduce the possibility of fraud incidents and improve overall security.
- D. Aim to enhance the market share of New New Bank's digital banking services and the synergy of sales across all sales.
- E. Use digital banking to enhance the benefits of integrated services, and realize the close connection between online and offline cash flow services through cooperation with non-traditional financial service locations such as convenience stores, LINE Pay, and campus payments, thereby enhancing customers' convenience, create a more comprehensive and efficient financial ecosystem, enhance customer experience, and improve overall service innovation and competitiveness.
- F. Fortifying the use of community and various information platforms in marketing.
- G. Integration and application of new digital financial services, and the introduction of smart customer service into the customer service system to reduce the cost of dedicated service and improve service efficiency and quality.
7. Securities
- A. Balanced development of securities and futures businesses; upgraded trading systems to provide a more effective, stable and secure trading environment.
- B. Assist in the sale of re-consigned wealth management products, diversify products, and increase earnings; regularly hold investment seminars to explore new customer sources.
- C. Strengthen risk control; implement education and training for new employees.
8. Others
- A. The strategies adopted by the Bank in response to climate change are as

## Letter to Shareholders

follows:

- a. Toward net zero: Manage the Bank's daily business activities, respond to energy conservation and carbon reduction, and gradually move towards the goal of net zero carbon emissions.
  - b. Supporting low-carbon economic activities: Developing and deploying potential business opportunities and related financial benefits brought about by climate change, assisting customers in their low-carbon transformation, supporting the development of low-carbon technologies, and promoting climate finance products and services.
  - B. Strengthen relationship with existing customers, enhance cross-selling, and increase customer loyalty for synergies.
  - C. Work hard to improve the profitability of the Bank's assets, reinforce risk management, and maintain asset quality.
- (2) Channel development
1. Apart from 90 business locations in Taiwan, we will continue to proactively expand overseas presence and operation basis to provide customers with international financial services.
  2. The Bank has expanded our ATM service network to offer customers more convenient services and through which we hope to enhance our corporate image and reputation. As of 2023, the Bank has installed a total 608 ATMs to service our clients.
- (3) The Bank's 2024 business goals

1.

Business	Business Goals of 2024
Deposits	NT\$ 804.10 billion by year end
Loans(excluding credit cards)	NT\$ 576.66 billion by year end
Foreign exchange turnover	US\$ 7.454 billion

2. Improvement in business performance targets: In complying the BASEL rules, UBOT maintains its capital adequacy level to meet the standards of the competent authority in the ratios of different categories of capital, the stable sources of capital and high quality liquidable assets to meet the net stable fund ratio (NSFR) and the liquidity coverage ratio (LCR).



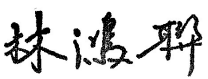

## Letter to Shareholders

### 4. External Factors and Future Development Strategies

Looking ahead to 2023, although inflation has not yet been fully resolved, the inflation pressure is expected to be moderate compared to 2023, and the overall environment is expected to cut interest rates in 2024. However, interest rates are still at a relatively high level. A positive view is still held for the banking industry. The increase in consumption momentum and the government's continuous promotion of various policies to encourage investment and industrial development in Taiwan are expected to drive deposit business to banks, which will boost investment and lending and increase interest rate spreads of the banking industry. Nevertheless, we shall still put emphasis on the risks posed by the overall international political and economic situation, domestic and overseas investment environment, customer solvency, and other factors in the future.

We are very grateful to you for your long-term patronage and strong support in the past. We will endeavor to present a marvelous feat of performance under the Bank's operating mottoes of "Enthusiasm, Soundness, Efficiency and Innovation" through improving the quality of service and strengthening customer-bank relationships. Your continued support and encouragement in the future would be much appreciated.

Yours sincerely,

董事長    
Chairman Jeff Lin (Hong-Lien Lin)

總經理    
President Wei-Wen Hsu

# **BANK PROFILE**

## **1. Date of Establishment and History**

Union Bank of Taiwan was the third private bank approved for establishment by the government in the awakening of banking liberalization and globalization. Based on a common interest in sustainable development and a business philosophy featuring “enthusiasm,” “reliability,” efficiency” and “innovation,” founders of this Bank set up the preparatory office of the Bank on March 29, 1989, leading to the official operations starting on January 21, 1992. On September 19, 1995, this Bank was listed on what is today’s Taipei Exchange and then on Taiwan Stock Exchange on June 29, 1998, becoming a publicly offered company recognized and identified by the public.

In order to achieve the goal of internationalization, the Bank has set up its Ho Chi Minh City Representative Office and Hanoi Representative Office in February 25, 1998 and April 21, 2020. As a result, the Bank has more branches and can provide a greater variety of convenient services for our customers.

To expand business channels and the scale of operations, we acquired Chung Shing Bank collectively on March 19, 2005 and completed merging it with Union Bills Finance Co., Ltd. On August 16, 2000.

To integrate overall resources, strengthen management, and demonstrate operating synergy, we merged with Union Insurance Broker Co., Ltd. on August 26, 2015 with BOD resolution and obtained the FSC’s approval on March 21, 2016. The merger was completed on August 1, 2016, in which Union Bank of Taiwan served as the surviving bank, which continue to provide service for the insured customers of the Union Insurance Broker.

By the end of March 2024, we have 90 domestic business locations, including 49 in Greater Taipei, 18 in Taoyuan and Hsinchu, 9 in Taichung and Changhua, 6 in Chiayi and Tainan, and 8 in Kaohsiung and Pingtung; 9 securities branches; and one overseas banking branch.

## **2. Merger, Acquisition, Reinvestment in Affiliated Enterprises and Corporate Restructure During 2023 and Current Year Up to the Printing Date of the Annual Report :**

No mergers, acquisitions, or restructuring occurred during 2023 and the current year up to the publication date of the annual report. The number of new investment affiliated enterprises is 3, Bei Chen Yi Hau Electric Power Inc., Hao Tian Electric Power Inc. and Feng Tai Electric Power Inc.

## **3. Is the Bank a Member Firm of a Specific Financial Holding Company?**

The Bank is a commercial bank limited by shares, but not a member of a financial holding company.

## **4. Significant Transfers or Changes in Shareholding of Directors, Supervisors and Parties Required to Declare Ownership of Shares Under Paragraph 3, Article 25 of the Banking Act.**

Refer to “Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Others Required to Report Equity in accordance with Paragraph 3, Article 25 of the Banking Act” of the “Corporate Governance Report”.

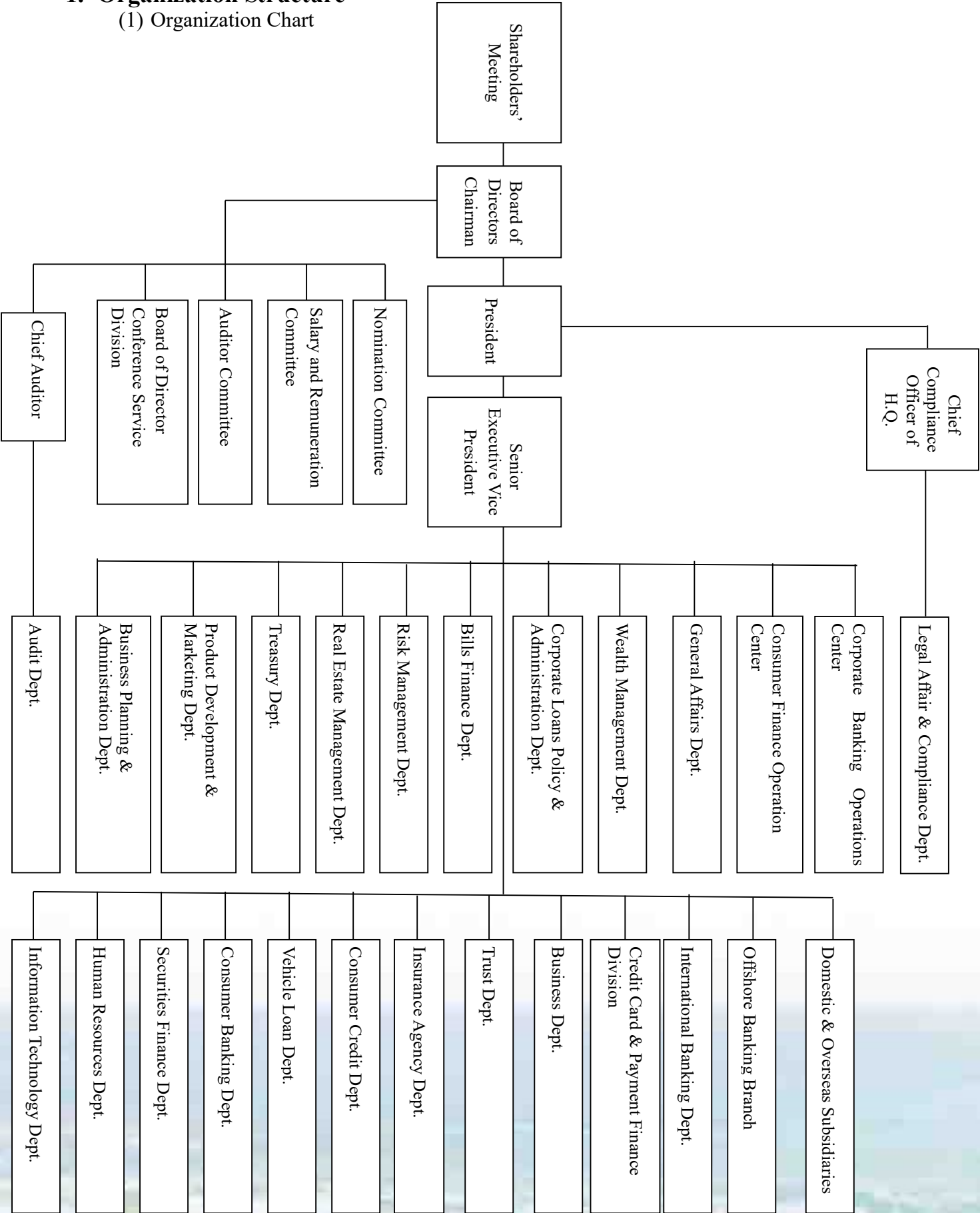
## **5. Changes in Management Rights, Management Mode or Other Significant Business Changes During 2023 and Current Year Up to the Printing Date of the Annual Report: None.**

## **6. Other matters of material significance that could affect shareholders' equity and how such matters will affect the Bank: None**

# Corporate Governance

## 1. Organization Structure

(1) Organization Chart





## Corporate Governance

(2) Responsibilities of each department:

Audit Department:

Responsible for performing internal audit, planning and reviewing internal controls systems.

Business Planning & Administration Department:

Responsible for the Bank's organizational system, execution of budgets, risk management and deposit-taking and remittance businesses.

Product Development & Marketing Department:

Responsible for the planning and promotion of e-Commerce businesses.

Treasury Department:

Responsible for the Bank's fund appropriation and assets and liabilities management.

Real Estate Management Department:

Responsible for the appraisal of real estate collaterals and management of collateral received for loans.

Risk Management Department:

Responsible for managing the Bank's credit risks, market risks and operational risks.

Bills Finance Department:

Responsible for planning pursuing and managing the bills and bonds business.

Legal Affairs & Compliance Department:

Responsible for compliance affairs, processing of legal actions for the Bank, research of and advice on legal issues. Matters such as planning, supervision and compliance of anti-money laundering and countering the financing of terrorism.

Corporate Loan Policy & Administration Department:

Responsible for the promotion and management of corporate banking businesses.

Wealth Management Department:

Responsible for the promotion of wealth management businesses and administration of wealth management personnel.

General Affairs Department:

Response for the procurement of supplies, management of the bank's properties and acting as the bank's treasurer.

Consumer Finance Operation Center:

Responsible for file creation, disbursement, repayment of principal and interest, change and overdue accounts, file management and more of the consumer finance credit business.

Corporate Banking Operations Center:

Responsible for file creation, loan disbursement, principal and interest repayment, amendments to and overdue account transactions, file management, verification documents and creation of certificate of the obligatory claim and so on matters of the

## Corporate Governance

corporate credit operations.

### Information Technology Department:

Responsible for the design, execution and maintenance of the Bank's computer system.

### Human Resources Department:

Responsible for planning human resources.

### Securities Finance Department:

Responsible for entrusted trading, underwriting and purchase of marketable securities.

### Consumer Banking Department:

Responsible for the promotion and management of consumer banking businesses.

### Vehicle Loan Department:

Responsible for planning, promoting and managing the vehicle loan business.

### Consumer Credit Department:

Responsible for the promotion and management of consumer credit businesses.

### Credit Card & Payment Finance Division:

Responsible for the development of affairs related to credit cards and merchants, and processing of micro loans.

### Trust Department:

Responsible for trust business, custodian banking and certification services.

### International Banking Department:

Responsible for foreign exchange businesses and establishing and managing the overseas branches.

### Insurance Agency Department:

Responsible for the promotion and management of insurance agency banking businesses.

### Business Department:

Responsible for operating matters such as deposits, loans, exchange, agency, wealth management, safe deposit boxes and other businesses.

# Corporate Governance

## 2. Information on Directors, Supervisors, and Executive Officers

### (1) Directors and Supervisors A. General Information

Shares Holding Recordation Date: March 31, 2024  
Unit: Shares ; %:

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Chairman	Union Investment Co., Ltd. Representative: Jeff Lin (Hong- Lien Lin) /M/T	60-69	2021.07.20	3 Yrs	1991.12.10	1,000,000/ 10,000,000	0.03%/ 0.30%	5,902,240/ 10,000,000	0.14%/ 0.25%	8,016,323	0.20%	-	-	Master' s Degree, National Taiwan University; President of UBOT	Supervisor of Union Recreation Enterprise Co., Ltd.; Shareholder of Yuyu Holdings Co., Ltd; Director of Lin Rong San Co. Ltd; Shareholder of Union Investment Co., Ltd; Supervisor of Yuyu Holdings Co., Ltd; Supervisor of Lianhe Investment Co., Ltd.; Supervisor of Union Holding Co., Ltd.; Director of Jianchang Asset Co., Ltd. Supervisor of Union Construction Enterprise Co., Ltd.	None	None	None
Independent Managing Director	Guo-Zhang Li /M/T	90-99	2021.07.20	3 Yrs	2015.06.26	-	-	-	-	-	-	-	-	National Taiwan University, Chairman of Union Bills Finance Corp.	None	None	None	

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Independent Director	Tzung Hang Lee /M/T	60-69	2021.07.20	3 Yrs	2021.07.20	.	.	.	.	.	.	.	.	PhD of Michigan University, Members of the Board of Examiners; Visiting Scholar of University of Manchester; Professor and College Dean of Tamkang University		None	None	None
Independent Director	Lin-Yu Fan/F/T	60-69	2021.07.20	3 Yrs	2021.07.20	.	.	.	.	.	.	.	.	City University of Seattle; VP of, Fuh Hwa Securities Investment Trust Co., Ltd; Jian Fuh Hwa Securities Investment Trust Co., Ltd; Director of Union Insurance Co., Ltd.		None	None	None
Managing Director	Chen-Chern Investment Co., Representative: Zhen-Xong Jiang /M/T	80-89	2021.07.20	3 Yrs	1991.12.10	147,440,827/ 4,245,959	4.47%/ 0.12%	179,147,027/ 4,245,959	4.50%/ 0.10%	2,353,879	0.05%	.	.	National Defense Medical School; Commissioner of International Rot Club; Managing Director of Union Optronics Corp.; Supervisor of Union Bills Finance Corporation		None	None	None



## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Director	Union Investment Co., Ltd. Representative: Wen-Ming Li /M/T	60-69	2021.07.20	3 Yrs	2021.07.20	1,000,000/ 10,000,000	0.03%/ 0.30%	5,902,240/ 10,000,000	0.14%/ 0.25%	217,197	-	-	-	Chung Yuan Christian University; Managing Director of Cosmos Foreign Exchange Intl. Co., Ltd.	Supervisor of Union Dyeing and Finishing Co., Ltd.; Managing Director of Cosmos Foreign Exchange Intl. Co., Ltd.; Chairman of One Two Three Life Technology Co., Ltd.; Director of Yuyu International Investment Co., Ltd.; Director of Union Investment Co., Ltd.; Director of Lung Shan Lin Construction Co., Ltd.; JPMorgan-Union Assets Management Co., Ltd.; Chairman of Yuyu Holding Co., Ltd.; Supervisor of Lin Rong San Co., Ltd; Chairman of Union Holding Co., Ltd.; Chairman of Lianhe Investment Co., Ltd.; Supervisor of Jianyuan Investment Co., Ltd.; Supervisor of Tiansheng Investment Co., Ltd.; Supervisor of Kunzhe Investment Co., Ltd.; Supervisor of Jincheng Assets Co., Ltd.; Chairman of Haotian Investment Co., Ltd. Supervisor of Xinghao Investment Co., Ltd.;	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
														Supervisor of Ji Hao Investment Co., Ltd.; Supervisor of Jiachuang Investment Co., Ltd.; Supervisor of Yuan Ping Investment Co., Ltd.; Supervisor of Yuan Gao Investment Co., Ltd. Supervisor of Bo II Co., Ltd.; Supervisor of Du Shin Co., Ltd.; Director of Union Optronics Corp; Supervisor of Union Securities Investment Trust Co., Ltd.; Chairman of Tsong Li Investment Co., Ltd.; Chairman of Chuang Sheng Investment Co., Ltd.; Chairman of Hi-Life International Co., Ltd.; Partner of No. 4721 branch of Hi-Life International Co., Ltd.				

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Director	Yu-Pang Co., Ltd. Representative: Pa-San Wu /M/T	60-69	2023.05.04	1 Yr	2023.05.04	44,779,543	1.35%	54,409,095	1.36%	15,300	-	-	-	Master's Degree, National Taiwan University; President of Top Information Technologies Co., Ltd.; Chairman of Union Venture Capital Co., Ltd.; Chairman of Union Information Technology Corp.	Chairman of Union Information Technology Corp.; Chairman of Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.; Supervisor of Hope Vision Co., Ltd.; Chairman of Union Energy Co., Ltd.; Chairman of Na He Yi Hau Electric Power Inc.; Chairman of Ting Jie Electric Power Inc.; Chairman of Union Venture Capital Co., Ltd.; Chairman of Ting Syu Energy Co., Ltd.; Chairman of Xinrong Energy Technology Co., Ltd.	None	None	None
Director	Herman Tu/M/T	70-79	2021.07.20	3 Yrs	2021.07.20	322,522	-	421,816	0.01%	-	-	-	-	Chinese Culture University; SEVP of Union Bank of Taiwan; Director of Union Securities Investment Trust Co., Ltd.; Supervisor of Union Finance & Leasing (Int'l) Corp.	Chairman of Union Securities Investment Trust Co., Ltd.; Chairman of Union Private Equity Co., Ltd.	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Director	Pai-Sheng Investment Co., Ltd. Representative: Si-Yong Lin /M/T	60-69	2021.07.20	3 Yrs	1991.12.10	156,817,842/ 8,167,281	4.76%/ 0.24%	190,540,508/ 8,167,281	4.78%/ 0.20%	2,511,834	0.06%	-	-	National Taiwan Normal University Director of Hong-Bung Construction Enterprise Co., Ltd.	Chairman of Union Dyeing and Finishing Co., Ltd.; Chairman of Yeh-Shan Construction Co., Ltd.; Chairman of GreenIsland Hotel Co., Ltd.; Chairman of Jen-Yo Investment Co. Ltd.; Chairman of Sun-Che Investment Co., Ltd.; Supervisor of RSL Enterprise Co., Ltd.; Director of Hi-Life International Co., Ltd.; Supervisor of Lung Shan Lin Realstate Mgmt Corp.; Director of Hong-Bung Construction Enterprise Co., Ltd.; Director & Manager of Hong-Bung Construction Enterprise Co., Ltd.; Chairman of Hong Yu Construction Enterprise Co., Ltd.; Supervisor of Heng Chang Investment Co., Ltd.; Chairman of Kang Hong Investment Co., Ltd ; Supervisor of Xinkang Investment; Supervisor of Biokang Investment Co., Ltd. Supervisor Bao Yu Investment Co., Ltd.; Supervisor of Dawei Investment Co., Ltd.; Supervisor of Song-Mai Investment Co., Ltd;	None	None	None



## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
														Chairman of Kuo-Sheng investment Co., Ltd ; Chairman of Hong Bai Investment Co., Ltd ; Chairman of Hong Ju Investment Co., Ltd; Chairman of Pai-Sheng Investment Co., Ltd.; Chairman of Ju-Bao Investment Co., Ltd. Chairman of Rong San Lin Enterprise Co., Director of Union Realestate Mgn t. Corp.; Chairman of Banglon Construction Co., Ltd.; Chairman of Yuan Ping Investment Co., Ltd. Director of Union Optronics Corp.				

### B. Major Institutional Shareholders

March 31, 2024

Name of Shareholder	Major Shareholders of Institutional Shareholder
Yu-Pang Co., Ltd.	Lin Rong San Co., Ltd. (100%)
Union Investment Co., Ltd.	Jeff Lin (66.66%), Tien-Li Lin-Chao (24%)
Chen-Chern Investment Co., Ltd.	Lian-he Investment Co., Ltd. (100%)
Pai-Sheng Investment Co., Ltd.	Lian-he Investment Co., Ltd. (100%)

## Corporate Governance

### C. Major Shareholders of Institutional Shareholders

March 31, 2024

Name of Institution	Major Shareholders of Institutional
Lin Rong San Co., Ltd.	Union Bank of Taiwan Co., Ltd. (shareholding ratio of 16.66%), Yuyu Holdings Co., Ltd. (shareholding ratio of 16.66%), Hande International Investment Co., Ltd. (shareholding ratio of 16.66%), Hongbang International Investment Co., Ltd. (shareholding ratio of 16.66%), Yaoxin Investment Co., Ltd. (shareholding ratio of 16.66%), and Rong San Lin Investment Co., Ltd. (shareholding ratio of 16.66%)
Lianhe Investment Co., Ltd.	Hong-Lien Lin (shareholding ratio of 90%) and Tien-Li Lin-Chao (shareholding ratio of 10%)

### D. Professional qualifications and independence analysis of directors and supervisors

Requirement Name	Professional designation and experience	Status of independence	Number of companies where the Independent Director holds concurrent position as Independent Director
Jeff Lin	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Director, Vice President, President of Union Bank of Taiwan. UBOT has obtained the written declaration of the Directors that nothing in connection with	1. Not an employee of the Bank or its affiliates. 2. Not a spouse or relative within the second degree of kinship of any other director. 3. Other concurrent positions with other	0

## Corporate Governance

	Article 30 of the Company Act is application to the Bank.	companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.	
Zhen-Xong Jiang	Specialized in operation judgment and corporate management. Major experience includes Director-General of Rotary District 3482, Executive Director of UBOT, Supervisor of UBOT Bills Finance Corporation, and Executive Director of Union Optronics Corp. UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.	1. Not an employee of the Bank or its affiliates. 2. Not a spouse or relative within the second degree of kinship of any other director.	0
Guo-Chang Lee	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Vice President of Taiwan Business Bank, President, Chairman of UBOT Bills Finance, Director-General of Bills Finance Association, Independent Director of UBOT. UBOT has obtained the written declaration of the Directors that nothing in connection with	UBOT has obtained the written declaration of the Directors, None of the following circumstances in connection with the direct and indirect conflict of interest with the Banks as stated in “Regulations Governing the Appointment of Independent Directors and	0

## Corporate Governance

	Article 30 of the Company Act is application to the Bank.	Compliance Matters for Public Companies” is assured: 1. An employee, director, or supervisor of the Bank and its affiliates who is a director or the director’s spouse, relative within the second degree of kinship or direct blood relative within the third degree of kinship, or a natural person shareholder who holds 1% or more of the total number of issued shares of the Bank, or ranks among the top ten in shareholdings. 2. A director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Bank, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Bank under Paragraph 1 or 2, Article 27 of the Company Act. 3. If a majority of the	
Tzung-Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the Examination Board at Examination Yuan, visiting scholar at Manchester University in the UK, professor of mechanical and electrical engineering at Tamkang University. UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.		0
Lin-Yu Fan	Seasoned veteran in banking industry and knowledgeable of the industry and international market. Major experience includes Vice President of Fuhwa Securities, Executioner Chairperson of Fuhwa Securities Investment Trust, Resident Director at Union Insurance Company, President of Union Securities Investment Trust. UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.		0



## Corporate Governance

		<p>Bank's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.</p> <p>4. If the chairman, president, or person holding an equivalent position of the Bank and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>5. A director (or governor), supervisor, managerial officers, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Bank.</p> <p>6. A professional individual who, or an owner, partner, director (or governor), supervisor,</p>	
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## Corporate Governance

		or managerial officer's spouse of a professional, sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.	
Pa-San Wu	Responsible for file creation, loan disbursement, principal and interest repayment, amendments to and overdue account transactions, file management, verification documents and creation of certificate of the obligatory claim and so on matters of the corporate credit operations.	<ol style="list-style-type: none"> <li>1. Not an employee of the Bank or its affiliates.</li> <li>2. Not a spouse or relative within the second degree of kinship of any other director.</li> <li>3. Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their</li> </ol>	0

## Corporate Governance

		function at UBOT or defiance of the internal control of respective companies of concurrent positions.	
Si-Yong Lin	<p>Specialized in leadership and administrative management.</p> <p>Major experience includes Director of Hon Bun Construction Enterprise Co., Ltd., Director of UBOT, and Director of Union Optronics Corp.</p> <p>UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>1. Not an employee of the Bank or its affiliates.</p> <p>2. Not a spouse or relative within the second degree of kinship of any other director.</p> <p>3. Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.</p>	0
Wen-Ming Li	<p>Specialized in leadership and administrative management.</p> <p>Major experience includes professional staff at Formosa Chemicals &amp; Fiber Corporation, senior professional staff at Union Construction Enterprise Co., Ltd., Executive Director of Cosmos International Money Brokers Limited Direct pf Cosmos foreign exchange international Co. ltd</p>	<p>1. Not an employee of the Bank or its affiliates.</p> <p>2. Not a spouse or relative within the second degree of kinship of any other director.</p> <p>3. Other concurrent positions with other companies are exhibited</p>	0

## Corporate Governance

	<p>The Bank has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.</p>	
Herman Tu	<p>Seasoned veteran in banking industry and knowledgeable of the industry and international market. Major experience includes Vice President, Senior Vice President of UBOT, Director of Union Securities Investment Trust, Supervisor of Union International Leasing Co., Ltd. UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>1. Not an employee of the Bank or its affiliates. 2. Not a spouse or relative within the second degree of kinship of any other director. 3. Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.</p>	0



## Corporate Governance

### Diversity and Independence of the directors and supervisors

Name	Nationality	Gender	Professional designation and experience						
			Diversified core program						
			Operation judgement	Corporate management	Finance and accounting	Industry and academic knowledge	International view of market	Leadership and decision-making	Risk management
Jeff Lin	Republic of China	Male	√	√	√	√	√	√	√
Zhen-Xong Jiang	Republic of China	Male	√	√		√	√	√	
Guo-Chang Lee	Republic of China	Male	√	√	√	√	√	√	√
Tzung-Hang Lee	Republic of China	Male	√			√	√	√	
Lin-Yu Fan	Republic of China	Female	√	√		√	√	√	√
Pa-San Wu	Republic of China	Male	√	√		√	√	√	√
Si-Yong Lin	Republic of China	Male	√	√	√	√	√	√	
Wen-Ming Li	Republic of China	Male	√	√		√	√	√	
Herman Tu	Republic of China	Male	√	√	√	√	√	√	√

#### (1) Diversity of the directors and supervisors

The substantive policy objective of diversity at UBOT and the attainment:

The members of the Board shall be disciplined with different professional knowledge and skills, or in both genders at different ages:

The Board shall be capable of the following for achieving the ideal goal of corporate governance: operation judgement, corporate management, finance and accounting, industry and academic knowledge, international view of market, leadership and decision-making, and risk management. At least 3 Directors of the Board have developed any of the above capabilities and skills. Individual members of the Board has developed at least 4 of the above 7 capabilities and skills. The professional designation of the members of the Board is specified to the above table. This indicated the accomplishment of the objective of diversity in professional knowledge.

In addition, UBOT also values the equality of gender of the Board. There are 1 seats of Directors who are females, which accounted for 11.1% of the total seats and is higher than the industry standard of companies listed at TWSE and TPEx in terms of the proportion of female Directors. The objective of diversity of gender has been achieved.

For the age distribution among the members of Board, 6 are at the age of 60-69 (66.7%), 1 is at the age of 70-79(11.1%), 1 is at the age of 80-89 (11.1%), 1 is at the age of 90-99 (11.1%). The objective of diversity in age distribution has been achieved.

## Corporate Governance

- (2) Independence of the Board: Independent Directors occupied 3 seats of the Directors at the ratio of 33.3%. One Independent Director has more than 3 years of seniority and 2 have just assumed office in July 2021.  
For fortifying the independence of the Board, UBOT limited the tenure of Independent Directors of no more than 3 terms of office from the 11th Board of Directors onward.
- (3) Diversity, complementation and pursuit: The policy of diversity will be subject to revision in line with the operation of the Board, the mode of operation, and development need, including but not limiting to the standard of the 2 aspects of fundamental requirement and value, professional knowledge and skills for assuring the members of the Board are disciplined with the kinds of knowledge, skills and accomplishment necessary for performing their duties.

### E. Director and Supervisors' Training Records

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements <sup>Note</sup>
		From	To				
Chairman	Jeff Lin	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes
Chairman	Jeff Lin	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes
Independent Managing Director	Guo-Chang Lee	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes
Independent Managing Director	Guo-Chang Lee	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes
Managing Director	Zhen-Xong Jiang	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes

## Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements <sup>Note</sup>
		From	To				
Managing Director	Zhen-Xong Jiang	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes
Independent Director	Tzung-Hang Lee	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance.	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes
Independent Director	Tzung-Hang Lee	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes
Independent Director	Lin-Yu Fan	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance.	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes
Independent Director	Lin-Yu Fan	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes
Director	Si-Yong Lin	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes

## Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements <sup>Note</sup>
		From	To				
Director	Si-Yong Lin	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes
Director	Wen-Ming Li	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance.	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes
Director	Wen-Ming Li	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes
Director	Herman Tu	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes
Director	Herman Tu	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes
Director	Pa-San Wu	2023.06.05	2023.06.05	Taiwan Academy of Banking and Finance	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3	Yes

## Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements <sup>Note</sup>
		From	To				
Director	Pa-San Wu	2023.06.20	2023.06.20	Taiwan Academy of Banking and Finance	Lecture on Corporate Governance (Regulations Governing the Transaction of Equity by Insiders and Risk Analysis)	3	Yes
Director	Pa-San Wu	2023.06.21	2023.06.21	Taiwan Academy of Banking and Finance	2023 Green Finance Leadership Roundtable - Promoting Net Zero and Sustainable Finance Entering the Deepwater Zone	3	Yes
Director	Pa-San Wu	2023.07.13	2023.07.13	Taiwan Stock Exchange	"Action Plan for the Sustainable Development of TWSE/TPEX Listed Companies" Seminar (Taipei Session)	3	Yes
Director	Pa-San Wu	2023.11.20	2023.11.20	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3	Yes

## Corporate Governance

### (2) President, SEVP, Chief Auditor, EVP and Managers of Departments/Branches

Recordation Date: March 31, 2024  
Unit: Shares ; %

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
President	Wei-Wen Hsu /M/T	2021.09.09	46,562	0	0	0	0	0	Master's Degree, N National Chengchi University, SEVP of UBOT	Supervisor of Taiwan Futures Exchange; Director of iPASS Corporation.	None	None	None
SEVP	Chu-Chang Yang (Yanger Yang)/M/T	2021.08.01	114,597/ 28,930	0	0	0	0	0	Master's Degree, Tunghai University; EVP. of UBOT	Director of iPASS Corporation; Supervisor of Union Energy Co., Ltd; Director of Union Venture Capital Co., Ltd.; Direct of Blue Borders Medical and Health Management Consulting Co., Ltd;; Director of Union Finance & Leasing (Int'l) Corporation; Director of Union Securities Investment Trust Co., Ltd.	None	None	None
SEVP	Jeng-Ping Liu/M/T	2021.09.01	114,619	0	0	0	0	0	Doctor' s Degree of Tunghai University; EVP of UBOT	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
SEVP	Grace Lee/F/T	2020.10.12	8,970	0	0	0	0	0	National Taiwan University; Chairman of Financial Ombudsman Institution,	Director of iPASS Corporation; Director of Hsing Yuan Investment Co., Ltd.	None	None	None
SEVP & Chief Information Security Officer	Denfer Hung/M/T	2020.10.05	103,268/ 106,000	0	0	0	0	0	Tunghai University; EVP of UBOT	Director of Union Information Technology Co., Ltd.	None	None	None
Chief Auditor	Tammy Chang/F/T	2021.09.23	0	0	0	0	0	0	Chung Yuan Christian University; Auditor of FSC; VP of Line Bank	None	None	None	None
Chief Compliance Officer and VP & GM of Legal Affair and Compliance Dept.	Yu-Man Chao /F/T	2022.05.16	38,234/ 2,000	0	0	0	0	0	Fu Jen Catholic University Deputy Manager of the Legal Compliance Department and Chief of the Legal Compliance Section of the UBOT	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
Chief Corporate Governance Officer	Hung-Ming Chien (Peter Chien)/M/T	2006.06.26	267,447/ 20,000	0	0	0	0	0	0	Panchiao Senior High School; VP & Branch Manager of Hsinchung Branch	Director of Union Finance & Leasing (Int'l) Corporation	None	None	None
EVP	Liang- Kuei Kuo /M/T	2024.03.20	20,742	0	0	0	0	0	0	Master of National Yunlin University of Science and Technology; Manager of J.P.Morgan Asset Management; GM of Chiayi Branch	None	None	None	None
GM of Business Planning & Admin. Dept.	Jane Lu /F/T	2021.09.01	114,068	0	0	0	0	0	0	Master' s Degree, University of Illinois; VP & Branch Manager of Taipei Branch	Supervisor of Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.; Director of iPASS Corporation; Director of Union Venture Capital Co., Ltd.; Director of Xinrong Energy Technology Co., Ltd.; Director of Union Finance & Leasing (Int'l) Corporation; Direct of Lan An Co., Ltd..	None	None	None
EVP & GM of Consumer Credit Dept.	Pi-Chiu Tang (Joy Tang)/F/T	2004.03.22	130,944	0	0	0	0	0	0	Master's Degree, Memphis State University; VP & Deputy GM of Consumer Banking Dept.	None	None	None	None
EVP & GM of Consumer Banking Dept.		2021.08.01												



## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & GM of Trust Dept.	Wendy Chi/F/T	2019.04.01	146,167	0	0	0	0	0	Master's Degree, University of Texas; VP & Branch Manager of Jenai Branch	None	None	None	None
VP & GM of Wealth Management Dept.	Yi-Chun Kao (June Kao)/F/T	2024.03.20	47,778/ 20,000	0	0	0	0	0	National Cheng Chi University; VP & GM of Product Development & Marketing Dept.	None	None	None	None
VP & GM of Securities Finance Dept.	Yun-Han Liu /M/T	2022.05.16	0	0	0	0	0	0	College of Continuing Education Affiliated to St. John' s University Branch Manager of the securities broker of Daye Branch	None	None	None	None
VP & GM of Bills Finance Dept.	Ming-Teng Wu/M/T	2020.03.16	151,065/ 2,000	0	0	0	0	0	National Chengchi University; VP & Deputy GM of Union Bills Finance Corp.	None	None	None	None
VP & GM of Treasury Dept.	Wen-Chih Cheng/M/T	2016.03.16	73,723	0	0	0	0	0	Feng Jia University; AVP & Division Head of Treasury Dept.	Director of Union Finance & Leasing (Int'l) Corp.	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation	
EVP & GM of Corporate Loans Policy & Admin. Dept.	Chueh-Ling Liu/F/T	2014.04.01	94,796/ 10,000	0	0	0	0	0	0	Master's degree, George Washington University Deputy GM of Corporate Loans Policy & Admin Dept.	Director of Union Securities Investment Trust Co., Ltd.	None	None	None
VP & GM of Vehicle Loans Dept.	Shum-Chen Tu/M/T	2017.07.01	31,890	0	0/ 4,000	0	0	0	0	National Chung Hsing University; AVP & Division of Vehicle Loans Dept.	None	None	None	None
VP & GM of Product Development & Marketing Dept.	Chi-Hung Chen (Joseph Chen)/M/T	2024.03.20	53,476	0	12,559/ 8,000	0	0	0	0	Chinese Culture University; VP & Deputy General Manager of Product Development & Marketing Dept.	None	None	None	None
VP & GM of Information Technology Dept.	Feng-Jung Yang (Luke Yang)/M/T	2006.07.01	191,360	0	0	0	0	0	0	Master's Degree, National Taiwan University; Deputy GM of IT Dept. of UBOT	Director of Union Information Technology Co., Ltd.; Director of Director of iPASS Corporation;	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation	
EVP & GM of Human Resources Dept.	Hsiao-Chen Lin (Michael Lin)/M/T	1999.12.01	78,547/ 20,000	0	0	0	0	0	0	National Chung Hsing University; VP & Deputy GM of Human Resources Dept. of UBOT	None	None	None	None
VP & GM of General Affairs Dept.	Yu-Chang Chang (Russell YC Chang)/M/T	2003.10.01	246,666	0	0	0	0	0	0	Taiwan Institute of Technology; VP & Deputy GM of General Affairs Dept. Of UBOT	None	None	None	None
VP & GM of Consumer Finance Operation Center	Shu-Feng Hsueh /F/T	2005.09.06	63,858/ 10,000	0	3,075	0	0	0	0	National Cheng Chi University; AVP of Hsintien Branch	None	None	None	None
VP & GM of North Region of Corporate Banking Operations Center	Fang-Ni Wang /F/T	2023.06.26	61,361	0	0	0	0	0	0	Master's Degree National Central University; VP & Branch Manager of Taipei Branch	None	None	None	None
VP & GM of International Banking Department	Hung-Zu Chang/M/T	2022.05.16	46,867	0	28,762	0	0	0	0	Tamkang University Deputy Manager of the Department of Treasury and Chief of the Marketing Section of the Union Bank of Taiwan	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & GM of Branch of OBU and Rep. of Hong Kong Rept. Office	Mei-Chih Lu (Lisa Lu)/F/T	2010.09.01	114,355/ 8,000	0	0	0	0	0	0	MBA University of Birmingham, UK; AVP of OBU and representative of Hong Kong Representative Office & Ho Chi Minh Representative Office (FRM)	None	None	None	None
Rep. of Ho Chi Minh Rept. Office	Le Thi Viet Hoa/F/VN	2020.10.01	0	0	0	0	0	0	Banking University of Ho Chi Minh City; CFO of Cathy United Bank Chu Lai Branch	None	None	None	None	
Rep. of Hanoi Rept. Office		2021.07.01												
VP & GM of Credit Card & Payment Finance Division	Ling-Jung Hsiung/F/T	2016.06.15	53,171	0	0	0	0	0	Master's degree of New Jersey Institute of Technology; SVP of Citibank	Director of I Pass Corporation; Supervisor of Union Information Technology Corp.	None	None	None	None
VP & GM of Risk Management Department	Huei-Wen Chang/F/T	2016.08.24	56,277/ 2,000	0	0/ 2,000	0	0	0	0	Tamkang University; AVP & Division Head of Risk Management Dept.	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation	
Insurance Agency Department	Meng-Wen Tsao/F/T	2022.03.20	24,530/ 8,000	0	0	0	0	0	0	Soochow University Branch Manager of Breeze Center Mini Branch	None	None	None	None
Real Estate Management Department	Miao-Hui Chou/F/T	2022.05.16	18,215/ 2,000	0	0	0	0	0	0	National Chengchi University Chief of the Management Section under the Department of Real Estate Management of the Union Bank of Taiwan	None	None	None	None
VP & Branch Manager of Taipei Branch	Jeffery Tsai/M/T	2023.03.20	107,383/ 29,662	0	0	0	0	0	0	Master's Degree, Fu Jen Catholic University; VP & Branch Manager of Nanking East Road Branch	None	None	None	None
VP & GM of Business Dept.	Gary Tsai/M/T	2022.07.01	63,170/ 243	0	0	0	0	0	0	Chung Yuan Christian University; VP & Branch Manager of Neihu Branch	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation
EVP & Branch Manager of Taoyuan Branch	Jyh-Chiang, Huang /M/T	2019.09.01	91,270	0	23,525/ 5,008	0	0	0	National Chiao Tung University VP & Branch Manager of Taoying Branch	None	None	None	None
VP & Branch Manager of Taichung Branch	Hung-Min Chen /M/T	2017.12.01	85,185/ 16,114	0	346/ 26,000	0	0	0	Feng Chia University; VP & Branch Manager of Wugu Branch	None	None	None	None
VP & Branch Manager of Nanking E. Road Branch	Tereasa Lin /F/T	2023.03.20	22,179/ 7,262	0	0	0	0	0	Chihlee Institute of Technology; VP & Branch Manager of Jenai Branch	None	None	None	None
VP & Branch Manager of Chungli Branch	Jung-Hsiang Chung /M/T	2017.12.01	72,214/ 1,305	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Gaorong Branch	None	None	None	None
VP & Branch Manager of Sanchung Branch	Chia-Wei Lin/M/T	2015.11.16	49,085/ 14,000	0	0	0	0	0	Tung Hai University; VP & Branch Manager of Breeze Mini Branch	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of East Taipei Branch	Ging-Yang Yu /M/T	2021.09.01.	98,950/ 14,889	0	16,395/ 702	0	0	0	China Culture University; AVP of Jenai Branch	None	None	None	None
VP & Branch Manager of Kaohsiung Branch	Ya-Yun Yang /F/T	2023.04.10	40,239	0	0	0	0	0	National Kaohsiung University of Applied Sciences; VP & Branch Manager of Chiuju Branch	None	None	None	None
VP & Branch Manager of Panchiao Branch	Lee-Hao Chen /M/T	2021.09.01	57,640/ 21,152	0	0/ 25,000	0	0	0	Master's Degree of University of California; Deputy GM of Corporate Finance Department	None	None	None	None
VP & Branch Manager of Tainan Branch	Ying-Chieh Huang/M/T	2022.05.16	29,856	0	0	0	0	0	National Open University; AVP of Chiayi Branch.	None	None	None	None
VP & Branch Manager of Yuanlin Branch	Tsung-Cheng Hsueh/M/T	2021.09.01	74,178	0	0	0	0	0	Dayeh University; AVP of Yuanlin Branch	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Jenai Branch	Anita Hung /F/T	2023.03.20	56,746/ 20,000	0	0	0	0	0	0	Soochow University; VP & Branch Manager of Hsihu Branch	None	None	None	None
VP & Branch Manager of Nankan Branch	Kuo-Ming Lin /M/T	2021.09.01	19,103/ 40	0	0	0	0	0	0	Open Business Colleague Affiliated with NTUB; AVP of Taoyuan Corporate Banking Center	None	None	None	None
VP & Branch Manager of Hsinchu Branch	Cheng-Hsien Tseng /M/T	2017.05.15	59,127/ 6,722	0	0	0	0	0	0	Tamsui Oxford College; VP & Deputy Branch Manager of Hsinchu Branch	None	None	None	None
VP & Branch Manager of Luchou Branch	Fei-Kun Lin /M/T	2017.06.01	66,060/ 21,329	0	0	0	0	0	0	Tamkang University; VP & Manager of Taipei Corporate Banking Center	None	None	None	None



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			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Chiuju Branch	Chi-Jui Lin /M/T	2023.04.10	15,138	0	0	0	0	0	Tamsui Oxford College; AVP of Kaohsiung Corporate Banking Center & Corporate Banking Dept. stationed in Lingya Branch	None	None	None	None
VP & Branch Manager of Shuanho Branch	Jacky Liao /M/T	2019.04.01	56,794/ 16,000	0	0	0	0	0	Chungyu Institute of Technology; VP & Branch Manager of Panchiao Branch	None	None	None	None
VP & Branch Manager of Hueilong Branch	Kuang-Yi Kuo /M/T	2017.12.01	69,096/ 11,596	0	0	0	0	0	Tamkang University; AVP & Division Head of Tenshin Branch	None	None	None	None
VP & Branch Manager of Chiayi Branch	Sabina Tsa /F/T	2021.07.12	41,818	0	0	0	0	0	Tatung Institute of Technology; VP & Deputy GM of Chiayi Branch	None	None	None	None

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VP & Branch Manager of Kungkuan Branch	Chun-Hsien Chang /M/T	2023.05.16	37,660/ 6,000	0	0	0	0	0	0	National Chung-Shin University; VP & Branch Manager of Yonghe Branch	None	None	None	None
VP & Branch Manager of Neili Branch	Mei-Ling Lee/F/T	2022.05.16	80,598/ 8,000	0	0	0	0	0	0	Ching Yun University; VP & Branch Manager of Dajhu Branch	None	None	None	None
VP & Branch Manager of Chunghsiao Branch	Zhi-Zhong Zhang/M/T	2017.06.01	31,586/ 120,000	0	0	0	0	0	0	National Chao Tung University; VP & Branch Manager of East Taipei Branch	None	None	None	None
VP & Branch Manager of Hsinchuang Branch	Wen-Shien Chu /M/T	2017.06.01	76,428/ 20,000	0	0	0	0	0	0	Fu Jen Catholic University; VP & Deputy General Manager of the Law and Compliance Dept.	None	None	None	None
VP & Branch Manager of Fengshan Branch	Chiou-Ing Fang /F/T	2020.03.16	50,706	0	0	0	0	0	0	Master's Degree, National Kaohsiung University of Applied Sciences; VP & Deputy Branch Manager of Fengshan Branch	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation		
VP & Branch Manager of Taoying Branch	Chia-Yu Chuo/F/T	2020.11.16	67,203/ 6,000	0	0	0	0	0	0	Master' s degree, Yuan Ze University Head of Taoying Loan Center, Consumer Banking Department	None	None	None	None	
VP & Branch Manager of Lungtan Branch	Po-Feng Wu/M/T	2021.09.01	42,085	0	0	0	0	0	0	Nanya Institute of Technology; AVP of North Chungli Branch	Director of Yangbang International Logistics Co., Ltd.	None	None	None	None
VP & Branch Manager of Hsintien Branch	Lin-Lin Huang /M/T	2020.03.16	42,879	0	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Hsintien Branch	None	None	None	None	None
VP & Branch Manager of Tatze Branch	Chien-Hui Li/M/T	2019.04.01	50,740	0	0	0	0	0	0	Soochow University; Head of Jenai Loan Center, VP & Branch Manager of Tann Branch	None	None	None	None	None
VP & Branch Manager of Chungshan Branch	Pao-Ching Lee /M/T	2023.03.16	7,288	0	0	0	0	0	0	Hsin Wu Business College,; VP & Branch Manager of Dajhu Branch	None	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Wenshin Branch	Ta-Yu Chin /M/T	2017.12.01	87,679/ 12,846	0	0	0	0	0	0	Tamkang University; VP & Branch Manager of Fongyuan Branch	None	None	None	None
VP & Branch Manager of Chienshin Branch	Yu-Mei Tsai/F/T	2021.09.01	27,099/ 8,000	0	0	0	0	0	0	Open Business Colleague Affiliated with NTUB; VP & Deputy GM of Taoyuan Corporate Banking Center	None	None	None	None
VP & Branch Manager of Chungho Branch	Wen-Hui Lin /M/T	2017.12.01	93,491/ 19,192	0	0	0	0	0	0	Tamkang University University; VP & Branch Manager of Yongchun Branch	None	None	None	None
VP & Branch Manager of Neihu Branch	Liang-Wen Liu /M/T	2022.07.01	28,939	0	0	0	0	0	0	Chung Yuan Christian University; VP m& Branch Manager of Tunhwa Branch	None	None	None	None
VP & Branch Manager of Dayuan Branch	Chang-Fu Tsai /M/T	2021.09.01	57,884/ 1,044	0	0/ 20,000	0	0	0	0	Feng Jia University; VP & Branch Manager of Lungtan Branch	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Yonghe Branch	Yuan-Jei Cheng /M/T	2023.05.16	41,556	0	0	0	0	0	Diwan University; AVP of Yonghe Branch	None	None	None	None
VP & Branch Manager of Chungkung Mini Branch	Shu-Huey Huang /F/T	2019.06.01	114,449	0	0	0	0	0	Lunghwa University of Science and Technology; Head of Hueilong Consumer loan center, Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of Tonghwa Mini Branch	Yu-Jen Cheng/M/T	2023.09.04	14,537	0	0	0	0	0	National Chung Hsing University; VP & Breeze Center Mini Branch	None	None	None	None
VP & Branch Manager of Shihtung Branch	Ju-Ling Kuo /F/T	2019.04.01	37,697	0	0	0	0	0	Takming College; VP & Branch Manager of Wenlin Branch	None	None	None	None
VP & Branch Manager of Breeze Center Mini Branch	Li-Hui Lu/F/T	2023.09.04	52,326/ 10,000	0	0	0	0	0	Ming Chuan University; VP & Deputy General Manager of Corporate Banking Dept.	None	None	None	None

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VP & Branch Manager of Changchun Branch	Ming-Tsan Hung /M/T	2016.08.29	48,178/ 5,000	0	0	0	0	0	0	Chinese Culture University; Junior Manager of Neihu Branch	None	None	None	None
VP & Branch Manager of Sungchiang Branch	Ben Tsai/M/T	2023.03.16	69,496/ 11,541	0	0	0	0	0	0	Ming-Chung University; VP & Division Head of Sanxia Branch	None	None	None	None
VP & Branch Manager of Taan Branch	Chan-Kwei Chen /M/T	2019.04.01	142,041/ 8,523	0	2,285/ 4,000	0	0	0	0	Feng Chia University; VP & Branch Manager of Ankang Branch	None	None	None	None
VP & Branch Manager of Yungchi Branch	Tsai-Ling Liao /F/T	2019.04.01	0	0	0	0	0	0	0	Taipei College of Commerce; VP & Branch Manager of Hoping Branch	None	None	None	None
VP & Branch Manager of Wenlin Branch	Chien-Lung Chen /M/T	2023.03.16	190,618/ 14,588	0	0	0	0	0	0	Master' s Degree, Aletheia University; VP & Branch Manager of Sungchiang Branch	None	None	None	None

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VP & Branch Manager of Tungmen Branch	Cooper Kao /M/T	2015.11.16	96,934/ 16,710	0	591	0	0	0	Chinese Municipal Vocational School; Head of Chungho Loan Center Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of Hsihu Branch	Pei-Chun Lin /F/T	2023.03.20	41,108	0	0	0	0	0	Institutes of Technology University; AVP of Nanking East Road Branch	None	None	None	None
VP & Branch Manager of Beitou Mini Branch	Wen-Chi Chiang /M/T	2014.11.17	44,345	0	9,965/ 10,000	0	0	0	National Chiao-Tong University; Head of Jenai Loan Center Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of North Sanchung Branch	Shis-Wen Lu /M/T	2017.12.01	50,263	0	29,769	0	0	0	Takming Junior College of Commerce; VP & Branch Manager of Fuguo Branch	None	None	None	None
VP & Branch Manager of Houpu Branch	Chuen-Chour Li /F/T	2017.12.01	32,877/ 35,000	0	0	0	0	0	National Chung Hsing University; AVP & Division Head of East Taipei Branch	None	None	None	None

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			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of North Chungho Mini Branch	Wen-Hua Yang /F/T	2020.03.16	24,786/ 65	0	0	0	0	0	0	Master's degree of National Central University; VP & Deputy of Hoping Branch	None	None	None	None
VP & Branch Manager of Fuguo Branch	Hsiung-Ping Tsai/M/T	2020.11.17	27,705	0	0	0	0	0	0	National Chengchi University; AVP & Division Head of Shingchung Branch	None	None	None	None
VP & Branch Manager of Shulin Branch	Chint-Sung Wang /M/T	2022.05.16	29,024	0	0	0	0	0	0	Chin-Yi Institutes of Technology;, AVP of Business Dept.	None	None	None	None
VP & Branch Manager of Hsichih Branch	Sheng-Chieh Chang /M/T	2020.03.16	45,436/ 6,000	0	0	0	0	0	0	Aletheia University; V.P. & Branch Manager of Shulin Branch	None	None	None	None
VP & Branch Manager of North Taoyuan Branch	Kuo-Kuang Chou /M/T	2015.01.05	47,698/ 8,000	0	0/ 6,000	0	0	0	0	National Taipei College of Commerce- Open Junior College of Commerce ; Head of Daye Loan Center Consumer Banking Dept.	None	None	None	None



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			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of North Chungli Branch	James Tsai /M/T	2015.01.05	147,412	0	222,160	0	0	0	Tamkang University; VP & Branch Manager of North Taoyuan Branch	None	None	None	None
EVP & Branch Manager of North Taichung Branch	Hsin-Yi Yang /F/T	2021.09.01	34,965	0	0	0	0	0	Chienkuo Junior College of Technology AVP & Division Head of Yuanlin Branch	None	None	None	None
VP & Branch Manager of Minchuan Branch	Hui-Fen Chao /F/T	2017.12.01	216,810	0	0	0	0	0	Graduate School of National Yunlin University of Science and Technology ; VP & Branch Manager of North Taichung Branch	None	None	None	None
VP & Branch Manager of Hsitun Branch	Wen-Ju Huang /F/T	2021.09.01	42,930	0	12,103	0	0	0	National Tsao-Tun Commercial & Industrial Vocational Senior High School; AVP of North Taichung Branch	None	None	None	None
VP & Branch Manager of Shingchung Branch	Chien-Tsung Wu /M/T	2016.08.29	79,880	0	0	0	0	0	The Overseas Chinese Institute of Technology; VP & Branch Manager of Beitun Branch	None	None	None	None

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Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Beitun Branch	Yu-Ju Lin /F/T	2020.03.16	67,672	0	0	0	0	0	Soochow University; AVP & Division Head of North Taichung Branch	None	None	None	None
VP & Branch Manager of Fucheng Branch	Ping-Hui Lin /M/T	2017.12.01	74,794/ 20,000	0	0	0	0	0	Aletheia University; VP & Branch Manager of Tainan Branch	None	None	None	None
VP & Branch Manager of Fuchiang Branch	Chuang-Chieh Chung/M/T	2021.09.01	10,852	0	0	0	0	0	Kun Shan University ;AVP of Fuchiang Branch	None	None	None	None
VP & Branch Manager of Kaiyuan Branch	Chien-Wen Tan /M/T	2018.07.25	30,384	0	0	0	0	0	Tunghai University; AVP & Division Head of Fengshan Branch.	None	None	None	None
VP & Branch Manager of South Tainan Branch	Shan-Chih Yen /F/T	2020.06.01	119,738/ 95,766	0	5,072/ 7,217	0	0	0	Master Degree of National Chiayi University; VP & Deputy GM of Fucheng Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Lingya Branch	Hsien-Ming Yen /M/T	2017.12.01	190	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Fucheng Branch	None	None	None	None
VP & Branch Manager of North Kaohsiung Branch	Szu-Min Yang /M/T	2022.06.01	28,853	0	0	0	0	0	National Chung Hsing University; AVP of Business Dept.	None	None	None	None
VP & Branch Manager of Sanmin Branch	Roger Chang/M/T	2022.05.16	32,611	0	0	0	0	0	National Open University; VP & Branch Manager of Tainan Branch	None	None	None	None
VP & Branch Manager of Wuchia Branch	Cheng-Min Chen /M/T	2023.04.10	16,088	0	426	0	0	0	National Cheng Kung University ; VP & Deputy General Manager of Consumer Credit Dept. stationed in Jiouru Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Pingtung Branch	Chi-Fang Chu /F/T	2014.03.19	49,699/ 8,000	0	0	0	0	0	0	Master's Degree, National Kaohsiung First University of Science and Technology; Manager of Pingtung Branch	None	None	None	None
VP & Branch Manager of Hoping Branch	Wen-Ping Chou /M/T	2023.09.01	0	0	0	0	0	0	0	National Taiwan University; VP & General Manager of Taipei Corporate Center 2 <sup>nd</sup> Unit & Corporate Banking Dept. stationed in Sungchiang Branch	None	None	None	None
VP & Branch Manager of Yongchun Branch	Yung-Li Huang/M/T	2023.05.16	0	0	0	0	0	0	0	National Chengchi University; VP & GM of King's Town Bank	None	None	None	None
VP & Branch Manager of Tenshin Branch	Yei-Chang Hsieh /M/T	2019.05.08	23,737	0	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Business Dept.	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Ankang Branch	Wen-Chang Juan/M/T	2019.04.01	105,964/ 9,404	0	0	0	0	0	0	Fu Jen Catholic University; Senior Manager of Taipei Corporate Finance Dept.	None	None	None	None
VP & Branch Manager of Dajhu Branch	Jing-Yeh Wang/M/T	2022.05.16	7,012	0	0	0	0	0	0	Fu Jen Catholic University; Junior Manager of Taoyuan Corporate Banking Center in South Taoyuan Branch	None	None	None	None
VP & Branch Manager of Gueishan Branch	Sheng-Yung Peng /M/T	2022.05.16	37,447	0	29,516	0	0	0	0	Ching Yun University; VP & Branch Manager of Neili Branch	None	None	None	None
VP & Branch Manager of Linkou Branch	Cheng-Fa Huang /M/T	2017.12.01	25,232	0	0	0	0	0	0	Tamkung University; Manager of Linkou Branch	None	None	None	None
VP & Branch Manager of Wugu Branch	Yen-Jou Liu /M/T	2017.12.01	90,604	0	0	0	0	0	0	Shih Hsin Senior high School; VP & Branch Manager of Hsichih Branch	None	None	None	None

## Corporate Governance

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			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Gaorong Branch	I-Ho Ou /M/T	2017.12.01	47,442/ 14,000	0	45,677	0	0	0	National Chung Hsing University; AVP & Division Head of Gaorong Branch	None	None	None	None
VP & Branch Manager of Daye Branch	Chien-Chou Chen /M/T	2017.12.01	58,568/ 24,069	0	0	0	0	0	Yuan Ze University; AVP & Division Head of Real Estate Management Dept. , Taoyuan Center	None	None	None	None
VP & Branch Manager of Luzhu Branch	Chu-Shih Wei /M/T	2017.12.01	64,893/ 7,029	0	0	0	0	0	Feng Chia University ; VP & Branch Manager of Dayuan Branch	None	None	None	None
VP & Branch Manager of Tucheng Branch	Ching-Shyong Huang /M/T	2017.12.01	51,928	0	0/ 6,000	0	0	0	Fu Jen Catholic University; AVP of Hueilong Branch	None	None	None	None
VP & Branch Manager of South Taoyuan Branch	Ta-Wei Shih /M/T	2019.04.01	65,120/ 20,000	0	0	0	0	0	Master's Degree, Tamkang University; VP & Branch Manager of Chienshin Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of JiSian Branch	Shih-Fu Liu /M/T	2015.08.01	69,269	0	6,094/ 14,000	0	0	0	Master's degree, Fu Jen Catholic University VP & Deputy Branch Manager of JiSian Branch	None	None	None	None
VP & Branch Manager of Sanxia Branch	Hsing-Jung Fei/F/T	2023.03.16	7,125	0	42,110	0	0	0	Ming-Chung University; Junior Manager of Sanxia Branch	None	None	None	None
VP & Branch Manager of Donghu Branch	Ru-Chen Yuan/M/T	2020.03.16	69,967/ 4,372	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Taipei Corporate Finance Dept.	None	None	None	None
VP & Branch Manager of Tamsui Mini Branch	Chung-Chih Yeh /M/T	2019.09.02	44,103	0	0	0	0	0	Chienkuo Junior College of Technology Junior Manager of Jisian Branch	None	None	None	None
VP & Branch Manager of Jincheng Branch	Yi-Hsien Wu /M/T	2019.09.02	73,532/ 14,734	0	0	0	0	0	Master Degree, Saint Louis University; AVP & Division Head of Taipei Corporate Banking Center	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Nangang Branch	Shiu-Lan Hsieh /F/T	2022.01.03	85,314	0	0	0	0	0	National Taipei College of Commerce- Open Junior College of Commerce; VP & Branch Manager of Yongchun Branch	None	None	None	None

Note: The shares of Preferred Stock shows while occurs.



## Corporate Governance

- (3) Retired Chairman and President of the Bank and its affiliates returned as consultants : Non  
 (4) Remuneration of Directors, Supervisors, President and SEVP for the Latest Fiscal Year  
 A. Director's Remuneration

Unit: NT Dollar Thousand, December 31, 2023

Title	Name	Directors' Remuneration						Remuneration of Part-time Employees							Remuneration from Investee Companies Excluding Subsidiaries				
		Remuneration (A)	Earning Termination payment and pension costs (B)	Earning Distribution for Director's Remuneration (C)	Costs Incurred to Perform Duties(D)	Total of (A,B,C and D) and % of Net profit after tax	All Companies in the Consolidated Statement	All Companies in the Consolidated Statement	All Companies in the Consolidated Statement	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank	The Bank
Chairman	Union Investment Co., Ltd. Representative: Jeff Lin																		Nil
Director	Union Investment Co., Ltd. Representative: Wen-Ming Li																		Nil
Director	Herman Tu																		Nil
Managing Director	Chen-Chern Investment Co., Representative: Zhen-Xong Jiang	1,079	0	3,100	554	4,733 ; 11%													Nil
Director	Yu-Pang Investment Co., Representative: Sue-Feng Tsao																		Nil
Director	Yu-Pang Investment Co., Representative: Pa-San Wu																		Nil
Director	Pai-Sheng Investment Co., Representative: Si-Yong Lin																		Nil
Independent Director	Guo-Zhang Li																		Nil
Independent Director	Tzung Hang Lee	2,160	0	1,641	652	4,453 ; 10%													Nil
Independent Director	Lin-Yu Fan	2,160	0	1,641	652	4,453 ; 10%													Nil

Note 1: The latest annual surplus distribution proposal of the amount of the directors' remuneration paid by the board of directors before the shareholders' meeting.

Note 2: The employee bonus to President, SEVP, Chief Auditor and Chief Compliance Officer be distributed as approved by the Board of Directors before the shareholders' meeting for the motion of distribution of earnings for the most recent year (the projected amount based on the proportion of distribution last year)

# Corporate Governance

## Remuneration Range

Unit: NT Dollar

Range of Remuneration Paid to Directors	Name of Directors			
	Total of A,B,C and D		Total of A, B,C,D, E,F & G	
	UBOT	All the Companies in the Consolidated Statement	UBOT	All the Companies in the Consolidated Statement
Less than 1,000,000	Sue-Feng Tsao, Si-Yong Lin, Wen-Ming Li, Herman Tu, Pa-San Wu	Sue-Feng Tsao, Si-Yong Lin, Wen-Ming Li, Herman Tu, Pa-San Wu	Sue-Feng Tsao, Si-Yong Lin, Wen-Ming Li, Herman Tu, Pa-San Wu	Sue-Feng Tsao, Si-Yong Lin, Wen-Ming Li, Herman Tu, Pa-San Wu
1,000,000 (inclusive) ~ 2,000,000 (non-inclusive)	Jeff Lin, Lin-Yu Fan, Zhen-Xong Jiang, Guo-Zhang Li, Tzung Hang Lee	Jeff Lin, Lin-Yu Fan, Zhen-Xong Jiang, Guo-Zhang Li, Tzung Hang Lee	Jeff Lin, Lin-Yu Fan, Zhen-Xong Jiang, Guo-Zhang Li, Tzung Hang Lee	Jeff Lin, Lin-Yu Fan, Zhen-Xong Jiang, Guo-Zhang Li, Tzung Hang Lee
Total	10	10	10	10

### B. President, SEVP, Chief Compliance Officer & Chief Auditor's Remuneration and Range

Unit: NT Dollar Thousand, December 31, 2023

Title	Name	Remuneration (A)		Termination payment and pension costs (B)		Bonus & Special Allowance (C)		Employees' Bonus from Earnings (D)				Total of (A+B+C+D) as a % of Net profit after tax	Remuneration from Investee Companies Excluding Subsidiaries	
		The Bank	All Companies in the Financial Statement	The Bank	All Companies in the Financial Statement	The Bank	All Companies in the Financial Statement	All Companies in the Financial Statement				The Bank		All Companies in the Financial Statement
								Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend			
President	Wei-Wen Hsu	20,205	20,205	0	0	6,554	6,554	0	958	0	958	27,717/64%	27,717/64%	286
SEVP	Jeng-Ping Liu													Nil
SEVP	Denfer Hung													Nil
SEVP	Yanger Yang													40
SEVP	Grace Lee													30
Chief Auditor	Tammy Chang													Nil
Chief Compliance Officer	Yu-Man Chao													Nil

Note1: The employee bonus to President, SEVP, Chief Auditor and Chief Compliance Officer be distributed as approved by the Board of Directors before the shareholders' meeting for the motion of distribution of earnings for the most recent year (the projected amount based on the proportion of distribution last year)

Note2: Remuneration to the Company's four drivers totalled NT\$ 3,099,000.

Unit: NT Dollar

Range of Remuneration Paid to President, SEVP, Chief Compliance Officer & Chief Auditor	Name of President, SEVP, Chief Compliance Officer & Chief Auditor	
	UBOT	All the Companies in the Financial Statement
Less than NT\$ 1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000(non-inclusive)	-	-

## Corporate Governance

NT\$2,000,000 (inclusive) ~ NT\$3,500,000(non-inclusive)	Jeng-Ping Liu, Tammy Chang, Yu-Man Chao	Jeng-Ping Liu, Tammy Chang, Yu-Man Chao
NT\$3,500,000 (inclusive) ~ NT\$5,000,000(non-inclusive)	Denfer Hung, Yanger Yang, Grace Lee	Denfer Hung, Yanger Yang, Grace Lee
NT\$5,000,000 (inclusive) ~ NT\$10,000,000(non-inclusive)	Wei-Wen Hsu	Wei-Wen Hsu
Total	7	7

C. Top five highest remuneration Paid to Managers : Not applicable

D. Bonus to Managers

Unit NT Dollar Thousand, Dec 31 2023

Title	Name	Stock Dividend	Cash dividend	Total	Total as % of Net Profit after Tax
Please refer Page 12 to Page 57		8,438	0	8,438	0.20

Note: The employee bonus to managers to be distributed as approved by the Board of Directors before the shareholders' meeting for the motion of distribution of earnings for the most recent year (the projected amount based on the proportion of distribution last year).

- (5) Analysis of Payments of Remuneration to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor, as a percentage of net profit after tax in the latest two years, Remuneration Policy, Standard and Combination, Procedure for determining remuneration and their relationship to operating results and future risk
- The remuneration paid to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor in 2022 is NT\$37,121,000 and its ratio to net profit after tax is 1.05%.
  - The remuneration paid to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor in 2023 is NT\$36,903,000 and its ratio to net profit after tax is 0.85%.
  - Remuneration paid to directors and supervisors primarily include meeting attendance fees and salaries. All remuneration is paid on a fixed basis and will not exceed 0.1% of the total profit of the Bank. Remuneration to executive management was made in accordance with their respective experience, degree of business involvement and contribution, and compare with the salary and remuneration standard of the Industry peers. The salary and remuneration schedule will be submitted to the Board of Directors for resolution after it is examined by Salary and Remuneration Committee pursuant to the Bank's Article of Incorporation. In addition to monthly basic salaries and allowances, executives may also be eligible for the annual and the performance bonuses and the employee bonuses (according to the Bank's Article of Incorporation 1%-5%) depending on the Bank's annual results of operation and individual performance. As such, remuneration to S executive management is closely related to the Bank's operating performance. The occurrence of major risk events that may impair the Bank's goodwill, or incidents of deficiency in internal management, or employee fraud would vastly affect the amount of bonuses to executive management. The Risk Management Dept. should report directly to the Board of Directors regarding the status of the Bank's risk control and risk exposure on a quarterly basis.

## Corporate Governance

### 3. Execution of Corporate Governance

#### (1) Board of Directors

The Board of Directors held 6 meetings in 2023. The status of attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Chairman	Union Investment Co., Ltd. Representative: Jeff Lin	6	0	100% (Supposed to attend 6 times)	-
Managing Director	Chen-Chern Investment Co., Representative: Zhen-Xong Jiang	6	0	100% (Supposed to attend 6 times)	-
Independent Director	Guo-Zhang Li	4	2	66.67% (Supposed to attend 6 times)	-
Independent Director	Tzung Hang Lee	6	0	100% (Supposed to attend 6 times)	-
Independent Director	Lin-Yu Fan	6	0	100% (Supposed to attend 6 times)	-
Director	Yu-Pang Investment Co., Representative: Sue-Feng Tsao	2	0	100% (Supposed to attend 2 times)	Step down on 2023.05.04
Director	Yu-Pang Investment Co., Representative: Pa-San Wu	4	0	100% (Supposed to attend 4 times)	Induct on 2023.05.04
Director	Pai-Sheng Investment Co., Representative: Si-Yong Lin	5	0	83.33% (Supposed to attend 6 times)	Day off once
Director	Union Investment Co., Ltd. Representative: Wen-Ming Li	6	0	100% (Supposed to attend 6 times)	-
Director	Herman Tu	6	0	100% (Supposed to attend 6 times)	-

1. If the operation of the Board of the Directors refers to the following issue, the Company should specify the dates of meetings, terms, and contents of resolutions, all independent directors' opinions and the Company's response to the independent directors' opinions:

- (1) Matters listed in Article 14-5 of the Securities and Exchange Act: The company has set up the Audit Committee, matters listed in Article 14-3 of the Securities and Exchange Act are included in Article 14-5 of the Securities and Exchange Act. Please refer to the resolutions by the Audit Committee for the relevant content.
- (2) In addition to previous matters, other resolutions which were objected to or retained opinions and had a recorded or written statement by an independent director: The resolutions of the Board were adopted by all the attending director

## Corporate Governance

### 2. Execution situation of directors avoidance on motions with conflict of interests:

Term	Content of the resolution	Director's name	Reasons for recusal	Situation of participation in voting
Jan. 12, 2023 The 13th meeting of the 11th term	The Bank's donation to the Union Culture Foundation	Jeff Lin, Herman Tu	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
	Renewal of the lease contract on real estate property	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin (Day off), Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
May. 8, 2023 The 15th meeting of the 11th term	Renewal of the lease contract on real estate property	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Pa-San Wu , Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
	Property rental	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Pa-San Wu , Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
Aug. 28, 2023 The 17th meeting of the 11th term	Renewal of the lease contract on real estate property	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Pa-San Wu , Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
Nov. 13, 2023 The 18th meeting of the 11th term	The Bank's donation to the Union Culture Foundation	Jeff Lin, Herman Tu	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
	Investment in securities by the Bank under discretionary authorization	Herman Tu	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
	Subsidiary intends to change the agreement conditions of the investment agreement signed in July 2022	Jeff Lin, Pa-San Wu , Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.

## Corporate Governance

### 3. Execution situation of the Board of Directors and performance evaluation.

Frequency	Period	Range	Method	Evaluation content
Internal evaluation - The evaluation of the previous year shall be conducted once a year in the first quarter. The Board of Directors shall be finished before the end of first quarter of the following year.	From 2023/1/1 to 2023/12/31	Performance evaluation for Board of Directors, individual Board members, and functional committees (Audit Committee and Remuneration Committee)	Self assessment for Board of Directors Self assessment for Board Members and functional committees	<p>1. Performance evaluation of the Board covers five major aspects in degree of participation in the Company's operation, enhancement of Board decision-making quality, composition and structure of the Board, election and continuous education of Directors, and internal control. There are 41 indicators in total.</p> <p>2. Self-assessment of the performance of Board members covers six major aspects in understanding of the Company's objectives and tasks, awareness of Directors' responsibilities, degree of participation in the Company's operation, operation and communication of internal relationship, professions and continuous education of Directors, and internal control. There are 23 indicators in total.</p> <p>3. Performance evaluation of functional committees covers five major aspects in degree of participation in the Company's operation, awareness of the duties and responsibilities of the functional committees, improvement of the decision-making quality of the functional committees, functional committee member composition and its selection, and internal control. There are 24 indicators for the Audit Committee and 21 indicators for the Remuneration Committee.</p>



## **Corporate Governance**

Performance evaluation results:

The Bank completed the evaluation of the performance of the Board of Directors, directors, Audit Committee, Remuneration Committee, and Nomination Committee in March 2024, and reported the evaluation results to the 20th meeting of the 11th term of the Board of Directors on March 11, 2024 for future reference. The results of this evaluation will also be used by the Remuneration Committee as a reference for the adjustment of individual directors' remuneration and the nomination of directors by the Nomination Committee for re-election.

To improve the identification of the indicators measured by the Board of Directors' performance evaluation results, if the achievement rate of all the indicators is more than 90%, it is considered as "Exceeding the Standards"; when the achievement rate is more than 80% (inclusive) but less than 90%, it is considered "Meeting the Standards"; if the achievement rate is less than 80%, it is rated as "Room for Improvement".

The results of the performance evaluation of the Board of Directors and functional committees, and the committees' recommendations to the Bank:

1. Board of Directors: The achievement rate of the overall indicators is 98.5%, and the performance evaluation result is "Exceeding the Standards".

In 2023, the Board held a total of 6 meetings, with an average attendance rate of 94% in person, which reached the corporate governance evaluation indicator of "the average actual attendance rate at the Board of Directors' meetings for all directors during the year being evaluated to be at more than 80%". At least two or more independent directors must attend the meeting in person for each board meeting. Information security, fair customer treatment (such as enhanced care for senior customers, fraud prevention, financial-friendly services), money laundering prevention warning case review, legal education and other implementation matters and improvements have been raised in a timely manner, and it is recommended to continue to improve ESG capabilities. The improvement measures have been studied by the relevant responsible units to discuss the sustainability matters expected to be implemented in the next year, to strengthen the implementation and execution of the Company's sustainable development policies. The achievement rate of various evaluation items was 98.5%, and the performance evaluation result was "Exceeding the Standards." The evaluation results show that the board of directors has fulfilled its responsibilities in guiding and supervising the company's strategy, major operations, and risk management, and has been able to establish an appropriate internal control system. The overall operation is sound and in line with corporate governance.

2. Audit Committee: The achievement rate of the overall indicators is 98.3%, and the performance evaluation result is "Exceeding the Standards".

Regarding the amendments to the regulations and the improvement of deficiencies proposed by various units, the Committee requested that they comply with the requirements of the competent authorities and relevant laws and regulations, and suggested that deficiencies should be identified through the information security system at an early stage. The relevant units have already been explained with the corresponding measures. It is apparent that the Committee considers the overall operation to be sound, in line with the requirements of corporate governance, and can effectively enhance the functions of the board of directors.

3. Remuneration Committee: The achievement rate of the overall indicators is 99%, and the performance evaluation result is "Exceeding the Standards".

Committee members suggested that the basis of incumbency should be clearly defined. In 2023, the Company has amended the distribution standards of employee stock dividends.

4. Director Nomination Committee: The achievement rate of the overall indicators is 95.8%, and the performance evaluation result is "Exceeding the Standards".

The overall operation is sound, in line with corporate governance, and effectively enhances the functions of the board of directors.

## Corporate Governance

Frequency of evaluation	Period for evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
External evaluation - It shall be performed every three years.	In April 2022, the Bank appointed Taiwan Corporate Governance Association, an external professional independent organization and corporate juristic person, to evaluate the performance of the Board of Directors.	The Board of Directors has been evaluated from eight aspects, including its composition, instruction, authorization, supervision, communication, internal control and risk management, self-discipline, and other aspects such as Board of Directors meeting and support systems.	External professional independent institutions or external experts and scholars have been appointed to conduct performance evaluation. We have obtained a professional and objective evaluation report about the Bank owing to the review on the operation of the Bank's current Board of Directors and functional committees by a professional organization as well as the guidance given by and communication made with the evaluation committee members.	The Association has evaluated the Board of Directors from eight aspects, including its composition, instruction, authorization, supervision, communication, internal control and risk management, self-discipline, and other aspects such as Board of Directors meeting and support systems, and assessed the performance of the Bank's Board of Directors through open-ended questionnaires and on-site visits. [For the general comments, summary of recommendations and the Bank's improvement measures, please refer to the Bank's website / Corporate Governance Zone / Board of Directors and Functional Committees / Information about the Board of Directors / Results of the Performance Evaluation on the Board of Directors]
<p>Results of External performance evaluation:</p> <p>Taiwan Corporate Governance Association has conducted a performance evaluation on the Bank's Board of Directors, and given the following general comments: The Bank's emphasis on putting heads together during discussions in the Board of Directors meetings helps to improve the quality of resolutions, and the smooth communication between Board members and between directors and managers by different means (such as telephone and Line) effectively increases the efficiency of decision-making, which contributes to a good atmosphere in the Board of Directors' meetings. The Bank has a third-party whistleblowing platform responsible for supervision after complaints have been submitted and regular reporting of the results to the Board of Directors, and the current whistleblowing system functions well in practice. It is proposed that the Bank increase the seats and proportion of external directors in different professions in consideration of the Bank's future development needs and environmental challenges, so as to enhance the independence of the Board of Directors and the diversity of directors' professional abilities. In addition, it is proposed that the Bank review its performance evaluation system and indicators for the president and senior managerial officers at regular intervals to ensure their compliance with the Bank's business strategies, so as to maximize evaluation efficiency. The Bank shall also incorporate the development, training, and succession plans aimed at supervising senior managers into the organizational procedures of the Remuneration Committee, regularly review the implementation of the plans, and accordingly review senior managerial officers' salaries based on the implementation, which can effectively motivate the management team and promote sustainable development. The overall performance evaluation report of the Board of Directors has been submitted for review at the 11th meeting of the 11th term of Board of Directors on October 17, 2022. The Bank has listed relevant suggestions as plans to be prioritized for strengthening corporate governance, which have been completed with sustained efforts.</p>				
<p>4. Execution situation assessment of measures taken to strengthen the functionality of the Board in the current year and recent years:</p> <p>(1) The Director Nomination Committee was established in January 2021 for the vitalization of corporate governance and fortification of the function of the Board of the Bank.</p> <p>(2) The members of the "Director Nomination Committee" have been approved by the Board for establishment on January 27 2021. This functional committee shall proceed with performance evaluation in accordance with the "Regulations Governing the Evaluation of Board Performance". The Board of UBOT approved to introduce the "Director Nomination Committee Performance Evaluation Sheet" on October 4 2021.</p> <p>(3) In April 2022, the Bank appointed Taiwan Corporate Governance Association, an external professional independent organization and corporate juristic person, to evaluate the performance of the Board of Directors.</p>				



## Corporate Governance

### (2) Audit Committee

The Audit Committee held 6 meetings (A) in 2023. The status of attendance was as follows:

Title	Name	Professional designation and experience	Actual frequency of attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Note
Independent Executive Director	Guo-Zhang Li	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Vice President of Taiwan Business Bank, President, Chairman of UBOT Bills Finance, Director-General of Bills Finance Association, Independent Director of UBOT.	4	2	66.67%	
Independent Director	Tzung Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the Examination Board at Examination Yuan, visiting scholar at Manchester University in the UK, professor of mechanical and electrical engineering at Tamkang University.	6	0	100%	-
Independent Director	Lin-Yu Fan	Seasoned veteran in banking industry and knowledgeable of the industry and international market. Major experience includes Vice President of Fuhwa Securities, Executioner Chairperson of Fuhwa Securities Investment Trust, Resident Director at Union Insurance Company, President of Union Securities Investment Trust.	6	0	100%	-

Other supplementary notes:

- Where any of the following circumstances have occurred during operations of the audit committee, the date, term, issue, resolution results of the audit committee and how the company handles opinions of the audit committee thereof:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

	Content of the resolution	Opinion of Independent Director	Date/Term of Meeting of Board of Direct	Resolution results and further handling
Jan. 12, 2023 The 11th meeting of the 3th term	1. The Bank's donation to the Union Culture Foundation. 2. Renewal of the lease contract on real estate property. 3. Capital Increase of the Bank's reinvestment company. 4. Amendment to the 2023 Internal	No opinion	Jan. 12, 2023 The 13th meeting of the 11th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was

## Corporate Governance

	Audit Plan and Declaration of the implementation of the plan for the securities dealer and futures introducing broker business undertaken by UBOT.			adopted unanimously by all the attending directors.
Mar. 13, 2023 The 12th meeting of the 3rd term	<ol style="list-style-type: none"> <li>1. Acquisition of real estate</li> <li>2. Amendment to the “internal control system of the Bank’s concurrent operation of securities firms in the broker business introducing futures”.</li> <li>3. Amendments to partial contents of the Bank's "Corporate Governance Best-Practice Principles" and "Sustainable Development Best-Practice Principles".</li> <li>4. Formulate the Bank's "General Principles of Policies for Pre-approved Non-Assurance Services by CPA Firms" and "Checklist of Pre-approved Non-Assurance Services in 2023".</li> <li>5. The Bank's re-appointment of Deloitte &amp; Touche to handle the Bank's certification affairs in 2023.</li> <li>6. “Signing of the Statement of the Internal Control System for Anti-money Laundering and Counter-terrorism Financing”.</li> <li>7. “The evaluation results of the effectiveness of the Bank’s internal control system for 2022 and the proposed Statement of the Internal Control System that can be effectively implemented”.</li> <li>8. Revision of the Bank's "Internal Audit System".</li> <li>9. The Bank's 2022 parent company only and consolidated financial statements and business report.</li> <li>10. Proposal for Distribution of Earnings of UBOT in 2022.</li> <li>11. Capitalization of 2022 earnings by the Bank.</li> <li>12. Proposal for the Bank's 2022 employees' remuneration to increase capital and issue new shares.</li> </ol>	No opinion	Mar. 13, 2023 The 14th meeting of the 11th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.
May. 8, 2023 The 13th meeting of the 3rd term	<ol style="list-style-type: none"> <li>1. Renewal of the lease contract on and leasing of real estate property (two proposals in total)</li> <li>2. Amendment to the Bank's "Key</li> </ol>	No opinion	May. 8, 2023 The 15th meeting of the 11th term	It was adopted unanimously by all the members of the Audit Committee.

## **Corporate Governance**

	<p>points for the operation of swapping NTD and foreign currencies/foreign currencies".</p> <p>3. The Bank's consolidated financial statements for 2023 first quarter.</p>			The Independent directors had no opinions and it was adopted unanimously by all the attending directors.
<p>Jul. 10, 2023 The 14th meeting of the 3rd term</p>	<p>1. Amendment to the "internal control system of the Bank's concurrent operation of securities firms in the broker business introducing futures".</p> <p>2. Amendments to "The Bank's Policy on Assessment of the Risks of Money Laundering and Terrorism Financing and Formulation of Prevention Plans" and "Guidelines for Money Laundering Prevention and Combating Financing Terrorism by Banks and Concurrently Operating Securities, Futures, Bills, Trust, and Insurance Business" Appendix.</p>	No opinion	<p>Jul. 10, 2023 The 16th meeting of the 11th term</p>	<p>It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.</p>
<p>Aug. 28, 2023 The 15th meeting of the 3rd term</p>	<p>1. Amendment to the "[Standard Operation Procedure for Internal Control of Securities Dealers" for the proprietary trade of UBOT as securities dealer".</p> <p>2. Amendment to the "Internal Control System of UBOT in engagement as Securities Dealership".</p> <p>3. Renewal of the lease contract on real estate property.</p> <p>4. Amendment to some terms of the Bank's "Corporate Governance Best Practice Principles".</p> <p>5. Individual and Consolidated Financial Statements of UBOT for the first half year of 2023.</p>	No opinion	<p>Aug. 28, 2023 The 17th meeting of the 11th term</p>	<p>It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.</p>
<p>Nov. 10, 2023 The 16th meeting of the 3rd term</p>	<p>1. The Bank's donation to the Union Culture Foundation.</p> <p>2. Amendment to the "Internal Control System of UBOT in engagement as Securities Dealership".</p> <p>3. Investment in securities by the Bank under discretionary authorization</p> <p>4. Amendment to the "Procedures for Derivative Transactions of the Bank" and Appendix 1 "Guidelines for Product Suitability and Knowing Customers", Appendix 2 "Guidelines for Protection of Customers Rights and Interests".</p>	No opinion	<p>Nov. 10, 2023 The 18th meeting of the 11th term</p>	<p>It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.</p>

## Corporate Governance

	<p>5. The Bank's 2024 Annual Audit Plan and the 2024 Internal Audit Plan and Declaration of the implementation of the plan for the securities dealer and futures introducing broker business undertaken by the Bank.</p> <p>6. The Bank's subsidiary intends to change the agreement conditions of the investment agreement signed in July 2022.</p> <p>7. The Bank's consolidated financial statements for 2023 third quarter.</p>			
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(2) In addition to the preceding items, any resolution that has not been approved with the consent of the audit committee members but approved with the consent of two-thirds or more of all directors: None.

(3) The Audit Committee's annual main focus is explained as follows:

The Audit Committee of the Bank is composed of 3 independent directors. It aims to assist the Board of Directors with the execution of the supervision of quality and integrity of the Bank's accounting, audit, financial reporting process and financial control.

The Audit committee held 6 meetings in 2023, and the main issues that were audited included:

- A. Establishment or amendment to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
  - B. Assessment of the effectiveness of the internal control system.
  - C. Establishment or amendment to the procedures for the acquisition or disposal of assets, engagement in derivative trade, loaning of funds to a third party, endorsement and guarantee in favor of a third party or other acts of financial and business significance pursuant to Article 36-1 of the Securities and Exchange Act.
  - D. Issues involving the private interest of the Directors
  - E. Transactions with related parties required for review under law.
  - F. Significant transaction of assets or derivative trade.
  - G. Offering, issuance or private placement of equity securities.
  - H. The appointment, dismissal or remuneration to the CPAs in the capacity of Independent Auditors
  - I. The appointment and dismissal of chief financial officer, chief accounting officer and chief internal auditor.
  - J. The annual financial report requiring the signatures or seals of the Chairman, Manager, and chief accounting officer and the financial report of Q2 pending on the audit of the CPAs.
  - K. Other materiality as required by the Company or the competent authority.
2. Execution status of directors, avoidance on motions with conflict of interests. The names of directors, the content of the motion, the reasons of avoidance, and the voting participation status should be clearly stated:
  3. Communication between independent directors and auditors:
    - (1) Communication between independent internal directors and auditors:  
The Chief Auditor is involved in all Board of Directors meetings and Audit Committee meetings, and reports regularly to the Audit Committee on the progress of ongoing audits. Before the end of the financial year, the internal audit department would submit in writing the next year's audit plan for review by the Audit Committee. Furthermore, internal auditors engage independent directors in half-yearly meetings to present internal audit reports and to discuss any weaknesses found in the internal control system.

Date	Points of communication	Situation of implementation
Mar. 13, 2023	Audit department work report in the second half of 2022, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.

## Corporate Governance

Mar. 13, 2023	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.
Aug. 28, 2023	Audit department work report in the first half of 2023, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.
Aug. 28, 2022	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.
Nov. 13, 2023	Internal audit plan for 2024	1. The resolutions were adopted unanimously. 2. Submitted to the Board of Directors for resolution.
Jan. 11, 2024	Audit department work report in the second half of 2023, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.
Mar. 11, 2024	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.

- (2) Communication between independent directors and accountants:  
The CPA hold regular meetings with the independent directors on a semi-annual basis on the audit method of financial reports and major audit adjustments

Date	Points of communication	Situation of implementation
Mar.13, 2023	CPAs communicate and discuss with independent directors the scope and methods of auditing the 2022 financial statements and key audit matters, and introduce AQI indicators. In addition, IESBA should perform an independence assessment on the provision of non-assurance services by attesting firms and provide an explanation on the matters that have obtained prior approval.	No Suggestion
Aug. 28, 2023	The CPAs are to explain the audits and adjustments to the financial statements in the first half of 2023, and the newly amended/released laws and regulations.	No Suggestion

- (3) Items to be disclosed in Accordance with “Principles Governing Corporate Governance Practices of Banks”: Please Refer to the Bank’s Official Website:  
<http://www.ubot.com.tw>

## Corporate Governance

(4) Status of implementation of The Corporate Governance, stating Discrepancy, if any, with Best Corporate Governance Practices of Banks and giving Reasons:

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
1. The Bank's shareholder structure and shareholder equity				
(1) Way in which the Bank defines any internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and to implement the procedure.	V		(1) According to the Bank's Corporate Governance Best-Practice Principles, the Bank has delegated the spokesman and deputy spokesman and established an email box to take care of the suggestions, questions and disputes from shareholders. A dispute, if any, will be handed over to the Bank's legal counsel. The way to contact said spokesman is disclosed in the "investor relations" on the Bank's website and on the cover page of the Bank's annual report. Meanwhile, the Bank has also established the e-Service Center responsible for answering to and processing of the questions raised by customers via phone, processing of customers' complaints and opinions, and follow-up on various assignments. Therefore, the inquiries about the Bank's business and shareholders' suggestions or disputes may be referred to the related units by customer service attendants, if necessary.	No material discrepancy
(2) Ways in which the Bank regularly monitors the list of key shareholders who have management control of the Bank, or those who have ultimate control of key shareholders.	V		(2) In accordance with the related legal rules, the main shareholders of the Bank should report their shareholding situation monthly to the Bank, the related legal rules and forms are also disclosed on the website of the Bank.	No material discrepancy
(3) Whether the bank has established and implemented risk control and firewall mechanisms with affiliated enterprises	V		(3) The 4th meeting of the 10th Board of Directors passed the "Rules for Board Performance Evaluation" on November 7, 2018. The Board of Directors and functional committees shall perform at least one annual internal evaluation on the performance of the Board of Directors, members of the Board, the Audit Committee, and the Remuneration Committee. The internal and external performance evaluations of the Board of Directors shall be completed before the end of the first quarter in the following year. The "Board Performance Evaluation Form" shall be completed by the Board's Secretarial Department based on the evaluation results of "Board Member Self-Assessment Questionnaire" and actual execution. The evaluation report shall be submitted to the Board for review and improvement.	No material discrepancy



## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
2. Composition and responsibilities of Board of Directors: (1) Does the Board of Directors make diversifying guidelines for member composition and implement them precisely?	V		(1) A. The Bank formulated the “Principles Governing Corporate Governance Practices of Banks”, in which diversifying guidelines were made in Chapter 4, “Strengthening the functions of the Board of Directors”. The Board of Directors of the Bank approved the establishment of the Director Nomination Committee on January 27, 2021 Responsible for nominating director candidates, reviewing qualifications, and evaluating the independence of independent directors. In addition to evaluating the educational experience and qualifications of each candidate, it also refers to the opinions of stakeholders, and abides by the "Director Selection Procedures" and "Corporate Governance Code of Practice", and Ensure the diversity and independence of directors.  B. The policy of board member diversification is disclosed on the Bank’s website and Market Observation Post System.	No material discrepancy
(2) Whether the Bank, in addition to establishing the remuneration committee and audit committee pursuant to laws, is willing to establish any other functional committees voluntarily?	V		(2) 1 The Bank has set up a Remuneration Committee according to regulations and the Bank’s Article of Incorporation in 19th Meeting of 7th Board of Directors on August 24, 2011 and formulated “Regulations Governing the Organization of Remuneration Committee” for compliance. 2 The Audit Committee was assembled in accordance with law and the Company's Articles of Incorporation during the 1st extraordinary meeting of the 9th board of directors held on June 26, 2015. A set of “Audit Committee Foundation Rules” has been implemented for guidance. 3 The Bank’s Board of Directors approved the “establishment of a Director Nomination Committee” on January 27, 2021 with the Director Nomination Committee Charter formulated for compliance. The main responsibility of the committee is to nominate and review director candidates and review their qualifications, while assessing the independence of independent directors and devising directors’ training plans. 4. In addition, to strengthen the management mechanism, the Bank’s “Asset and Liability Management Committee”, “Automated Operation Committee”, “Investment and Credit Review Committee”, “Overdue	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			Credit, Collection, and Bad Debt Clearance Committee”, “Trust Property Review Committee”, “Personnel Appraisal Committee”, “Corporate Social Responsibility Committee”, and "Fair Treatment of Consumers Management Committee" will have their resolutions reported to corresponding levels of approval based on the approval hierarchy.	
(3) Has the listed/OTC bank established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for Directors' remuneration and renewal?	V		(3) The Bank has formulated the “Rules of the Performance Evaluation of the Board of Directors”, which has been approved by the Board of Directors. It is stipulated that the internal performance evaluation of the overall operation of the Board of Directors, functional committees, and individual directors shall be implemented at least once a year while an external professional independent institution or an external team of experts and scholars shall perform external evaluation at least once every three years. The results of the internal and external performance evaluation of the Board of Directors shall be completed before the end of the first quarter of the following year and reported to the audit committee and the Board of Directors. The “Board Performance Evaluation Form” shall be completed by the Board’s Secretarial Department based on the evaluation results of "Board Member Self Assessment Questionnaire" and actual execution. The evaluation report shall be submitted to the Board for review and improvement.	No material discrepancy



## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons															
	Yes	No	Memo																
(4) Regular evaluation of external auditors' independence.	V		<p>(4) The Bank's Audit Committee evaluates the independence and suitability of its assigned CPAs annually. In addition to requiring CPAs to provide the "Declaration of Independence" and "Audit Quality Indicators (AQIs)," the audit committee shall also evaluate the independence and suitability of the assigned CPAs in accordance with Note 1 of the standards and the 13 items of AQI indicator for evaluation. It was confirmed that the CPAs have no other financial interests or business relationship with the Bank, except for the expenses of audit and taxation matters, and that the CPAs' family members do not violate the independence requirements. AQI information is used as reference to confirm that the CPAs and the firm have the training hours that are comparable to the industry average, and the Company will continue to introduce digital audit tools in the next 3 years to improve audit quality. The evaluation results of the most recent year were discussed and approved by the Audit Committee on March 11, 2024, and were submitted to the Board of Directors' resolution on March 11, 2024 to evaluate the independence and suitability of the CPAs.</p> <p>Note 1: Criteria for evaluating the independence of CPAs:</p> <table border="1"> <thead> <tr> <th>Evaluation Items</th> <th>Evaluation Result</th> <th>Independence</th> </tr> </thead> <tbody> <tr> <td colspan="3">I. To maintain the independence of the CPAs engaged in audit and certification, the following principles shall be observed:</td> </tr> <tr> <td>(I) Whether there is any significant financial interest relationship with the Bank.</td> <td>None</td> <td>Yes</td> </tr> <tr> <td>(II) Whether there is any improper relationship with the Bank.</td> <td>None</td> <td>Yes</td> </tr> <tr> <td>(III) Whether the CPAs make the members of the audit service</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table>	Evaluation Items	Evaluation Result	Independence	I. To maintain the independence of the CPAs engaged in audit and certification, the following principles shall be observed:			(I) Whether there is any significant financial interest relationship with the Bank.	None	Yes	(II) Whether there is any improper relationship with the Bank.	None	Yes	(III) Whether the CPAs make the members of the audit service	Yes	Yes	No material discrepancy
Evaluation Items	Evaluation Result	Independence																	
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(II) Whether there is any improper relationship with the Bank.	None	Yes																	
(III) Whether the CPAs make the members of the audit service	Yes	Yes																	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			<p>team honest, fair, objective and independent.</p>	
			<p>II. Does the CPAs avoid the following situations that affect their independence:</p>	
			<p>(I) Whether the Bank obtains financial interests through the Bank, or whether there is a conflict of interest with the Bank due to other matters of interest.</p>	<p>None Yes</p>
			<p>(II) Is there any joint investment or profit sharing with the Bank.</p>	<p>None Yes</p>
			<p>(III) Whether the company uses the name of its certified public accountant for others?</p>	<p>None Yes</p>
			<p>(IV) Having any money lending or lending relationship with the Bank, except for normal dealings with financial institutions?</p>	<p>None Yes</p>
			<p>(V) Are there any management functions that are involved in the decision-making of the Bank?</p>	<p>None Yes</p>
			<p>(VI) Concurrently engaged in any other business that may lose its independence?</p>	<p>None Yes</p>
			<p>(VII) Any director/supervisor serving in the Bank, or any position that has a direct and significant impact on the audit case.</p>	<p>None Yes</p>

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons									
	Yes	No	Memo										
			<table border="1"> <tr> <td>(VIII) Are there any defenders of the Bank's positions or opinions that causes doubts about the objectivity of such opinions?</td> <td>None</td> <td>Yes</td> </tr> <tr> <td>(IX) Are there any relatives of the directors, supervisors, managers, or personnel who have a significant impact on the audit of the Bank?</td> <td>None</td> <td>Yes</td> </tr> <tr> <td>(X) Are there any business-related commissions received?</td> <td>None</td> <td>Yes</td> </tr> </table>	(VIII) Are there any defenders of the Bank's positions or opinions that causes doubts about the objectivity of such opinions?	None	Yes	(IX) Are there any relatives of the directors, supervisors, managers, or personnel who have a significant impact on the audit of the Bank?	None	Yes	(X) Are there any business-related commissions received?	None	Yes	
(VIII) Are there any defenders of the Bank's positions or opinions that causes doubts about the objectivity of such opinions?	None	Yes											
(IX) Are there any relatives of the directors, supervisors, managers, or personnel who have a significant impact on the audit of the Bank?	None	Yes											
(X) Are there any business-related commissions received?	None	Yes											
3. If the bank set up appropriate corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to board meetings and shareholders meetings according to laws, handling corporate registration and amendment registration, producing minutes of board meetings and shareholders meetings, etc.)?	V		<ol style="list-style-type: none"> <li>1. The Bank has set up the Board of Director Conference Service Division, which belongs to the Board of Directors and take charge of board meetings.</li> <li>2. The Bank's Business Planning &amp; Administration Dept. is the responsible unit for business related to corporate governance. It is supervised by the senior executive vice president in the department, which has at least three years of management experience related to legal affairs, financial or shareholders service in public companies. The corporate governance affairs mentioned above include providing directors with the data needed in executing business, assisting directors in legal compliance, preparing for board meetings in accordance with regulations.</li> <li>3. The execution process in 2023               <ol style="list-style-type: none"> <li>(1) Company amendment registration</li> <li>(2) Prepared the matters related to board meetings in accordance with the regulations.</li> <li>(3) Registered the shareholders' meetings date in advance in accordance with the regulations, prepared meeting notices,</li> </ol> </li> </ol>	No material discrepancy									

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons																						
	Yes	No	Memo																							
			<p>meeting handbook and memorandum within the required time period.</p> <p>(4) Assisted the Bank in adhering to laws related to the Board of Directors and shareholders' meetings.</p> <p>(5) Provided directors with the data needed in executing business.</p> <p>(6) Conduct annual director performance evaluation.</p> <p>(7) Amendment to Articles of Incorporation.</p> <p>(8) Amendment to corporate governance related rules such as the Rules and Procedures of Board of Directors Meetings and Corporate Governance Best Practice Principles ◦ Status of further studies for corporate governance managers:</p> <table border="1"> <thead> <tr> <th>Date of further studies</th> <th>Organizer</th> <th>Name of course</th> <th>Further studies hours</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>Jun. 5, 2023</td> <td>Taiwan Academy of Banking and Finance</td> <td>Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)</td> <td>3.0</td> <td rowspan="4">12</td> </tr> <tr> <td>Jun 21, 2023</td> <td>Taiwan Academy of Banking and Finance</td> <td>2023 Green Finance Leadership Roundtable - Promoting Net Zero and Sustainable Finance Entering the Deepwater Zone</td> <td>3.0</td> </tr> <tr> <td>Jul 13, 2023</td> <td>Taiwan Stock Exchange</td> <td>"Action Plan for the Sustainable Development of TWSE/TPEX Listed Companies" Seminar (Taipei Session)</td> <td>3.0</td> </tr> <tr> <td>Nov. 20, 2023</td> <td>Taiwan Academy of Banking and Finance</td> <td>Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)</td> <td>3.0</td> </tr> </tbody> </table>	Date of further studies	Organizer	Name of course	Further studies hours	Total hours	Jun. 5, 2023	Taiwan Academy of Banking and Finance	Lecture on Corporate Governance (Discussion on the Sustainability Report and the Importance of TCFD)	3.0	12	Jun 21, 2023	Taiwan Academy of Banking and Finance	2023 Green Finance Leadership Roundtable - Promoting Net Zero and Sustainable Finance Entering the Deepwater Zone	3.0	Jul 13, 2023	Taiwan Stock Exchange	"Action Plan for the Sustainable Development of TWSE/TPEX Listed Companies" Seminar (Taipei Session)	3.0	Nov. 20, 2023	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3.0	
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Nov. 20, 2023	Taiwan Academy of Banking and Finance	Information Security Governance Lecture (FinTech and Information Security Risk Development Trends)	3.0																							

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
4. Establishment of communication channels with stakeholders	V		The Bank has created a stakeholders section on its website. In addition, related parties should also contact with the Bank through mail, telephone, fax and internet etc. All communication channels are easily accessible and smooth.	No material discrepancy
5. Information Disclosure	V		(1) The Bank has regularly disclosed financial and corporate governance status in the Bank's website (Web address: <a href="http://www.ubot.com.tw">http://www.ubot.com.tw</a> ), and will disclose related information following the relevant regulations of the competent authority.	No material discrepancy
(1) Establishment of corporate website to disclose information regarding the Bank's financials, business and corporate governance status.				
(2) Other information disclosure channels (e.g. English website, designating particular person to handle information collection and disclosure, appointing spokesperson, webcasting investor conference)	V		(2) Information Disclosure Method' a. A designated department is to take charge of the collection and disclosure of information on the Bank's website. b. The Bank has set spokesperson and acting spokesperson position to be the sole outlet of the statement to the publics, and the Bank has also formulated "Procedures for Handling Significant Internal Information" for compliance. c. The annual report is prepared each year, disclosing the relevant information in accordance with the "Standards Governing Information to be published in the Annual Report of Banks".	No material discrepancy
(3) After the end of the accounting year, has the bank announced and reported the annual financial statements within the prescribed period in accordance with requirements of the Banking Act and Securities and Exchange Act, and announced and reported the first, second, and third quarterly financial reports and monthly operations in advance of the stipulated period?		V	(3) The Bank announces and reports its financial reports within the prescribed period and announces and reports monthly operations in advance of the stipulated period according to requirements of the Banking Act and the Securities and Exchange Act.	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
6. Other important information that helps to understand the Bank's corporate governance status (such as rights of employees, care for employees, investor relations, rights of stakeholders, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer protection policies, purchasing liability insurance for directors and supervisors, and donate to political parties, related parties and charitable foundations):	V		<ol style="list-style-type: none"> <li>1. Rights of employees and care for employees: The Bank has put in place the "Rules of Employment" to clearly define the rights and obligations of the Bank and employees. The Bank also convenes regular labor relations meeting to enhance the bank-employee relationships and ensure rights of employees. In addition, the Bank undertakes evaluation of the various remuneration and welfare policies to maximize benefits for the employees. The Bank has also put in place the "Criteria for Prevention, Reporting and Punishment of Sexual Harassment Incidences" to ensure equal employment opportunities and human dignity.</li> <li>2. Investor relations: The Bank has set up an investor's relationship window for a smooth communication channel.</li> <li>3. Any transaction between the Bank and our stakeholders are carried out treated in accordance with the "Operational Standards for Non-Credit Transactions Between Union Bank of Taiwan and Related Parties" and relevant regulations governing credit transactions.</li> <li>4. Directors and Supervisors' training records: the Bank's directors and supervisors have taken related trainings of practical operation and company governance. The record may be accessed on the Market Observation Post System (<a href="http://newmops.tse.com.tw">http://newmops.tse.com.tw</a>) and is included in the annual report.</li> <li>5. Risk management policy and execution of the risk evaluation standards: The Bank has put in place a Risk Management Policy, established necessary risk management system and standard to effectively manage risks. (Qualitative and quantitative information for assessing the various risks.).</li> <li>6. The implementation of customer protection policies: Customers may offer comments or lodge complaints on the website or via the hotline for complaints and suggestions. The Bank's responsible department will re-direct the issues to the relevant department for handling and follow-up. The Bank has also put in place the "Criteria and Operational Regulations Governing the Management of Suspected Illegal or Abnormal Deposit Account" and the "Organization of the Customer Dispute Processing Team &amp; Procedures for Handling Customer Disputes" to protect the rights of customers. Take the initiative to care and effectively remind customers to prevent the suffering of loss from being cheated.</li> <li>7. The status of the Bank taking out director liability insurance: The Bank has contacted MSIG Mintai Insurance Co., Ltd. in Nov., 2023 to buy director liability insurance for directors.</li> <li>8. Donation to political parties, stakeholders, and charitable foundations:</li> </ol>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			<p>(1) Holding a children's charity drawing contest and children's wealth management camp. Based on the number of participants and drawings, a donation of NTD 10 per case plus the income from the event registration fee will be made to the account to promote the environmental protection education of the "Pingtung County Government Education Division".</p> <p>(2) On the issuance of charity affinity cards, the Bank will also donate a portion of the cards to charity organizations based on the spending amount of the cards, including donations of guardian angel affinity cards to "Taiwan World Vision", "Ping An affinity cards to "Ping An Foundation", BEATITUDES Charity Affinity Card to the "BEATITUDES Union Charity Organization", and donated the UBOT green cards to "Taiwan Environmental Information Association."</p> <p>(3) When gas exploded at the factory in Pingtung Science Park, the Bank donated to the Pingtung County Social Assistance Account to help the injured and related expenses of follow-up medical care, living and social reconstruction.</p> <p>(4) The Bank donated to the Children Are Us Foundation to hold an annual public performance and purchased handmade lunch boxes.</p> <p>(5) Donation to the "Union Culture Foundation" to organize the Union Arts Competition and Union Arts Touring Exhibition to promote the use of oil painting in Taiwan.</p> <p>(6) UBOT and Union Culture Foundation jointly unveiled the charity donation platform of "Well-Being Together". The funds raised will be donated to the "Puzangalan Children's Choir", the "Long-Yan-Lin welfare association at Zhongliu Village of Nantou County", the Children Are Us Foundation, the "Service Station for the Elderly and Children at Xuhai Elementary School in Mudan Aboriginal Tribe at Mudan Township of Pingtung County", "Kitchen for the Elderly in Tounan Township Community Development Association of Yunlin County", and other public welfare groups, and rural schools in Chiayi County (Alishan elementary and middle school, Yizhu middle school, Fengshan experimental school's kindergarten).</p> <p>(7) Sponsoring the arts and cultural events organized by the county and city</p>	



## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			governments, including sponsoring the "2023 Light Weaving Trend - Nantou Light Festival"; sponsored the "Art Spring Festival" series of events and the "D Sound - Violin Concert" co-organized by the Cultural Affairs Bureau of the Kaohsiung City Government and the Kaohsiung Philharmonic Cultural and Arts Foundation; sponsored the midsummer performing arts festival organized by the Chiayi County Government. (8) Sponsoring "Taoyuan Metro Corporation," "Taichung MRT Corporation," and "Kaohsiung MRT Corporation" to hold various social welfare activities.	
<p>7. Explain the state of rectification addressing to the Corporate Governance Evaluation Result released by Taiwan Stock Exchange Corporation Corporate Governance Center in the previous period, and issues pending on further corrective action and issues required rectification at top priority and the measures to be taken: UBOT was rated among 6-20% in the 10th Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporation. For fortifying corporate governance, UBOT reviews the indicators with no score given under the 10th Corporate Governance Evaluation and takes immediate corrective actions, such as strengthening the organigram of risk management. Sort of project of risk management will be supervised by functional committee which is comprised with audit committee or board level.</p>				

(5) The composition, responsibilities and operation status of the Salary and Remuneration Committee of the Bank:

1. Members of Salary and Remuneration Committee of the Bank

As of December 31, 2023

Requirement	Requirement	Requirement	Requirement
Identity Name	Professional designation and experience	Status of independence	Number of companies where the members hold concurrent positions as members of their Remuneration Committees.



## Corporate Governance

<p>Convener Independent Executive Director</p>	<p>Guo-Zhang Li</p>	<p>Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Vice President of Taiwan Business Bank, President, Chairman of UBOT Bills Finance, Director-General of Bills Finance Association, Independent Director of UBOT.</p>	<p>UBOT has obtained the written declaration of the Independent Directors thereby, and none of the following circumstances in connection with the direct and indirect conflict of interest with the Banks as stated in “Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies” has been identified:</p> <ol style="list-style-type: none"> <li>1. An employee, director, or supervisor of the Bank and its affiliates who is a director or the director’s spouse, relative within the second degree of kinship or direct blood relative within the third degree of kinship, or a natural person shareholder who holds 1% or more of the total number of issued shares of the Bank, or ranks among the top ten in shareholdings.</li> <li>2. A director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Bank, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Bank under Paragraph 1 or 2, Article 27 of the Company Act.</li> <li>3. If a majority of the Bank’s director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.</li> <li>4. If the chairman, president, or person holding an equivalent position of the Bank and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</li> <li>5. A director (or governor), supervisor, managerial officers, or shareholder holding 5% or more of the shares, of a specified company</li> </ol>	<p style="text-align: center;">0</p>
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## Corporate Governance

Independent Director	Tzung-Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the Examination Board at Examination Yuan, visiting scholar at Manchester University in the UK, professor of mechanical and electrical engineering at Tamkang University.	or institution that has a financial or business relationship with the Bank. 6. A professional individual who, or an owner, partner, director (or governor), supervisor, or managerial officer's spouse of a professional, sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.	0
Director	Wen-Ming Li	Specialized in leadership and administrative management. Major experience includes professional staff at Formosa Chemicals & Fiber Corporation, senior professional staff at Union Construction Enterprise Co., Ltd., Executive Director of Cosmos International Money Brokers Limited.	1. Not an employee of the Bank. 2. Not a spouse or relative within the second degree of kinship of any other director. 3. Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.	0

### 2. Operations of Salary and Remuneration Committee of the Bank

I. There are three people in the Salary and Remuneration Committee of the Bank.

II. The term of commissioner: 2021.07.20 to 2024.07.19 Salary and Remuneration Committee of the Bank held 2 meetings in 2023 The status of attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	p.s.
Convener	Guo-Zhang Li	2	0	100%	-
Commissioner	Tzung-Hang Lee	2	0	100%	-
Commissioner	Wen-Ming Li	2	0	100%	-

#### Other Necessary Notes:

- With the attention of kind managers, the committee should perform the following duties faithfully and be responsible to the board of directors, and submit the recommendations to the board of directors for discussion:

## Corporate Governance

- (1) Formulate and regularly review the policies, systems, standards and structure of directors and managers' performance evaluation and salary and remuneration.
- (2) Regularly evaluate and determine the remuneration of directors and managers.
2. Salary and compensation committee's resolutions and bank's response toward the opinions of compensation and compensation committee:

Term	Subject for Discussion	Resolution	The handling of Bank toward Remuneration Committee opinions.
Jan.11, 2023 The 4th meeting of the 5th Committee	2022 Performance Bonus	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
Jun.05, 2023 The 5th meeting of the 5th Committee	Evaluation of Directors' remuneration and attendance fee	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
	Evaluate Managers' remuneration	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
	Directors' and managers' remuneration for the year of 2022	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.

## Corporate Governance

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|----|--|
| 3. | Board of director decline to adopt or require to modify recommendations of the remuneration committee: None.   |
| 4. | Resolutions of the remuneration committee to which a member or members of the committee has or have expressed dissents or reservations which were recorded or made in writing: None. |

### 3. Information on members of the nomination committee of Directors and information on its operation

#### A. Eligibility and duties of the committee members to be nominated by the Board:

The Committee shall consist at least 3 members to be nominated by the Board at least half of whom shall be Independent Directors.

The function of the committee:

- (1) Nomination of the candidates to the seats of Directors of the Company and the review of their qualification requirement.
- (2) Evaluation of the state of independence of the Independent Directors
- (3) Mapping out the plan for the continuing education of the Directors.

#### B. The eligibility and experience of the members of the Director Nomination Committee and the function of the committee:

- (1) The Director Nomination Committee of the Company is consisted of 3 members.
- (2) The tenure of the members for this term of the Committee started on July 20 2021 and expires on July 19 2024. The Director Nomination Committee convened once (A) in 2023. The professional designation and experience, attendance to the sessions of the Committee, and the motions for discussion are specified below:

Occupational Title	Name	Professional designation and experience	Actual frequency of attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Guo-Chang Li	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Vice President of Taiwan Business Bank, President, Chairman of UBOT Bills Finance, Director-General of Bills Finance Association, Independent Director of UBOT.	1	0	100%	-
Committee member	Jeff Lin	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Director of UBOT, Vice President of UBOT, and President of UBOT.	1	0	100%	-
Committee member	Tzung-Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the Examination Board at Examination Yuan, visiting scholar at Manchester University in the UK, professor of mechanical and electrical engineering at Tamkang University.	1	0	100%	-

## Corporate Governance

Note :

1. The content of the motions, the result of resolution of the Director Nomination Committee, and the response of UBOT to the opinions of the Director Nomination Committee:

Term	Points of discussion	Resolution	Response of UBOT to the opinions of the Remuneration Committee
Mar.13, 2023 2 <sup>nd</sup> session of the 2 <sup>nd</sup> term	Draw up 2023 annual training plan of Board of Directors.	The Presiding Officer inquired all members in session for opinion. All members in session acted in favor of the motion as stated at common consent. The resolution was referred to the Board for final approval.	The Presiding Officer inquired all members in session for opinion on referring to the Board. All members in session acted in favor of the motion as stated at common consent.

2. Board of director decline to adopt or require to modify recommendations of the remuneration committee: None.
3. Resolutions of the remuneration committee to which a member or members of the committee has or have expressed dissents or reservations which were recorded or made in writing: None.

### (6) Fulfillment of Corporate Social Responsibilities:

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
1. Has UBOT set up the governance framework for sustainable development, and establish the body for the advocacy of sustainable development on a full-time (part-time) basis, and the Board has authorized the senior management to administer the work? How about the supervision of the Board?	V		<p>For the proper pursuit of corporate social responsibility, UBOT resolved to establish the “Regulations Governing the Establishment of Corporate Social Responsibility Committee” by the 8<sup>th</sup> term of the Board in the 17<sup>th</sup> session in 2015 thereby established the UBOT Corporate Social Responsibility Committee responsible for the making of corporate social responsibility policy and management plans, and the action plans for pursuing the policy. The corporate governance, customer concern, employee care, environment sustainability and social charity groups under the committee have also been established to carry out the plans for assuring the proper pursuit of corporate social responsibility and for economic, social and environmental improvement.</p> <p>For achieving the goal of sustainable development in alignment with the international trend of development, UBOT changed the name of the “Corporate Social Responsibility Committee” to “Sustainable Development Committee” in 2022. This committee will be the decision-making center of sustainable development at the top level of the Bank. The Chairman acts as the Director-General of the Committee, other members are the President, Vice Presidents, Chief Internal Auditor, Compliance Officer at corporate headquarters, and the function heads at corporate headquarters.</p> <p>The Sustainable Development Committee convenes regular meetings. This Committee is responsible for the review and approval or the annual objectives and action plans in all aspects, tracking the pursuit of sustainable development, review of the result, and decision or reference filing of all other matters pertinent to</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>sustainable development. Proposals of the 2023 meeting include:</p> <ol style="list-style-type: none"> <li>1. Description of the 1st Sustainable Finance Evaluation</li> <li>2. Compilation of Sustainability Report</li> <li>3. Identify material issues and formulate strategies</li> <li>4. Annual implementation results and future promotion plans and goals</li> </ol> <p>The Sustainable Development Committee reports to the Board on the progress of sustainable development at regular intervals of the year (at least once a year). The Board shall review the result of the pursuit of sustainable development of the management team and review the feasibility of all plans with timely recommendation for assuring the inclusion of environmental, social and corporate governance factors in the management policy and business activities of the Bank while pursuing sustainable development in operation and profit.</p>	
2. Did UBOT assess the environmental, social, and corporate governance risks pertinent to its operation under the principle of materiality, and map out related risk management policies or strategies?	V		<ol style="list-style-type: none"> <li>1. The information disclosed covers the performance of UBOT in sustainable development in 2023 (from January 1 2023 to December 31 2023). The boundary of risk assessment confines to scope of operation and services provided by UBOT and its subsidiaries in Taiwan.</li> <li>2. Each group of the Sustainable Development Committee conducted analysis under the principle of materiality and engaged in communication with the stakeholders through different channels and platforms for collection of opinions with reference to the domestic and overseas financial environment, industry outlook, strategic development, government policy, industry practice and the opinions from external consultants and experts to assess the ESG issues of materiality, and to effectively identify, assess, and control all risks, and formulated corresponding management measures and objectives as follows:</li> </ol>	No material discrepancy



## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons						
	Yes	No	Memo (Note 2)							
			<table border="1"> <thead> <tr> <th>Materiality Issues</th> <th>Risk assessment items</th> <th>Explain</th> </tr> </thead> <tbody> <tr> <td>Corporate Governance</td> <td>Ethical Corporate management</td> <td> <p>1. The Bank's directors, managers, employees, mandataries, and substantial controllers shall exercise due care as a good administrator and monitor the company to prevent unethical behavior. The ethical management unit is responsible for supervising the Bank's ethical corporate management policies and prevention plans, and report to the Board of Directors at least once a year to ensure the implementation of the ethical corporate management policy.</p> <p>2. Through education and training, reiterate the guidelines for the handling of gifts, the ethical corporate management best-practice principles and conduct guidelines and other codes of conduct to reinforce the concept of ethics.</p> <p>3. The internal audit system and self-check system of the audit unit review the effectiveness of the design and implementation of the internal control system. In addition, the Bank's Audit Department formulates relevant audit plans based on the results of the assessment of the risk of unethical conduct, and checks the compliance status of the prevention plans accordingly.</p> <p>For the implementation of ethical corporate management, please refer to (8) Fulfillment of ethical Management and Adopted measures.</p> </td> </tr> </tbody> </table>	Materiality Issues	Risk assessment items	Explain	Corporate Governance	Ethical Corporate management	<p>1. The Bank's directors, managers, employees, mandataries, and substantial controllers shall exercise due care as a good administrator and monitor the company to prevent unethical behavior. The ethical management unit is responsible for supervising the Bank's ethical corporate management policies and prevention plans, and report to the Board of Directors at least once a year to ensure the implementation of the ethical corporate management policy.</p> <p>2. Through education and training, reiterate the guidelines for the handling of gifts, the ethical corporate management best-practice principles and conduct guidelines and other codes of conduct to reinforce the concept of ethics.</p> <p>3. The internal audit system and self-check system of the audit unit review the effectiveness of the design and implementation of the internal control system. In addition, the Bank's Audit Department formulates relevant audit plans based on the results of the assessment of the risk of unethical conduct, and checks the compliance status of the prevention plans accordingly.</p> <p>For the implementation of ethical corporate management, please refer to (8) Fulfillment of ethical Management and Adopted measures.</p>	
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Corporate Governance	Ethical Corporate management	<p>1. The Bank's directors, managers, employees, mandataries, and substantial controllers shall exercise due care as a good administrator and monitor the company to prevent unethical behavior. The ethical management unit is responsible for supervising the Bank's ethical corporate management policies and prevention plans, and report to the Board of Directors at least once a year to ensure the implementation of the ethical corporate management policy.</p> <p>2. Through education and training, reiterate the guidelines for the handling of gifts, the ethical corporate management best-practice principles and conduct guidelines and other codes of conduct to reinforce the concept of ethics.</p> <p>3. The internal audit system and self-check system of the audit unit review the effectiveness of the design and implementation of the internal control system. In addition, the Bank's Audit Department formulates relevant audit plans based on the results of the assessment of the risk of unethical conduct, and checks the compliance status of the prevention plans accordingly.</p> <p>For the implementation of ethical corporate management, please refer to (8) Fulfillment of ethical Management and Adopted measures.</p>								

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>Law and compliance, Internal Audit</p> <ol style="list-style-type: none"> <li>1. The Legal Affairs Section and Compliance Section of the Law and Compliance Department at UBOT are the function for assuring compliance with applicable laws at UBOT. The Chief Compliance Officer at the corporate headquarters and the staff of the department are responsible for the planning, management, and enforcement of the compliance system at UBOT in joint effort.</li> <li>2. The corporate headquarters and the branches have appointed qualified personnel under law as compliance officers charged with matters in law and compliance.</li> <li>3. The law and compliance policy of UBOT currently in effect was designed under the supervision of the competent authority, including prior planning, monitoring and control in the course of pursuit, and verification in the aftermath. All banking staff are reinforced with the notion of law abiding through education, training, and promotion.</li> <li>4. An internal audit body and general audit system were established under the direct supervision of the Board. This body administers the internal audits of the Bank, maps out audit plans, and conducts general audits and special audits at regular intervals.</li> </ol>	



## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>Society</p> <p>Customer privacy and right</p> <p>1. The purpose of collection, the manner of using customer information and the exercise of related rights are explicitly stated at the notification documents for informing the customers voluntarily and base on the free will of the customers.</p> <p>2. UBOT has established effective rules and regulations for the protection of personal information, and the Personal Information Management Committee as the organization for managing personal information system across the departments. This committee review matters pertinent to the protection of personal information at UBOT at regular intervals, and intensify the management in collaboration with the information security team of UBOT for assuring safety of all files containing personal information.</p> <p>3. Regularly conduct personal security accident response drills.</p> <p>4. Implement financial consumer protection, establish comprehensive dispute handling system, and set up a customer service unit to provide a customer service hotline to accept customer inquiries and handle complaints.</p> <p>5. The Fair Treat Management Committee has established under the Board as the main organization for the planning, deliberation and implementation of the Bank's fair treatment of customers, and reports to the Board on a regular basis.</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>Workplace Health and Safety</p> <ol style="list-style-type: none"> <li>1. Maintain workplace health by implementing a comprehensive smoking policy, formulate "Procedures for Sexual Harassment Prevention, Complaint, and Discipline in the Workplace" and "Plan for Unlawful Violence in the Performance of Duty" to provide employees with complaints about physical, mental, verbal violence and sexual harassment to maintain a safe workplace environment.</li> <li>2. Hold electrical fire safety training and safety drills every six months. The drills cover burglary prevention, fire alarm, suspicious explosives detection, fraudulent claim and account opening.</li> <li>3. All office premises are equipped with access control, security and firefighting facilities. In addition to the aforementioned facilities at the business premises, there are also security guards and an alarm system.</li> <li>4. Implement operating environment safety checks, and enhance safety maintenance measures in accordance with the "Financial Institution Crime Prevention Environment Assessment and New Identification Standard" stipulated by the Police Administration, Ministry of the Interior, to ensure the safety of personnel and finance, and reduce potential risks in the work environment to the minimum.</li> </ol>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons			
	Yes	No	Memo (Note 2)				
			<table border="1"> <tr> <td>Environment</td> <td>Climate Change and Environment Impact</td> <td> <p>1. The Bank's risk management policy has set out the "Climate Change Migration and Environmental Sustainability Risk Management Criteria" to regularly review the implementation of relevant plans.</p> <p>2. The Bank is committed to providing climate finance products and services and enhancing customers' ability to adapt to climate change. It also supports green energy with concrete actions, implements carbon reduction, and continues to be committed to the sustainable development of the enterprise. The Bank has formulated the strategies for "net zero" and "supporting low-carbon economic activities," and identify the climate risks and opportunities faced by the Company's own operations and businesses.</p> <p>3. The Energy and Environmental Management Policy has been formulated, with bank-wide energy conservation and carbon reduction targets set and an environmental management officer responsible for promoting environmental sustainability-related issues.</p> </td> </tr> </table>	Environment	Climate Change and Environment Impact	<p>1. The Bank's risk management policy has set out the "Climate Change Migration and Environmental Sustainability Risk Management Criteria" to regularly review the implementation of relevant plans.</p> <p>2. The Bank is committed to providing climate finance products and services and enhancing customers' ability to adapt to climate change. It also supports green energy with concrete actions, implements carbon reduction, and continues to be committed to the sustainable development of the enterprise. The Bank has formulated the strategies for "net zero" and "supporting low-carbon economic activities," and identify the climate risks and opportunities faced by the Company's own operations and businesses.</p> <p>3. The Energy and Environmental Management Policy has been formulated, with bank-wide energy conservation and carbon reduction targets set and an environmental management officer responsible for promoting environmental sustainability-related issues.</p>	
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## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>4. The Bank has established the "Supplier Management Policy" to implement corporate social responsibility and environmentally sustainable development with suppliers, and suppliers are required to sign and follow the "Commitment to CSR, Ethical Corporate Management Policy, and Legal Regulations" to jointly abide by the Bank's environmental sustainability and related measures.</p> <p>5. Set energy conservation targets for the entire bank, including electricity, water, fuel consumption for official vehicles, self-built electric vehicle charging system and self-built rooftop solar power plant, and prioritize the procurement of lighting and air-conditioning equipment with energy-saving labels, water-saving certified bathroom equipment.</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
<p>3. Fostering a Sustainable Environment:</p> <p>(1) Establishment of proper environment management systems based on the characteristics of its industry.</p>	V		<p>(1) The Bank established the Energy Management Committee in 2010, and set up environmental management personnel in the General Affairs Department. With reference to the ISO50001 energy management system and the ISO14000 environmental management system, the Bank formulated the "Energy and Environmental Management Manual", and carried out the Bank's environmental management related operations in accordance with its regulations. , to promote various energy-saving measures.</p> <p>1. The buildings harboring the corporate headquarters, Chungshan Branch, Taoying Branch, Minguan Branch, and Lingya Branch have been accredited with ISO50001 energy management system certification (valid from 2021.12.01 to 2024.12.01).</p> <p>2. The Head Office obtained the ISO14001 environmental management system certification (valid from 2023.12.12 to 2026.12.12).</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
(2) Is the bank committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		(2) The Bank has formulated the "Energy and Environmental Management Policy", and the purchase of equipment will give priority to the use of green energy products with labels such as energy saving, green building materials, environmental protection, and water saving. Handle waste classification and resource recycling. In addition, in order to improve the reuse rate of equipment and items, a database of various idle machinery, equipment and supplies has also been established. The database must be checked before the property purchase operation, and the reuse of idle inventory will be given priority to improve the reuse rate of items. Paper is used for double-sided printing or single-sided recycling and re-copying, and paper for expired documents is sent to paper mills for disposal as raw materials for recycled paper.	No material discrepancy
(3) Does the Bank collect data for greenhouse gas emissions, water usage and total weight of waste in the past two years, and set energy conservation, carbon reduction, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		(3) The Bank has assessed the risks and opportunities of climate change and adopted countermeasures as follows: 1. Make individual assessments based on individual customers' industries and impacts of climate change. 2. Climate change risks: A. Physical risks: the adverse impact of extreme weather (such as abrupt typhoons, floods or long-term sea level rise, etc.) on the Bank's service sites, real estate collateral, customer operation or income. B. Transformation risks: the Bank's costs in carbon reduction and compliance in accordance with policies and regulations and risks posed by customers' response to carbon reduction and sustainable transformation. 3. Climate opportunities: These include "Improving business location energy efficiency," "Promoting various online services and paperless operations," "Issuing low-carbon financial products or services," "Promoting green and sustainable loans and	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>investment products," and "Responding to energy-saving initiatives activities and plans".</p> <p>4. Take corresponding countermeasures in response to the aforementioned risks and opportunities.</p> <p style="padding-left: 20px;">A. Physical risk: Control mechanisms such as a backup mechanism and rules and regulations are in place.</p> <p style="padding-left: 20px;">B. Transformation risks: Setting various energy-saving targets, purchasing energy-saving equipment, and paying attention to customers' operational or financial conditions.</p> <p style="padding-left: 20px;">C. Climate Opportunities: Provide green (sustainable) related financial products (such as UBOT green cards, green credit and investment).</p>	
(4) Does the Bank collect data for greenhouse gas emissions, water usage and total weight of waste in the past two years, and set energy conservation, carbon reduction, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		<p>(4)</p> <p>1. The Bank has established an "Energy and Environmental Management Policy" for greenhouse gas reduction. Please refer to page 59 for specific goals and plans.</p> <p>2.</p> <p style="padding-left: 20px;">A. The Bank's water consumption: In 2022 was 64,454 m<sup>3</sup>/ In 2023 was 72,362 m<sup>3</sup>.</p> <p style="padding-left: 20px;">B. The total weight of waste produced by the Bank in 2022 was 155.9 metric tons. The total weight of waste produced by the Bank in 2023 was 156.8 metric tons.</p> <p>3. The 2022 greenhouse gas emission amount was 1,139.373 tons of CO<sub>2</sub> equivalent (5 units at the Head Office, Zhongshan Branch, Taoying Branch, Minguan Branch, and Lingya Branch).</p> <p>4. 2022 statistical data intensity: 1.368 tons CO<sub>2</sub>e /NTD million. The statistical data intensity in 2023 was 0.656 metric tons CO<sub>2</sub>e /NTD million.</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons						
	Yes	No	Memo (Note 2)							
4. Preserving Public Welfare (1) Whether the Bank has established the related management policies and procedures in accordance with the relevant laws and international human right conventions?	V		<p>(1) UBOT recognizes and support the spirit and fundamental principles of the UN “Universal Declaration of Human Rights, “Global Impact”, “International Labour Convention” and other international human rights conventions for the protection of human rights, and established its “Human Right Policy” for the respect and obligation of protecting human rights for the realization of the aforementioned declarations. UBOT seeks to perform its corporate social responsibility to its entirety through the protection of human right at workplace, health and safety at workplace, labor-management relation, protection of personal information, and information security for the protection of the fundamental human right of all staff, customers, and stakeholders.</p> <p>The Bank's human rights management policies and specific plans are summarized as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Human Rights Management Policy</th> <th style="width: 50%;">Specific plan</th> </tr> </thead> <tbody> <tr> <td>Workplace Human Rights Protection</td> <td>All policies shall neither constitute differential treatment nor any forms of discrimination on the basis of gender, sexual orientation, race, class, age, marital status, language, ideology, religion, party affiliation, nationality, birthplace, appearance, facial features, physical or mental disability, or previous union membership identity. The Bank has established the "Union Bank of Taiwan Prevention Plan for Unlawful Infringement When Performing Duties" to protect employees from physical or mental harm when performing their duties. A total of 3,862 people in 2023 completed education and training programs on physical and mental abuses, abnormal workload, ergonomic hazards, maternal health protection, and prevention of sexual harassment.</td> </tr> <tr> <td>Healthy and Safe Workplace</td> <td>Formulate the "Safety and Health Work Principles" and "Occupational Safety and Health Management Regulations" to continuously improve the safety and health conditions of the working environment, and strive to reduce the risk of occupational disasters to protect the physical and mental health of employees.</td> </tr> </tbody> </table>	Human Rights Management Policy	Specific plan	Workplace Human Rights Protection	All policies shall neither constitute differential treatment nor any forms of discrimination on the basis of gender, sexual orientation, race, class, age, marital status, language, ideology, religion, party affiliation, nationality, birthplace, appearance, facial features, physical or mental disability, or previous union membership identity. The Bank has established the "Union Bank of Taiwan Prevention Plan for Unlawful Infringement When Performing Duties" to protect employees from physical or mental harm when performing their duties. A total of 3,862 people in 2023 completed education and training programs on physical and mental abuses, abnormal workload, ergonomic hazards, maternal health protection, and prevention of sexual harassment.	Healthy and Safe Workplace	Formulate the "Safety and Health Work Principles" and "Occupational Safety and Health Management Regulations" to continuously improve the safety and health conditions of the working environment, and strive to reduce the risk of occupational disasters to protect the physical and mental health of employees.	No material discrepancy
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## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons						
	Yes	No	Memo (Note 2)							
			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td> <p>Provided 26 on-site professional physician health consultation services.</p> <p>A bank-wide "musculoskeletal symptom survey" is conducted to promote employee health and care about the physical condition of employees every month. A total of 3,830 surveys were conducted in 2023. A total of 3,862 people in 2023 completed education and training programs on physical and mental abuses, abnormal workload, ergonomic hazards, maternal health protection, and prevention of sexual harassment.</p> </td> </tr> <tr> <td>Maintenance of labor relations</td> <td> <p>Continue to maintain smooth communication channels with employees and provide diversified communication mechanisms and platforms to protect and enhance the rights and interests of employees, and strive to promote harmonious labor-management relations. Held every three months, with four labor-management meetings held in 2023.</p> </td> </tr> <tr> <td>Personal information and information security protection</td> <td> <p>To protect the privacy of all customers, employees and stakeholders, the Company has established comprehensive and strict personal data and information security control mechanisms and protective measures to ensure data security. The online education and training on personal information protection and whistle-blowing system, and information security were completed by 3,654 and 3,814 employees, respectively, in 2023.</p> </td> </tr> </table>		<p>Provided 26 on-site professional physician health consultation services.</p> <p>A bank-wide "musculoskeletal symptom survey" is conducted to promote employee health and care about the physical condition of employees every month. A total of 3,830 surveys were conducted in 2023. A total of 3,862 people in 2023 completed education and training programs on physical and mental abuses, abnormal workload, ergonomic hazards, maternal health protection, and prevention of sexual harassment.</p>	Maintenance of labor relations	<p>Continue to maintain smooth communication channels with employees and provide diversified communication mechanisms and platforms to protect and enhance the rights and interests of employees, and strive to promote harmonious labor-management relations. Held every three months, with four labor-management meetings held in 2023.</p>	Personal information and information security protection	<p>To protect the privacy of all customers, employees and stakeholders, the Company has established comprehensive and strict personal data and information security control mechanisms and protective measures to ensure data security. The online education and training on personal information protection and whistle-blowing system, and information security were completed by 3,654 and 3,814 employees, respectively, in 2023.</p>	
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(2) Has the Bank established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		<p>(2) The Bank's "Guidelines for payroll under personnel management regulations" have defined the standards about granting of salary, allowance, compensation and bonuses. In addition, the Bank has enacted the "Criteria for handling employee merit and disciplinary incidents".</p> <p>The Bank regularly conducts promotion and salary adjustment to provide reasonable remuneration. In order to promote family care welfare and comply with the Labor Standards Act, we have established menstrual leave, pregnancy check-up leave, maternity leave, paternity leave, and miscarriage leave. The Company established an employee welfare committee to provide holiday bonuses, marriage, funeral, maternity and</p>	No material discrepancy						

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>material natural disaster payments. Where there is a profit in the Bank's annual final accounts, the Board of Directors will consider the operating performance of the current year, issue year-end and performance bonuses, and distribute employee compensation (1% to 5% of the profit) to employees. From 2021, the Bank set up an employee stock ownership trust, and qualified employees can join freely to achieve the purposes of long-term savings, wealth accumulation, and ensuring a stable life in the future. If major deficiencies occurred in financial consumer protection, fair treatment of customer disputes and so on, in accordance with the "Procedures for Performance Appraisal of Business Units," the competent authority will impose a fine or the business unit involved in the case of fraud will have its performance bonus deducted after approval by the president depending on the severity of the case. The performance bonus shall be properly linked to the implementation results of financial consumer protection disputes and fair customer treatment.</p> <p>The Company promotes diversity policies in the workplace and implements employment diversity, compensation and fair promotion opportunities. All policies shall neither constitute differential treatment nor any forms of discrimination on the basis of gender, sexual orientation, race, class, age, marital status, language, ideology, religion, party affiliation, nationality, birthplace, appearance, facial features, or physical or mental disability. In 2023, female employees accounted for 63.6%, female supervisors accounted for 53%; employees under 30 years old accounted for 26.8%, employees over 30 years old under 50 years old accounted for 53%, and employees over 50 years old accounted for 20.2%; another 18 employees who are persons with disabilities were hired. The number of employees with mental and physical disabilities exceeds the limit of five persons under the "Persons with Disabilities Rights Protection Act."</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
(3) Whether the Bank has provided safe and healthful work environments and training on safety and health for employees on a regular basis?	V		<p>(3) UBOT provides a safe and health work environment for its employees, and provides on-the-job training on topics of occupational health and safety for the employees at regular intervals as required by the competent authority.</p> <p>1. UBOT conducts inspection on the safety of power use, lighting intensity and indoor air quality on all its facilities twice a year for providing a safe and healthy work environment for the employees. UBOT also provides training on occupational safety and health for the new employees, for existing employees, training for personnel in charge of occupational safety, and first-aid staff as required by the competent authority.</p> <p>2. In 2023, there were 7 cases of occupational hazards occurred involving 7 persons or 0.0017% of the total employee population. The main cause of the hazards is traffic accidents on the roads to work and from work. The occupational safety and health officers of the branches intensified the education on safety at morning meetings or through training on occupational safety to remind the employees on reducing driving speed and keeping distance in rainy weather, and duly observe traffic safety regulations. The Bank provides employees with safe and healthy work environment and performs labor safety &amp; health on-the-job education and training periodically.</p> <p>3. The number of fire incidents in 2023 was zero, and the number of casualties to the total number of employees was zero.</p>	No material discrepancy
(4) Whether the Bank has established some effective career development training plan for employees?	V		<p>(4) In responding to the rapid change in the financial environment, the corporate strategy of the Bank and the training of employees in career development, UBOT holds lectures, seminars, professional training programs and sending banking staff to receive training in finance and banking and corporate management from time to time in the year in accordance with the Regulations Governing Continuing Education of Employees and with reference to the career development planning of the employees for enriching them with the required professional knowledge and skills and developing into a full-seasoned talents in finance and banking services. UBOT has installed the E-learning platform for online learning and training. This platform makes available a wide</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons																				
	Yes	No	Memo (Note 2)																					
			<p>array of digital learning programs online at the education section. Employees may access to the platform at time of their choosing voluntarily for upgrading their professional skills and capacity. Training of employees in career capacity is also carried out through job rotation.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4">Continuing education in 2023</th> </tr> <tr> <th>Category of personnel</th> <th>Nature of the program</th> <th>Class</th> <th>Number of participants in training</th> </tr> </thead> <tbody> <tr> <td>New employees</td> <td>Orientation</td> <td style="text-align: center;">4</td> <td style="text-align: center;">272</td> </tr> <tr> <td>Employees of all functions</td> <td>Professional courses</td> <td style="text-align: center;">693</td> <td style="text-align: center;">50,596</td> </tr> <tr> <td>Newly appointed officer</td> <td>In charge of training</td> <td style="text-align: center;">13</td> <td style="text-align: center;">34</td> </tr> </tbody> </table>	Continuing education in 2023				Category of personnel	Nature of the program	Class	Number of participants in training	New employees	Orientation	4	272	Employees of all functions	Professional courses	693	50,596	Newly appointed officer	In charge of training	13	34	
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Newly appointed officer	In charge of training	13	34																					
(5) Does the Bank's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers' rights and consumer appeal procedures?	V		<p>(5) The Bank thinks highly of protecting its customers, and has established a policy of treating customers fairly, so as to increase consumers' confidence in the Bank and ensure its sustainable development. The Bank has implemented a policy of treating customers fairly, and complied with the Financial Consumer Protection Act and related regulations. For the protection of consumers' interests, a "Consumer Dispute Resolution Policy" was formulated and passed during the 2nd meeting of the 9th board on August 26, 2015.</p> <p>The Bank also maintains a 24-hour, all-year-round customer service hotline. When a customer who has business with the Bank claims</p>	No material discrepancy																				

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>his rights has been damaged and has disputes over products or services, he or she may file a complaint through proper channels (e.g. telephone, mail, web message, or over the counter at branches). All complaints will be handled in discretion according to the Bank's "Customer Complaint Handling Procedures," and followed up by dedicated department. The Bank will resolve every customer dispute in a fast and efficient manner, and perform statistical analyses on complaint cases to identify rooms for improvement and thereby prevent similar occurrences.</p> <p>A "Consumer Dispute Resolution Team" has also been assembled to resolve disputes arising from business between the Bank and clients that were unable to reach agreement in the hope of resolving the issue with satisfactory result.</p>	
(6) Does the Bank set supplier management policy and request suppliers to comply with related standards on the topics of environmental protection, occupational safety and health or labor right, and their implementation status?	V		<p>(6)</p> <p>1. The Bank has established a supplier management policy and requires suppliers to follow this policy when interacting with the Bank. When signing contracts, they must sign a commitment letter for "compliance with corporate social responsibility, integrity management policies, and legal requirements to regulate goods and services suppliers" to promise to abide by the environmental protection laws, the Occupational Safety and Health Act, the Labor Standard Act, and other relevant laws and regulations in the process of product manufacturing and provision of services, while paying attention to labor human rights and safety hazards in the work environment, taking measures to prevent hazards from occurring, and complying with the integrity management policy. There are provisions in the contract signed by each supplier that if the supplier violates the above-mentioned policy or has a significant impact on the environment and society, the Bank may terminate or revoke the contract at any time, to avoid business dealings with those who violate the Bank's corporate social responsibility policy.</p> <p>2. UBOT requires all suppliers to fill in the "Supplier Corporate Social Responsibility Self-Assessment Sheet" for understanding the suppliers in pursuing</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			environmental protection, occupational safety and health, human rights of labor, and ethical corporate.	
5. Does the Bank refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Bank? Has the said Report acquire 3rd party accreditation institution's verification or statement of assurance?	V		The Bank's sustainability report has been prepared in accordance with the GRI Standards published by the Global Reporting Initiative (GRI) in 2021. For the report information disclosure directions, the Bank also followed the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," and the "Guidelines for Climate Risk Financial Disclosure by Banks in Taiwan," and corresponding to the UN SDGs goals and Sustainability Accounting Standards Board (SASB) standard published by the International Sustainability Standards Board (ISSB) of the IFRS Foundation, the Bank has obtained assurance from a third party, the verification unit of Ernst & Young. The Company's financial statements have been certified in accordance with the Assurance Standard No. 3000 "assurance over non-historical financial information" issued by the Accounting Research and Development Foundation of the ROC. Independent limited assurance was conducted and the assurance report was disclosed as attached to the Bank's sustainability report which is available on the Bank's website and on the Market Observation Post System (MOPS) website.	No material discrepancy
6. UBOT established the "Corporate Social Responsibility Best Practice Principles" by the 8th Board in its 18th session on March 18 2015, and passed by the 11th Board to rename as "Sustainable Development Best Practice Principles" in its 7th session on March 7 2022 thereby related provisions were amended in accordance with the "Sustainability Development Best Practice Principles for TWSE Listed and TPEX Listed Companies" for strengthening the pursuit towards the goal of sustainable development. UBOT reviews the status of implementation in accordance with the Principles and based on the Principles for taking corrective action. There is no difference since the implementation.				
7. Other important information to facilitate better understanding of the Bank's corporate social responsibility practices (e.g., environmental protection, community involvement, social contribution, social work, social welfare, consumer rights, human rights, safety and hygiene and the adopted policies and measures to fulfill corporate social responsibilities and the status of performing such responsibilities): Please refer to Page 155				



## Corporate Governance

### (7) Climate-related information of the Bank

#### 1. Implementation of climate-related information

Item	Status of implementation
<p>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.</p>	<ol style="list-style-type: none"> <li>1. To ensure the implementation of corporate social responsibility, sustainable development policies and climate change risk management, the "Sustainable Development Committee" under the Board of Directors and the "Assets, Liabilities and Risk Management Committee" under the Chairman are responsible for related matters.</li> <li>2. The "Sustainable Development Committee" is responsible for the overall planning of sustainable development policies, management guidelines and specific promotion plans, and reports the status to the Board of Directors every year. There is an Environmental Sustainability Team under it. The functions include environmental sustainability policy, corporate carbon reduction management, green procurement, environmental sustainability, and supply chain management, and the team convener invites relevant units to participate in the team's functions.</li> <li>3. The "Assets, Liabilities and Risk Management Committee" is responsible for reviewing and monitoring the management reports or information provided by business units and the Risk Management Department.</li> <li>4. The Risk Management Department is responsible for coordinating and coordinating the financial disclosures related to climate change among all units, and regular reporting information related to climate change risk issues to the Asset, Liability, and Risk Management Committee and the Board of Directors.</li> </ol>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, medium-, and long-term).</p>	<p>The Bank has identified how climate risks (including physical risks and transition risks), opportunities, and short-, medium-, and long-term impacts on business, strategy and finance are summarized as follows:</p> <ol style="list-style-type: none"> <li>1. Physical risks: Extreme weather events (such as immediate typhoons, floods, or long-term sea level rise) may cause disruption to the Bank's business locations, decline in the value of real estate collateral, and negative impacts that affect repayment capability and increase credit risk.</li> <li>2. Transformation risk: Due to the cost for responding to policies and regulations, such as the introduction of a carbon tax (carbon price) in the short and medium term, these will increase the Bank's cost of carbon reduction and related penalties for non-compliance. The additional cost of the short- to long-term carbon reduction transformation for investment and financing customers, or the decline in revenue caused by untimely transformation, which affects the repayment ability.</li> <li>3. Climate opportunities:             <ol style="list-style-type: none"> <li>(1) The Bank promotes various online services, goes paperless, and issues low-carbon financial products or services, among other things, to increase consumers' impression of the Bank's brand in the short to medium term and bring benefits.</li> <li>(2) Promoting green and sustainable loans and investments should increase the operating revenue of the Bank in the short, medium and long term.</li> </ol> </li> </ol>

## Corporate Governance

Item	Status of implementation
	(3) Improving the energy efficiency of business locations and responding to energy-saving initiatives to reduce operating costs in the short, medium and long term and bring about positive financial impact.
3. Describe the financial impact of extreme climate events and transformation actions.	<ol style="list-style-type: none"> <li>1. For details, please refer to the financial impact of extreme weather (e.g. immediate typhoon, flood, or long-term sea level rise) and transformational actions (e.g., the cost of adopting policies and regulations, and the risks faced by customers in carbon reduction and sustainable transformation). Please refer to the description of Item 2.</li> <li>2. The Bank was treated to three climate scenarios (including physical risks and transition risks) of "Orderly Transition," "Disorderly Transition," and "No-Policy" in the "Climate Change Scenario Analysis Plan for Local Banks" published by the FSC, and calculate the ratio of the expected loss amount to the Bank's net worth and pre-tax profit or loss by 2030 and 2050 to assess the impact on the Bank's financial impact.</li> </ol>
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<ol style="list-style-type: none"> <li>1. The Bank's climate risk management is implemented through a framework of three lines of defense for internal control, which includes internal audit, self-audit, compliance, and risk management. Self-audit is the first line of defense, compliance and risk management is the second line of defense, and internal audit is the third line of defense.</li> <li>2. The "Risk Management Policy" established by the Bank is the supreme management principle for risk management, including the "Climate Change and Environmental Sustainability Risk Management Guidelines"; the risk management process includes: risk identification, risk measurement, risk monitoring and risk reporting. A brief description of the procedures is as follows:               <ol style="list-style-type: none"> <li>(1) Risk identification: Refer to domestic and foreign climate-related risk reports and documents to identify climate-related risks and opportunities.</li> <li>(2) Risk measurement: Each responsible unit assesses the likelihood and degree of impact of the climate-related risks identified, and their impact on the Bank's business or finance.</li> <li>(3) Risk monitoring: After assessing the impact of climate-related risks, each responsible unit will continue to formulate or develop relevant management measures and monitor them.</li> <li>(4) Risk reporting: Each responsible unit will regularly report the relevant monitoring results to the responsible manager. The Risk Management Department will regularly report the information on climate change risk issues to the Asset, Liability, and Risk Management Committee and the Board of Directors.</li> </ol> </li> </ol>
5. If a scenario analysis is used to evaluate the resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained.	<p>The Bank uses the following scenarios to assess climate change risk resilience:</p> <ol style="list-style-type: none"> <li>1. Carbon Fee Impact Scenario: The carbon emission data of the Ministry of Environment is used to evaluate credit and (non-trading) bond investment customers under three carbon fee scenarios and analyze the changes in default rate and expected credit losses under the circumstance where the customer has to pay additional carbon fee costs.</li> </ol>



## Corporate Governance

Item	Status of implementation
	<ol style="list-style-type: none"> <li>2. The actual risk is based on the flooding scenario: With reference to the hazard degree of extreme rainfall probability (RCP8.5 mid-century scenario) across Taiwan published by the National Center for Disaster Prevention (NCDP) and the third generation flooding, the potential vulnerability grading map is used to evaluate the impact of the Bank's high-risk flooding on the number of operating sites and real estate-backed loan balance and taking into account exposure.</li> <li>3. The impact on the Bank's finances is assessed based on three scenarios: "Orderly Transition," "Disorderly Transition," and "No Policies" in the "Climate Change Scenario Extension Operation Plan for Local Banks" published by the Financial Supervisory Commission. The environmental factors include "Heavy rain," "flooding," "drought," transformation factors including simulated "corporate carbon emissions" and "carbon price change." The ratio of the expected loss amount in 2030 and 2050 to the Bank's net worth and income before tax is evaluated for the credit (including credit cards), bills, bonds, and equity investment positions.</li> <li>4. The aforementioned assessment results are expected to be disclosed in the TCFD report under the "Corporate Governance Section" on the Bank's website by the end of June 2024.</li> </ol>
<p>6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.</p>	<ol style="list-style-type: none"> <li>1. In response to climate change, the Bank has adopted the following climate strategies: <ol style="list-style-type: none"> <li>(1) Toward net zero: Manage the Bank's daily business activities, respond to energy conservation and carbon reduction, and gradually move towards the goal of net zero carbon emissions.</li> <li>(2) "Supporting low-carbon economic activities": Developing and deploying potential business opportunities and related financial benefits brought about by climate change and managing related risks, assisting customers in their low-carbon transformation, supporting the development of low-carbon technologies, and promoting climate finance products and services.</li> </ol> </li> <li>2. The Bank has established a number of indicators and targets for "Greenhouse Gas Emissions," "Energy Usage," "Climate Risk Management," and "Climate Opportunities," and regularly disclose the implementation status in the TCFD report.</li> </ol>
<p>7. If the internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</p>	<p>Currently there is no such system. In the future, the Bank intends to refer to the price of the domestic carbon exchange international trading platform and the EU ETS as a reference for the future shadow carbon pricing.</p>
<p>8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, it should be explained of the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs) for which they are exchanged.</p>	<ol style="list-style-type: none"> <li>1. In terms of greenhouse gas emissions, Scope 1 and Scope 2 have been established for 139 years ago. Net zero emissions (carbon neutrality) can be achieved through energy conservation, carbon reduction, investment in solar energy plants (create energy), purchase of green electricity, and carbon trading.</li> <li>2. Set the following targets for energy use: <ol style="list-style-type: none"> <li>(1) Reduction of electricity consumption: Assuming 2020 as the base period, the Bank has reduced electricity consumption by 15% by 2035 and 8.66% by 2023 compared to the base year.</li> <li>(2) Water use reduction: Using 2023 as the base period, the Bank will reduce water usage by 8% by 2035.</li> </ol> </li> </ol>

## Corporate Governance

Item	Status of implementation
	(3) Reduction of business vehicle fuel: Using 2023 as the base period, the goal is to reduce business vehicle fuel by 40% by 2035. (4) Establishment of self-charging system for electric vehicles: Starting in 2023, parking lots of self-built buildings of the Bank shall be equipped with electric vehicle systems. (5) Self-built rooftop solar power plants: By 2035, the Bank has installed at least 5 rooftop solar power plants in self-owned buildings. 1. Future planning: Referring to the SBTi Absolute Carbon Reduction Approach, with 2023 as the foundation year, the Company will reduce carbon by 6% per year and by 42% by 2030.
9. Greenhouse gas inventory and assurance, and reduction targets, strategies, and concrete action plans. (To be filled in 1-1 and 1-2 separately).	Please refer to 1-1 and 1-2.

### 1-1 Greenhouse Gas Inventory and Assurance of the Bank in the Past Two Years

#### 1-1-1 Greenhouse Gas Inventory Information

Greenhouse gas emission volume (metric tons CO <sub>2</sub> e), intensity (metric tons CO <sub>2</sub> e/NTD million), and data coverage for the most recent two years.
1. The 2022 greenhouse gas emission amounted to 1,139.373 tons of carbon dioxide equivalent. 2. Intensity: 1.368 tons of CO <sub>2</sub> e/NTD million. 3. Scope: 5 units, including Head Office, Chungshan Branch, Taoying Branch, Minchuan Branch, and Lingya Branch.
1. The 2023 greenhouse gas emission was 10,064.465 tons of carbon dioxide equivalent. 2. Intensity: 0.656 tons of CO <sub>2</sub> e/NTD 1 million. 3. Coverage: 90 business locations and headquarters throughout the Bank.

#### 1-1-2 Greenhouse Gas Assurance Information

Explanation of assurance status in the last 2 years up to the date of publication of the annual report, including assurance scope, assurance institution, assurance criteria and assurance opinions.
Assurance Scope: 2022 Scope 1, Scope 2, Scope 3 of 5 units of Head Office, Zhongshan, Taoying, Minquan, Lingya and others. In 2023, Scope 1, Scope 2, and Scope 3 and others of the 90 operating units and Head Office were reported. Assurance Institution: SGS. Standard of assurance: ISO 14064-3: 2006 Assurance opinion: Full assurance information will be disclosed in the Sustainability Report

### 1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Base year and data of greenhouse gas reduction, reduction goals, strategies, and concrete action plans, and achievement of reduction goals.
1. Scope 1 and 2 greenhouse gas reduction targets: Referring to the SBTi Absolute Carbon Reduction Approach, reducing carbon by 6% per year from 2023 as the base year, and reducing carbon by 42% by 2030, aiming to achieve "Net Zero Emissions" by 2050. 2. Strategy and concrete action plan: (1) Energy conservation: The Company will continue to implement various measures to save power, fuel, and water, and purchase electric vehicles and motorcycles. (2) Create energy: Install solar power generation system on the roof of the Bank's building and invest in wind and solar power plants. (3) Purchase green power and carbon right certificates.

## Corporate Governance

### (8) Fulfillment of ethical Management and Adopted measures:

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
<p>1. Formulate the Policy and Procedures for Ethical Management</p> <p>(1) Whether the Bank has expressly stated the ethical policy and its fulfillment by the board of directors and the management in its Articles of Incorporation and public documents?</p>	V		(1) The Bank's board of directors has approved the Ethical Corporate Management Best Practice Principles and Guidelines for Conduct of Union Bank of Taiwan, which clearly states that the Board of Directors and senior management shall be committed to putting into practice the principles actively. In order to fulfill its commitments, the Bank has set up a "Corporate Governance Team" under the "Corporate Social Responsibility Committee" of the Board of Directors as the dedicated unit for the Bank's integrity management, and is responsible for overseeing the implementation of the Bank's integrity management policies and various preventive programs.	No material discrepancy
<p>(2) Whether the Bank has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>	V		(2) Each business unit of the Bank has strict internal control and risk control mechanisms. In addition to complying with the regulations of the competent authorities and the head of each business unit, the Bank has compliance, audit, and risk management units for strict supervision. The preventive programs in the preceding paragraph also stipulate relevant regulations on the prohibition of bribery to ensure that the Company operates with integrity. Also, the Bank conducts a self-evaluation on operational risk control every year to understand the effectiveness of various control measures and whether they are implemented as required, and to adopt enhanced measures as appropriate. The evaluation results are compiled into a summary report and reported to the Asset and Liability Management Committee and the Board of Directors.	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
(3) Has the Bank set up operating procedure, behavior guideline, disciplinary actions, and complaint system in the plans to prevent unethical conduct? Does the Bank strictly execute the implementation and periodically revise the afore-mentioned plan?	V		(3) The Bank's program to prevent dishonest conduct is to specify operation process of the Bank, code of conduct, disciplinary action for violation in the Bank's human resource management procedure and work rule. The procedure and rule are periodically reviewed and modified. In addition, the Bank ensures the implementation of preventive measures through the legal compliance system, internal audit and whistle blower system.	No material discrepancy
2. Implementation of Ethical Management (1) Whether the Bank has evaluated the ethical record of trading counterparts and specifically set out the ethical management clause in business contract?	V		(1) The Bank's business activities shall avoid any trading with persons with unethical record, and the Bank planned to expressly state the clause about compliance with the Bank's ethical management policy in contracts. Meanwhile, before conclusion of any contract, the Bank will have the contract reviewed by the legal affairs unit to ensure the right, obligation and validity of the contract.	No material discrepancy
(2) Whether the Bank has set up a unit under the Board which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(2) The "Corporate Governance Team" under the "Corporate Social Responsibility Committee" that reports to the Board is responsible for monitoring the promotion of the Bank's ethical corporate management policies and the implementation of various preventive measures. The team regularly (at least once a year) reports to the Board of Directors.	No material discrepancy
(3) Whether the Bank has defined the policy to prevent conflict of interest and to offer appropriate channels for providing a statement in regard to the situation, and implemented the same precisely?	V		(3) The Bank's policies and channels for preventing conflicts of interest are clearly stipulated in the "Ethical Corporate Management Best Practice Principles and Guidelines for Conduct" in the work rules and employee service regulations (for employees), and the Bank has set up a grievance system and provided smooth communication channels. In addition, a recusal system (for directors) is stipulated in the Bank's Rules of the Meeting of the Board of Directors, and is strictly implemented as required.	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		(4) The Bank's accounting policies were established in accordance with relevant laws, FSC-approved IFRS, International Accounting Standards, and Interpretations thereof, and have been adjusted to accommodate existing and future business requirements. The Bank's internal control system was developed based on "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." The purpose is to facilitate sound business operation and to provide assurances in effectiveness and efficiency of business performance, reliability of financial reporting, and regulatory compliance. The audit unit drew up relevant audit plans based on the self-evaluation results of operational risk control, to examine the effectiveness of the design and implementation of the internal control system through the internal audit system and self-audit system to audit the compliance with the preventive programs for unethical conduct.	No material discrepancy
(5) Whether the Bank has organized internal/external educational and training programs for ethical corporate management periodically?	V		(5) (i) According to the Bank's ethical corporate management best-practice principles, the Bank will organize the internal propagation activity to communicate the importance of ethics to directors, employees and appointees from time to time. The related staff will also attend the related workshops and educational training programs organized by external entities. (ii) The Bank held internal and external trainings related to ethical management in 2023 (including compliance of ethical management regulations, accounting policy and internal control). There are 4,158 participants in total and 121 courses in total.	No material discrepancy
3. Status of the Bank's complaint system (1) Whether the Bank has defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?	V		The Bank's ethical corporate management best-practice principles have defined the relevant complaint and handling procedures. The Bank also established an internal independent email box and hotline for complaints available to the Bank's internal and	No material discrepancy



## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
(2) Whether the Bank has established standard operating procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		<p>external personnel. The dedicated unit will designate competent dedicated personnel subject to the circumstances, declare in writing that it will keep confidential the complainant's ID and contents of the complaint and promise to protect complainants from unfair treatment due to the complaint.</p> <p>(1) The Bank's whistleblowing system implementation rules were submitted to the Board and adopted on Aug. 22, 2018. The complaint types are defined in the rules, the complaint can be submitted via paperwork, hotline, e-mail or complaint platform. The complaint will be handled by different units according to different recipients of the complaints. In order to encourage the employees to file complaints, if the complaints are verified, after the recipient of the complaint is punished according to the Bank's rules, the internal complainant will be rewarded.</p> <p>(2) The Bank's Rules for Implementation of Whistleblowing System expressly states the procedure for receiving, investigating, reporting for disciplinary action, and notification of complaint cases, and a clear division is established between the responsibilities of the complaint receiving department and those of the investigation department. The complaint receiving department will report to Board of Directors regarding context of complaints, handling of complaints, and follow up improvement measures. It also expressly states the confidentiality obligations regarding the complainant identification, complaint letters or complaint record, and other related materials.</p>	No material discrepancy
(3) Whether the Bank has adopted the measures for protecting complainants from inappropriate disciplinary actions due to their complaints?	V		<p>(3) The Bank's whistleblowing system expressly states that the complainant's ID is kept confidential and the complainant's right of work is guaranteed. The Bank cannot discharge, downgrade, cut wages, prejudice the interests guaranteed by the laws, contract, or practice, or enforce other</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
			punishments because of complaints.	
4. Enhancing Information Disclosure Whether the Bank has disclosed the content and the status of implementation of its ethical corporate management best practice principles on its websites and the MOPS?	V		The "Corporate Governance Area" is set up on the Bank's website to disclose the requirements about ethical corporate management best-practice principles and status of the implementation thereof. Further, for transparency of information, the related information has been also uploaded to the MOPS for access by investors.	No material discrepancy
5. If the bank has established corporate governance best-practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies," please describe the current practices and any deviations from the Best-Practice Principles: None.				
6. Other important information that is helpful in understanding the Bank's ethical corporate management:				
A. On November 13, 2023, the 18th meeting of the Board of Directors of the 11th term passed the amendments to the "Senior Executive Accountability System" of the Bank, in order to strengthen the implementation of the principle of ethical corporate management, establish sound corporate governance and risk control mechanisms, and create a business environment for sustainable development.				
B. A total of 5 whistleblowing cases were accepted in 2023. One of the cases was closed due to the non-compliance of Article 2 of the Bank's Whistleblowing System Implementation Regulations, while the remaining cases were closed with no evidence of violation found from the investigation.				

Note 1: The status of operation must be specified in the Memo section, irrelevant with whether the answer is "Yes" or "No".

- (9) Operating procedure for internal important information:  
In order to establish the Bank's fair important internal information processing and disclosure mechanism to prevent information from being disclosed inadequately and to ensure the accuracy and consistency of the information released by the Bank to the public and enhance the control over prevention of insider trading, the Bank defined the "Operating Procedure for Processing of Important Internal Information".  
On July 17, 2020 and November 27, 2020, the Bank offered education and awareness-raising courses for new employees. The content of the courses included the confidential work of material information, the reasons for the formation of insider transactions, and the identification process, and relevant contents are placed in the Company's internal system.
- (10) Corporate governance principles and methods for searching the relevant regulations:  
Please refer to the corporate governance at MOPS (<http://mops.twse.com.tw>).
- (11) Other material information sufficient to enhance understanding of the status of the Bank's corporate governance practices:  
Please refer to the Bank's website (<http://www.ubot.com.tw>).
- (11) Other material information sufficient to enhance understanding of the status of the Bank's corporate governance practices:
- (12) Implementation of the internal control system:
- If an accountant is entrusted to review the internal control system, the accountant review report shall be disclosed : N/A
  - Statement of internal control system

### Union Bank of Taiwan



### Statement of Internal Controls System

March 11, 2024

To Financial Supervisory Commission:

1. On behalf of Union Bank of Taiwan, we hereby state that from January 1, 2023 to December 31, 2023, we have duly complied with the “Enforcement Regulations for Bank Internal Audit Control System” in establishing its internal system, implementing risk management, designating an independent and objective department to conduct audits, and regularly reporting to the Board of Directors and the Supervisors.
2. With respect to the concurrent securities business, evaluation of the effectiveness of the design and implementation of its internal control systems described in the “Regulations Governing the Establishment of Internal Control Systems of Service Enterprises in Securities and Futures Markets”; With respect to the insurance agent or insurance broker business, the Bank evaluates the design and operating effectiveness of its internal control system based on the criteria provided in “Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies”. Criteria for evaluating internal control system according to the afore-mentioned regulation.
3. After prudent evaluation, the internal control and regulatory compliance of the units for the year have been effectively implemented, except for matters set forth in the attached table.
4. This Statement will be included as the main content of the Bank’s annual report and prospectus, and be published to the public. If there is any illegal activity such as fraud or concealment, liabilities under Article 20, 32, 171, and 174 of the Securities and Exchange Law will be involved.

Chairman: Jeff Lin



President: Wei-Wen Hsu



Chief Auditor: Tammy Chang



Compliance Officer of the Bank: Yu-Man Chao



Chief Information Security Officer: Denfer Hung





## Corporate Governance

### Attachment: Internal Control Deficiencies and Improvement Plan

**(Record Date: December 31, 2023)**

Matters that should be improved	Improvement measures	Targeted completion date
<p>The Bank has not fully established and implemented the anti-money laundering procedure in housing loan business for natural persons, it has been found to be in violation of Paragraph 1, Article 7 of the Money Laundering Control Act, and Article 5 and Article 9 of the Money Laundering Control Measures for Financial Institutions authorized by Paragraph 4, Article 7 of the Money Laundering Control Act. Therefore, the Bank was fined NT\$1,500,000 in accordance with Paragraph 5, Article 7 of the Money Laundering Control Act.</p>	<p>The Bank has introduced a new risk management mechanism for real estate loans to implement anti-money laundering regulations.</p>	<p>Improvement has been completed.</p>
<p>Jisian Branch of our bank had deficiencies in monitoring suspected money laundering transactions, which may compromise sound business operations, and are rectified by FSC in accordance with Paragraph 1, Article 61-1 of the Banking Act.</p>	<p>The Bank has revised the "Procedure Chart for Monitoring Outward Currency Remittance Transactions" and implemented it in accordance with the relevant regulations to implement the regulations on the monitoring of suspected money laundering transactions.</p>	<p>Improvement has been completed.</p>
<p>One of the deficiencies in the account opening and over-the-counter large cash withdrawal was found to have violated Paragraph 1, Article 45-1 of the Banking Act and Article 3 and 8 of the "Implementation Measures of the Internal Control and Audit System of Financial Holding Companies and Banking Industry" stipulated in its authorization. A fine of NT\$12 million shall be imposed in accordance with Article 129, Paragraph 7 of the Banking Act.</p>	<p>The Bank has established a new procedure for applying for the release of risky accounts, in order to establish a monitoring and reporting mechanism for transaction monitoring.</p>	<p>Improvement has been completed.</p>

## Corporate Governance

(13) Legal violations and the Bank's response for the most recent two years:

Disclosed Matter	Major Deficiency	Status of Improvement
(1) Responsible person or employees of the Bank violated the law when conducting business and resulted in an indictment by a prosecutor.	The branch manager and wealth manager of the former Tonghwa Mnni branch were in criminal intent contact with the fraudulent syndicate to allow them to withdraw the fraudulent income and obtain improper benefits, such as agreed remuneration. After investigation by the Taiwan New Taipei District Prosecutors Office, on file for prosecution in connection with Article 339-4, Article 3 of the Organized Crime Statute before amendment, Article 2 and Article 14 of the Money Laundering Control Act, and Article 35 of the Banking Act.	The Bank will continue to enhance education and training on anti-money laundering and the rule of law, as well as enhance the behavior management of its employees.
(2) Violation of laws that resulted in the Financial Supervisory Commission imposing punishment in accordance with Article 61-1 of the Banking Act. Or a penalty imposed by the Bank on its internal staff for violation of the internal control system, the result of which may have a material impact on shareholders' equity or securities prices. Or for situation that applies to Article 2 of Regulations for FSC to handle violation of financial regulations, impose punishment, and announce to the public, the punishment, major deficiency, and improvement status.	<ol style="list-style-type: none"> <li>1. The Bank has not requested the issuing enterprises to submit the issuance plan and has not investigated the general reputation of the principle heads of the enterprises in some cases in its engagement in the underwriting business of non-guaranteed commercial paper, which shall be corrected in accordance with Paragraph 1, Article 61-1 of the Banking Act.</li> <li>2. The Bank has violated the relevant provisions of the Insurance Act in its engagement in insurance agency business, and thus shall be imposed with a fine of NT\$600,000 in accordance with Article 167-2 of the Insurance Act.</li> <li>3. The Bank has not fully established and implemented the anti-money laundering procedure in housing loan business for natural persons, it has been found to be in violation of Paragraph 1, Article 7 of the Money Laundering Control Act, and Article 5 and Article 9 of the Money Laundering Control Measures for Financial Institutions authorized by Paragraph 4, Article 7 of the Money Laundering Control Act. Therefore, the Bank was fined NT\$1,500,000 in accordance with Paragraph 5, Article 7 of the Money Laundering Control Act.</li> <li>4. When conducting foreign outbound remittances, for transactions with suspected money laundering</li> </ol>	<ol style="list-style-type: none"> <li>1. The Bank has amended the "Regulations for Management of Non-Guaranteed Commercial Paper" and formulated control and management measures, and it will carry them out in accordance with relevant regulations so as to implement the internal control system.</li> <li>2. The Bank has discussed with the insurance company, and reviewed and adjusted the contract terms regarding the agreed fees for solicitation by means of telemarketing.</li> <li>3. The Bank has enhanced the risk management and control mechanism for real estate loans, and implemented verification of post-lending cash transactions and agency services. For the anti-money laundering system, the Bank has added scenarios to monitor large-value cash transactions and rapid fund transfers by non-natural person customers in specific industries. The review of anti-money laundering cases will be concentrated with the Bank's anti-money laundering dedicated unit to enhance the verification of customer transactions.</li> <li>4. The Bank has strengthened the verification of the rationality of capital flow and record-keeping when customers perform outbound foreign exchange remittance transactions.</li> </ol>

## Corporate Governance

Disclosed Matter	Major Deficiency	Status of Improvement
	<p>characteristics, the failure to effectively implement the monitoring, review, and reporting mechanisms for money laundering characteristics shall be corrected in accordance with Article 61-1 of the Banking Act.</p> <p>5. One of the deficiencies in the account opening and over-the-counter large cash withdrawal was found to have violated Paragraph 1, Article 45-1 of the Banking Act and Article 3 and 8 of the "Implementation Measures of the Internal Control and Audit System of Financial Holding Companies and Banking Industry" stipulated in its authorization. A fine of NT\$12 million shall be imposed in accordance with Article 129, Paragraph 7 of the Banking Act.</p>	<p>5. The Bank has conducted a comprehensive review of the adequacy of customer identity screening and risk account control:</p> <p>(1) Review and risk assessment of the opening of deposit accounts: Add the review of account opening and concern for customers' questions in over-the-counter operations, strengthen control measures for the opening of accounts by non-natural customers. Businesses that are of less than one year from the date of establishment or that do not meet the capital verification threshold are listed as customer-oriented risk factors of the risk assessment model.</p> <p>(2) Control and management of abnormal accounts: The operating procedures for suspected illegal or abnormal risk accounts are amended, and control of risk accounts is transferred to the Bank's dedicated anti-money laundering unit. After confirmation that there is absence of money laundering and financing of terrorism and so on doubts, the Bank may then agree to release the control.</p> <p>(3) Transaction monitoring and suspicious transaction review: In addition to transferring alert cases to the Bank's dedicated anti-money laundering unit for centralized review, the Bank has also strengthened its monitoring of transactions that take place "immediately after account opening, such as inter-bank or inward remittance followed by prompt cash withdrawal."</p>
<p>(3) Accidents occurring as a result of a fraud, major non-recurring incidence or failure to comply with the Guidelines for Maintaining the Security of Financial Institutions, as a result of which individual or accumulated losses during the year amounted to NT\$ 50 million or more and therefore the nature and amount of loss for which shall be disclosed.</p>	<p>The branch manager and wealth manager of the original Tonghwa Mnni branch had liaised with the fraudulent group with intent to withdraw the fraudulent proceeds and obtain improper benefits, such as agreed remuneration.</p>	<p>The Bank will continue to strengthen AML, legal education training, to strengthen the behavior management of the employees.</p>
<p>(4) Other necessary disclosures prescribed by the Financial Supervisory Commission.</p>	<p>None</p>	<p>None</p>

## **Corporate Governance**

### (14) Material Resolutions of Shareholders Meetings or Board of Directors Meetings During the Current Fiscal Year up to the Date of Printing of the Annual Report

1. Material resolutions of the shareholders' meeting during 2023 and the status of implementation
  - A. Ratification of the surplus earnings distribution for 2022: The resolution was adopted  
Status of implementation: In the shareholders' meeting, the Bank has resolved on the dividend distribution, the preferred stock dividends of (NT\$ 2.40 per share), the common stock dividends of NT\$ 0.60 per share (cash dividend NT\$0.10 and stock dividend NT\$0.50). The distribution record date was determined to be Jul. 10, 2023 and Aug. 1, 2023, the stock and cash dividends were paid on Jul.26, Aug. 25, and Aug. 30, 2023.
  - B. Ratification of the 2022 business report and financial statements: The resolution was adopted.
  - C. The Bank's new issuance of common shares from earnings: The resolution was adopted.  
Status of implementation: The Bank's proposal of capital increase via return earning and employee compensation was adopted by the Financial Supervisory Commission on Jul. 5, 2023, and also adopted by the Ministry of Finance on Aug. 17 and Letter No. 11230154100 was issued, and the shares were listed and traded on the stock market on Aug. 30, 2023.
2. Material resolutions of the Board of Directors meeting during 2023 and during the current fiscal year up to the date of publication of the annual report.
  - A. On January 12, 2023, the 11th Board of Directors resolved in its 13th session to amend the "Regulations Governing the Issuance of Performance Bonuses in the Department of Corporate Loan of UBOT", the "donation to Union Culture Foundation", the "renewal of the lease contract on real estate property", the "second proposal for real estate property purchase" and the "Compliance Plan for 2023", amend the "2023 Internal Audit Plan and Declaration of the Implementation of the Plan for the securities dealer and futures introducing broker business undertaken by UBOT", the "presentation of the Report on the Improvement of the General Business of New Service Sites and Chiayi Branch Based on Inspection Opinions Issued by the Financial Supervisory Commission in June, 2022", amend the "Procedures for Handling Internal Major Information of UBOT", amend the "Regulations Governing the Performance Assessment on Business Units", amend the "Regulations Governing the Assessment of Personnel in the Department of Wealth Management", and amend the "Organization Regulations", the "Operating Budget of UBOT and Each Business Category for 2023", the proposed "Operating Guidelines for Each Business" and the resolutions of the 4th session of the Bank's 5th Remuneration Committee.
  - B. On March 13, 2023, the 11th Board of Directors resolved in its 14th session to amend the "Rules of Procedure for Shareholders Meeting", amend the "Internal Control System of UBOT in Engagement in Securities Dealer Business", amend the "Internal Control System of UBOT's Concurrent Operation of Securities Firms in the Broker Business Introducing Futures", amend the "Regulations Governing the Salaries and Bonus for Securities Brokers", amend the "Financing Limit and Cut Off Limit of Industry", amend the "Credit Limit for Loans with Stocks and Stocks not listing at TWSE and TPEx as Collateral", amend the "Mortgage Limit for Real Estate Property at Specific Zones" and "Review on Credit Limit with Higher Risk Rating in 2023", amend the "Credit Limit for Loans with Real Estate Property as



## Corporate Governance

Collateral”, amend the “Regulations Governing the Concentration of Credit Risk from Particular Person, Group Enterprise and Industry”, amend the “Corporate Governance Best Practice Principles of UBOT”, amend the “Sustainable Development Best Practice Principles of UBOT” and the “renewal of appointment of Deloitte Taiwan to conduct verification for UBOT and replacement of CPAs that have served for seven years and revision of contents concerning independence, audit quality, audit fees and service”, sign “Statement of the Internal Control System for Anti-money Laundering and Counter-terrorism Financing”, “the evaluation results of the effectiveness of the Bank’s internal control system for 2022 and the proposed Statement of the Internal Control System that can be effectively implemented”, amend the “Internal Audit System of UBOT”, amend the “Qualification Standards for Professional Investors Engaging in Wealth Management Business of UBOT”, amend the “Articles of Incorporation”, “The Parent Company Only and Consolidated Financial Statements and Business Report of UBOT for 2022”, the “disbursement of remuneration to employees and Directors of UBOT in 2022”, the “proposal for the distribution of earnings of UBOT in 2022”, “capitalization of retained earnings into new shares in 2022”, and “capitalization of remuneration to employees into new shares in 2022”.

- C. On May 8, 2023, the 15th meeting of the 11th board of directors passed the resolution on the following: "adding securities branch office of the Bank at Pingtung Branch and providing futures trading support services," establishment of "entrustment to handle regular fixed-amount securities trading," "Real estate lease renewal," "real estate lease," amendment to "The Bank's Real Estate Valuation Regulations," "The Bank adds early warning indicators for the ratio of CMO balance to the total amount of securities invested by the Bank to strengthen risk control measures responding to changes in the future economic situation," amendments to "The Bank's Operating Guidelines for Exchange Rate Swapping between NTD and foreign currencies and between foreign currencies," amendment to "credit limits that may not be included in residential and corporate buildings construction loans," amendment to "Operating Principles for Supervision and Control of Subsidiaries," and amendments to "the Bank's Organizational Charter" and "the Bank's 2023 First Quarter Consolidated Financial Statements."
- D. The 16th meeting of the 11th board of directors passed the resolution on July 10, 2023 of the following: to amend the "Internal Control System for the Bank's Concurrent Securities and Ancillary Futures Trading Business", "Abolishment of the Bank's Hong Kong Representative Office", "Reporting on the Bank's 2023 compliance with supervisory review principles that are required for filing", "Relocation of the Bank's Jincheng Branch", "Extension of the Bank's South Tainan Branch", and "August 1, 2023 is set as the base date for the distribution of cash dividends and stock dividends and allotment of ordinary shares of the Bank," and amendment to the "Regulations Governing Performance Appraisal of Business Units," amendment to the "Policy on Assessment of the Risks of Money Laundering and Terrorism Financing and Formulation of Prevention Plans" and "the Banking Industry Concurrently Engaged in Securities, Futures, Bills, Trust, and Insurance Agency Businesses to Precautions for Money Laundering and Combating Cyber Terrorism" attachments.
- E. The 17th meeting of the 11th board of directors passed the resolution on August 28, 2023 for the following: to amend the "The 'Standards and Specifications for the Internal Control System of Securities Firms' for the Bank's concurrent operation of securities firms and bond proprietary business," amendment to the "Lease renewal of real estate," "Internal Control System for the Bank's Concurrent Securities Firm," "Real Estate Lease Renewal," amendments to the "Table of Approval of the Bank's

## **Corporate Governance**

Corporate Banking Interest Rates and Fee Rates," amendments to "The Bank's Corporate Governance Best-Practice Principles," and "The Bank's 2023 Individual and Consolidated Financial Statements."

- F. The 18th meeting of the 11th board of directors passed the resolution on November 13, 2023 to amend the "Internal Control System for the Bank's Concurrent Securities Firm," "Business Car Lease Renewal", "The Bank's Donation to the Union Culture Foundation", "The Bank's Investing in Securities through Discretionary Engagement," report on unchanged contents of "The Bank's Liquidity Risk Management Policy," and amendments to "The Bank's Procedures for Derivative Transactions" and Appendix 1 "Product Suitability and Knowing Your Customers," Appendix 2 "Guidelines for Protecting Customers' Rights and Interests", submission of "the Bank's "Table of 2024 Authorized Limits for Interbank Transactions", "Principle of Authorization for Investment Limits of Guarantee-free Short-term Bills Issued by Domestic Enterprises," and " Authorization Principles for Transaction Limits of Insurance Companies and Investment Trust Funds," amendments to "Guidelines on Management of the Bank's NTD Funds," "Abolishment of the Bank's Subsidiary United Financial Limited (Hong Kong)", "Report on and industrial banks," "Report on plans to add control measures to the Vietnam real estate and finance credit business," "Review of the remaining house loan-related control measures this year," setting "total credit position limit in Mainland China (including Hong Kong)" and "high risk industry credit position limit in Mainland China (including Hong Kong)," amendments to "The Bank's Credit Guidelines" and "Key Points of Processing Loan Pricing of Corporate Finance", "2024 Internal audit plan of the Bank and the fact that the Bank also engaged in securities business and futures trading auxiliary business, Audit Plan and Implementation Filing Report," "The Bank's Subsidiary's Plan to Change the Terms of the Investment Agreement Signed in July 2022," "The Bank's 2023 Third Quarter Consolidated Financial Statements," "At the end of October 2023, the Bank made amendments to the 'Contingency Measures in Case of  $\Delta$ EVE Ratio Exceeding the Limit,'" and the amendment to the Bank's "Fair Customer Treatment Principle Strategy and Procedures" and "Senior Executive Accountability System."
- G. The 19th meeting of the 11th board of directors passed the resolution on January 11, 2024 on the following: Amendment to the "Internal Control System for the Bank's Concurrent Securities Dealer," amendment to the "'Performance Appraisal Measures of the Bank's Securities and Finance Department Head Office (Branch)," amendment to the "Regulations Governing Salary and Bonus to Securities Brokers at the Bank"; amendment to the "Regulations Governing the Evaluation of the Bank's Wealth Management Personnel," "Proposal for the Bank to Continue the Maintenance of the Bank's Website by Its Subsidiary Union Information Technology Co., Ltd," "Property lease renewal to subsidiary," "Proposed Credit Limits for Loans to the Bank for the Purchase, Construction or Development of Real Estate", amendments to the "Regulations Governing the Evaluation and Incentives to the Bank's Corporate Banking Personnel," amendments to the "Procedures for Performance Bonus of the Corporate Banking Sector of our bank," amendments to the "Regulations of the Bank's Performance Appraisal for Business Units," amendments to the "Organizational Charter of the Bank," "2024 Bank-wide and Different Business Budgets," and "Business Guidelines of the Bank," the establishment of the "Legal Compliance Plan of the Bank in 2024," and "Resolution of the 6th meeting of the 5th Remuneration Committee of the Bank."
- H. On March 11, 2024, the 20th meeting of the 11th term of the Board of Directors

## Corporate Governance

resolved to approve the following: The establishment of "Matters Relating to the Convening of the Bank's 2024 Annual General Meeting of Shareholders", the establishment of "Matters Relating the Acceptance of Shareholders' Proposals for the 2024 General Shareholders' Meeting", establishment of "The 2024 Annual General Meeting of Shareholders period for receiving nominations for directors (including independent directors), the number of seats to be elected, and the premises for accepting the nominations," "Election of the Bank's 12th board of directors (including independent directors) at the regular shareholders' meeting in 2024," amendment to the "Internal Control System for the Bank's Concurrent Securities Dealer," amendment to the "The Bank's Information Security Policy," "Social Welfare Activities Funding," "Marketing Expenses for Various Digital Financial Services," "Planning to maintain the credit limits for credit customers with original credit rating at higher risks levels after re-examination in 2024," "Planning to maintain the credit limits of various stocks and non-listed stocks originally secured for borrowings after the 2024 re-examination," "Planning to maintain the original industry credit position limit and loss limit after the 2024 re-examination," amendments to "Property-Backed Loan Credit Limits," "Review of Credit Risk Concentration Limits in 2024," "Change of Address on the Bank's Business License," "This operation status in the fourth quarter of 2023 of Union Finance & Leasing (International) Co., Ltd.," amendments to some articles of "The Bank's Audit Committee Charter," amendments to some articles of "Rules of Procedure for Board of Directors Meetings of the Bank," amendments to some articles of "The Bank's Articles of Incorporation," "The Bank's re-appointment of Deloitte & Touche to handle the Bank's certification affairs in 2024," "2024 director training and education," and "Signing the "Declaration of AML/CFT Internal Control System," "The Bank's 2023 Internal Control System Effectiveness Evaluation Results and Statement on the Proposal of an Effective Implementation of the Internal Control System," the amendments to "the Bank's Vehicle Loan Performance Appraisal Regulations," the "2023 Parent Company Only and Consolidated Financial Statements and Business Report," "2023 Remuneration Distribution of the Bank's Employees and Directors," "2023 Proposal of the Bank's Earnings Distribution," "2023 Recapitalization of 2023 earnings", "2023 Proposal for capital increase by annual employee remuneration through issuance of new shares."

(15) During the current fiscal year up to the date of printing of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal context thereof: None.

(16) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, of persons connected with the company's financial report: None.

#### 4. Information on CPA professional fees

						In NT\$ thousand
Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-Audit Fees	Total Fees	Note
Deloitte & Touche	Kuan-Hao Lee	January ~ December 2023	8,833	8,263	17,096	Replace independent auditors in alignment with the accounting firm's internal adjustment.
	Charles Yang	January ~ March 2023				
	Jiun-Hung Shih	April ~ December 2023				

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- (1) Auditing fee refers to the fee for the service of the certified public accountants in conducting audit, review, second review of financial statements and the audit of financial forecast.
- (2) Services not included in the auditing public expense: personal information protection projects/FCCS system projects/CRS consultation/agreement procedures/transfer pricing/surplus capital increase/computer system information security/tax verification and doubtful debts audit.
- (3) Change of audit engagement and that the audit fee for the year of change is less than that charged for the year prior to the change: None.
- (4) Auditing fee decreased 10% or more below the fee charged for the previous year: None

### 5. Information on change of CPA:

#### (I) Regarding former CPA

Change date	Approved by the Board of Directors on March 13, 2023		
Describe reason for replacement	Internal adjustment within the accounting firm		
Explain why the appointee or CPA is terminated or refuses to accept appointment	Parties involved	Independent Auditors	Appointers
	Condition		
	Voluntary termination of appointment	Not applicable	Not applicable
	No longer accept (continue) appointment	Not applicable	Not applicable
Review report opinions other than the unqualified opinions issued within the latest 2 years, and why they exist	Not applicable		
Is there any disagreement with the Bank?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Scope or steps of inspection
			Others
	None	~	
	Explain		
Other disclosed matters (Matters that shall be disclosed in Item 1-4, Subparagraph 6, Article 10 of the Standard)	Not applicable		



## Corporate Governance

### (II) Regarding successor CPA

CPA firm name	Deloitte Taiwan
Name of CPA	Jiun-Hung Shih
Date of appointment	Approved by the Board of Directors on March 13, 2023
Prior to appointment, accounting treatment methods for specific transactions or accounting principles as well as consultation matters and results for financial reports that may be issued	None
Written opinion by the successor CPA on the dissenting opinion of the former CPA.	None

**6. The Chairman, President and Executive Officers in charge of the Bank's financial or accounting affairs who have, during the past year, served a position in the CPA firm to which or its affiliated enterprises the independent auditor(s) belong to:** None.

**7. Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Others Required to Report Equity in accordance with Paragraph 3, Article 25 of the Banking Act. :**

(1) Changes in shareholding (preferred stock shows with "P" while occurs)

Title	Name	2023		Mar. 31, 2024	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Chairman	Jeff Lin	381,729	0	0	0
Independent Managing Director	Guo-Zhang, Li	0	0	0	0
Independent Director	Tzung-Hang Lee	0	0	0	0
Independent Director	Lin-Yu Fan	0	0	0	0
Managing Director	Chen-Chern Investment Co., Ltd.	8,530,810	0	0	0
Director	Union Investment Co., Ltd.	757,249	0	0	0
Director	Yu-Pang Co., Ltd.	2,590,909	0	0	0
Director	Pai-Sheng Investment Co., Ltd.	9,073,357	0	0	0
Director	Herman Tu	20,471	0	0	0
President	Wei-Wen Hsu	14,102	0	0	0
SEVP	Denfer Hung	13,571	0	0	0
SEVP	Grace Lee	8,970	0	0	0

## Corporate Governance

Title	Name	2023		Mar. 31, 2024	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
SEVP	Chu-Chang Yang(Yanger Yang)	12,885	0	0	0
SEVP	Jeng-Ping Liu	12,255	0	0	0
Chief Auditor	Tammy Chang	0	0	0	0
EVP	Feng-Jung Yang (Luke Yang)	15,686	0	0	0
EVP	Hsiao-Chen Lin (Michael Lin)	10,686 (14,000)	0	0	0
EVP	Chueh-Ling Liu	10,308	0	0	0
EVP	Liang- Kuei Kuo	7,806	0	0	0
EVP	Pi-Chiu Tang(Joy Tang)	11,918	0	0	0
EVP	Lee-Hao Chen	5,366	0	0	0
Manager	Huei-Wen Chang	5,725	0	0	0
Manager	Chuen-Chour Li	4,685 15,000(P)	0	0	0
Manager	Chien-Wen Tan	4,823	0	0	0
Manager	Chan-Kwei Chen	10,656	0	0	0
Manager	Hsin-Yi Yang	5,082	0	0	0
Manager	Wendy Chi	11,417	0	0	0
Manager	Ming-Tsan Hung	5,607	0	0	0
Manager	Chien-Hui Li	5,565	0	0	0
Manager	Pao-Ching Lee	3,105	0	0	0
Manager	Ya-Yun Yang	5,325	0	0	0
Manager	Sabina Tsa	8,457 (45,000)	0	0	0
Manager	Chi-Hung Chen	0	0	0	0
Manager	Kuo-Ming Lin	3,242	0	0	0
Manager	Miao-Hui Chou	3,452	0	0	0
Manager	Cheng-Fa Huang	4,143 (13,000)	0	0	0
Manager	Chia-Yu Chuo	8,281	0	0	0
Manager	Yu-Man Chao	7,949			
Manager	Yei-Chang Hsieh	3,863 (9,000)	0	0	0
Manager	Yi-Chun Kao (June Kao)	6,509	0	0	0
Manager	Ging-Yang Yu	7,468 14,000(P)	0	0	0
Manager	Kuo-Kuang Chou	5,764	0	0	0
Manager	Fang-Ni Wang	6,546 (5000)(P)	0	0	0
Manager	Jacky Liao	6,329	0	0	0
Manager	Hsing-Jung Fei	3,125	0	0	0
Manager	Anita Hung	6,379 (20,000)(P)	0	0	0
Manger	Wen-Chi Chiang	5,202	0	0	0
Manager	Ling-Jung Hsiung	12,010	0	0	0
Manager	Hung-Zu Chang	4,943	0	0	0
Manager	Hung-Ming Chien (Peter Chien)	18,869	0	0	0
Manager	Po-Feng Wu	5,313	0	0	0

## Corporate Governance

Title	Name	2023		Mar. 31, 2024	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Manager	Yu-Chang Chang (Russell YC Chang)	17,131	0	0	0
Manager	Ying-Chieh Huang	4,616			
Manager	Gary Tsai	7,836	0	0	0
Manager	Shum-Chen Tu	4,816	0	0	0
Manager	Ching-Shyong Huang	5,711	0	0	0
Manager	Chu-Shih Wei	7,602	0	0	0
Manager	Yu-Mei Tsai	4,614	0	0)	0
Manager	Chint-Sung Wang	4,631	0	0	0
Manager	Chun-Hsien Chang	5,841	0	0	0
Manager	Tsung-Cheng Hsueh	6,607	0	0	0
Manager	Chien-Lung Chen	14,226	0	0	0
Manager	Ta-Wei Shih	7,095	0	0	0
Manager	Shu-Feng Hsueh	6,262	0	0	0
Manager	Jing-Yeh Wang	2,915	0	0	0
Manager	Wen-Ju Huang	4,703	0	0	0
Manager	Szu-Min Yang	3,759	0	0	0
Manager	Zhi-Zhong Zhang	5,144 15,000(P)	(80,000)(P)	0	0
Manager	Yuan-Jei Cheng	5,074	0	0	0
Manager	Tsai-Ling Liao	4,112 (4,112)	0	0	0
Manager	Yen-Jou Liu	7,171	0	18,000	0
Manager	Shih-Fu Liu	6,942	0	0	0
Manager	Le Thi Viet Hoa/F/VN	0	0	0	0
Manager	Sheng-Yung Peng	6,128	0	0	0
Manager	I-Ho Ou	5,498	0	0	0
Manager	Ping-Hui Lin	5,277	0	0	0
Manager	Yu-Jen Cheng	2,893	0	0	0
Manager	Sheng-Chieh Chang	5,000	0	0	0
Manager	Shis-Wen Lu	5,572	0	0	0
Manager	Yung-Li Huang	0	0	0	0
Manager	Hung-Min Chen	8,439	0	0	0
Manager	James Tsai	11,164	0	0	0
Manager	Chung-Chih Yeh	5,175	0	0	0
Manager	Hui-Fen Chao	20,820	0	5,000	0
Manager	Chia-Wei Lin	5,486	0	0	0
Manager	Wen-Chang Juan	8,138	0	0	0
Manager	Yun-Han Liu	0	0	0	0
Manager	Chien-Tsung Wu	7,926	0	0	0
Manager	Yi-Hsien Wu	6,777	0	0	0
Manager	Lin-Lin Huang	4,886	0	0	0
Manager	Ta-Yu Chin	7,770	0	0	0
Manager	Chi-Fang Chu	6,303	0	0	0
Manager	Wen-Ping Chou	0	0	0	0
Manager	Roger Chang	5,230	0	0	0
Manager	Hsien-Ming Yen	5,271 (6,000)	0	0	0

## Corporate Governance

Title	Name	2023		Mar. 31, 2024	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Manager	Chuang-Chieh Chung	2,849	0	0	0
Manager	Cheng-Min Chen	4,657			
Manager	Chi-Jui Lin	3,070			
Manager	Cheng-Hsien Tseng	7,644	0	0	0
Manager	Jeffery Tsai	9,213	0	0	0
Manager	Ju-Ling Kuo	23,307	0	0	0
Manager	Wen-Hui Lin	8,195	0	0	0
Manager	Li-Hui Lu	0	0	0	0
Manager	Jyh-Chiang Huang	10,586	0	0	0
Manager	Meng-Wen Tsao	4,020	0	0	0
Manager	Ping-Hui Lin	8,140	0	0	0
Manager	Shiu-Lan Hsieh	7,568	0	0	0
Manager	Tereasa Lin	6,326	0	0	0
Manager	Cooper Kao	8,701	0	0	0
Manager	Shan-Chih Yen	9,824 55,000(P)	0	0	0
Manager	Wen-Hua Yang	4,077	0	0	0
Manager	Jung-Hsiang Chung	6,896	0	0	0
Manager	Kuang-Yi Kuo	6,529	0	0	0
Manager	Chang-Fu Tsai	6,277	0	0	0
Manager	Mei-Chih Lu (Lisa Lu)	9,189	0	0	0
Manager	Liang-Wen Liu	4,906	0	0	0
Manager	Ming-Teng Wu	11,205	0	0	0
Manager	Yu-Ju Lin	6,490	0	0	0
Manager	Mei-Ling Lee	7,816	0	0	0
Manager	Wen-Shien Chu	8,828	0	0	0
Manager	Fei-Kun Lin	6,666	0	0	0
Manager	Shu-Huey Huang	9,572	0	0	0
Manager	Chien-Chou Chen	7,023	0	0	0
Manager	Ru-Chen Yuan	6,971	0	0	0
Manager	Chiou-Ing Fang	5,519	0	0	0
Manager	Ben Tsai	6,875	0	0	0
Manager	Hsiung-Ping Tsai	3,993	0	0	0
Manager	Wen-Chih Cheng	8,822	0	0	0
Manager	Jane Lu	10,446	0	0	0
Major Shareholder	Tsong-Li Investment Co., Ltd.	14,242,243	0	0	0
Major Shareholder	Pai-Sheng Investment Co., Ltd.	9,073,357	0	0	0
Major Shareholder	Tien-Sheng Investment Co., Ltd.	8,841,206	0	0	0
Major Shareholder	Chen-Chem Investment Co., Ltd.	8,530,810	0	0	0
Major Shareholder	Chien-Yuan Investment Co., Ltd.	8,225,663	0	0	0
Major Shareholder	Wei-Chih Investment Co., Ltd.	7,874,996	0	0	0

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Title	Name	2023		Mar. 31, 2024	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Major Shareholder	Chuo-Pao Investment Co., Ltd.	7,409,864	0	0	0
Major Shareholder	Kun-Che Investment Co., Ltd.	8,044,857	0	0	0
Major Shareholder	Chi-Shun Investment Co., Ltd.	6,622,379	0	0	0
Major Shareholder	Jan-Pang Construction Co., Ltd.	6,574,095	0	0	0
Major Shareholder	Pao-Shing Investment Co., Ltd.	6,206,553	34,500,000	0	0
Major Shareholder	Hong-Yu Construction Enterprise Co., Ltd.	6,202,204	0	0	0
Major Shareholder	Hung-Hsiang Investment Co., Ltd.	6,142,011	0	0	0
Major Shareholder	Bai-Ing Investment Co., Ltd.	5,658,941	0	0	0
Major Shareholder	Chen-Sheng Investment Co., Ltd.	5,324,934	0	0	0
Major Shareholder	Lin, Chang Su-O	5,293,942	0	0	0
Major Shareholder	Hong-Gow Construction Inc., Ltd.	5,156,381	0	0	0
Major Shareholder	Hong-Pern Construction Co., Ltd.	4,041,340	0	0	0
Major Shareholder	Union Recreation Enterprise Co., Ltd.	3,000,335	0	0	0
Major Shareholder	Jianyou Investment Co., Ltd.	2,766,816	50,000,000	0	0
Major Shareholder	Lin Rong San Foundation of Culture and Social Welfare	2,744,435 (30,000,000)	0	0	0
Major Shareholder	Yu-Pang Co., Ltd.	2,590,909	0	0	0

Note: Preferred Stock shows with "P" while occurs °

- (2) Information on Share Transfer: Not applicable as the counter parties to the share transfer are non-related parties.
- (3) Information on Share Pledge: Not applicable as there is no change on the share pledge.

Note: Share number change is for preferred stocks; the unmarked numbers are for common stocks

## Corporate Governance

### 8. Information for Top 10 Shareholders Being the Related Parties

March 31, 2024 Unit: Shares ; %

Shareholder <sup>(Note 1)</sup>	Shareholding		Spouse or minor children's shareholding		Top 10 shareholders being the related parties to each other		Name of and Relationship Between the Top Ten Shareholders Being A Related Party as Defined in Statements of Financial Accounting Standards No. 6	
	Shares (Preferred Stock Included)	%	Shares	%	Shares	%	Name	Relation
Tsong Li Investment Co., Ltd. Representative: Wen-Ming Li	299,087,122 217,197	7.51 0	0 0	0 0	0 0	0 0	-	-
Pai-Sheng Investment Co., Ltd. Representative: Si-Yong Lin	198,707,789 415,284	4.99 0.01	0 2,096,550	0 0.05	0 0	0 0	Chu-Pao Investment Co., Ltd. Pai-Sheng Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Tien-Sheng Investment Co., Ltd. Representative: Tzung-Yu Lee	185,665,341 80,771	4.66 0	0 0	0 0	0 0	0 0	Tien-Sheng Investment Co., Ltd. Chen-Chern Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Chen-Chern Investment Co., Ltd. Representative: Tzung-Yu Lee	183,392,986 80,771	4.60 0	0 0	0 0	0 0	0 0	Tien-Sheng Investment Co., Ltd. Chen-Chern Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Chien-Yuan Investment Co., Ltd. Representative: C.C. Chang	172,738,928 555,271	4.34 0.01	0 0	0 0	0 0	0 0	-	-
Wei-Chih Investment Co., Ltd. Representative: S.S. Yeh	165,374,926 0	4.15 0	0 0	0 0	0 0	0 0	-	-
Chu-Pao Investment Co., Ltd. Representative: Si-Yong Lin	155,607,154 415,284	3.91 0.01	0 2,096,550	0 0.05	0 0	0 0	Chu-Pao Investment Co., Ltd. Pai-Sheng Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Kun-Che Investment Co., Ltd. Representative: Y. C. Huang	150,642,012 11,748	3.78 0	0 0	0 0	0 0	0 0	-	-



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Shareholder <sup>(Note 1)</sup>	Shareholding		Spouse or minor children's shareholding		Top 10 shareholders being the related parties to each other		Name of and Relationship Between the Top Ten Shareholders Being A Related Party as Defined in Statements of Financial Accounting Standards No. 6	
	Shares (Preferred Stock Included)	%	Shares	%	Shares	%	Name	Relation
Chi-Shun Investment Co., Ltd. Representative: Jyh-Dong Chen	139,069,974 12,356	3.49 0	0 0	0 0	0 0	0 0	-	-
Jan-Pang Construction Co. Ltd. Representative: Hong-Pan Lin	138,056,001 0	3.46 0	0 0	0 0	0 0	0 0	-	-

Note: Calculation of shares and holding rate includes the Preferred Stock.

## 9. Ownership of Investee Companies

December 31, 2023 Unit: Shares ; %

Investee Companies <sup>Note</sup>	Invested by the Bank (A)		Investments from Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank (B)		Total Investments (C=A+B)	
	Shares	%	Shares	%	Shares	%
Union Finance Int'l (HK)Ltd.	30,000,002	100.00	0	0.00	30,000,002	100.00
Union Information Technology Corp.	9,999,230	99.99	0	0.00	9,999,230	99.99
Union Finance and Leasing Int'l Corp.	211,000,000	100.00	0	0.00	211,000,000	100.00
Union Securities Investment Trust Corp.	31,014,261	99.60	0	0.00	31,014,261	99.60
Union Real-Estate Management Corp.	2,000,000	40.00	2,500,000	50.00	4,500,000	90.00
Taiwan Asset Management Corp.	6,000,000	0.57	0	0.00	6,000,000	0.57
Li Yu Venture Corporation	558,255	4.76	0	0.00	558,255	4.76
Taiwan Financial Asset Service Corp.	5,000,000	2.94	0	0.00	5,000,000	2.94
Financial Information Service Co., Ltd.	13,599,039	2.61	0	0.00	13,599,039	2.61
Taiwan Depository & Clearing Corp.	1,628,112	0.25	0	0.00	1,628,112	0.25
Taiwan Futures Exchange Co., Ltd.	11,117,731	2.04	0	0.00	11,117,731	2.04
Taipei Forex Inc.	160,000	0.81	0	0.00	160,000	0.81
Lian An Service Corporation	125,000	5.00	0	0.00	125,000	5.00

## Corporate Governance

Investee Companies <sup>Note</sup>	Invested by the Bank (A)		Investments from Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank (B)		Total Investments (C=A+B)	
	Shares	%	Shares	%	Shares	%
I-Pass Corporation	38,696,603	33.94	0	0.00	38,696,603	33.94
Taipower Corporation	394,879	0.001	0	0.00	394,879	0.001
Taiwan Mobile Payment Corporation	600,000	1.00	0	0.00	600,000	1.00
Sunny Asset Management Co.	386,376	6.44	0	0.00	386,376	6.44
LINE BIZ+ Taiwan Limited	5,857,410	9.76	0	0.00	5,857,410	9.76
Union Venture Capital Co., Ltd.	140,000,000	100.00	0	0.00	140,000,000	100.00
Line Bank Taiwan Limited	75,000,000	5.00	0	0.00	75,000,000	5.00

Note: Investments made in accordance with Article 74 of the Banking Act.



## Fund Raising Status

### 1. Capital and Shares

#### (1) Sources of Capital

Date	Issued Price	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (\$)	Shares	Amount (\$)	Source of Capital	Notes
Dec. 1991	10	1,200,000,000	12,000,000,000	1,200,000,000	12,000,000,000	The promoters of a company subscribed shares for 9,600,000,000 Publicly soliciting subscription to shares for 2,400,000,000	—
Jul 1995	10	1,230,000,000	12,300,000,000	1,230,000,000	12,300,000,000	Capital Increase Via Return Earning	1
Jul 1997	10	1,281,660,000	12,816,600,000	1,281,660,000	12,816,600,000	Capital Increase Via Return Earning	2
Jul 1998	10	1,361,516,990	13,615,169,900	1,361,516,990	13,615,169,900	Capital Increase Via Return Earning	3
Jul 1999	10	1,418,700,704	14,187,007,040	1,418,700,704	14,187,007,040	Capital Increase Via Return Earning	4
Jul 2000	10	1,488,926,389	14,889,263,890	1,488,926,389	14,889,263,890	Capital Increase Via Return Earning	5
Mar 2005	10	2,488,926,389	24,889,263,890	1,788,926,389	17,889,263,890	Cash Capital Increase	6
Jun 2005	10	2,488,926,389	24,889,263,890	1,825,394,074	18,253,940,740	C.B. Conversion	7
Dec. 2006	10	2,488,926,389	24,889,263,890	1,827,797,807	18,277,978,070	C.B. Conversion	8
Mar 2007	10	2,488,926,389	24,889,263,890	1,828,066,183	18,280,661,830	C.B. Conversion	9
Sep 2007	10	3,000,000,000	30,000,000,000	2,228,066,183	22,280,661,830	Preferred Stocks of Private Placement	10
Sep 2007	10	3,000,000,000	30,000,000,000	2,318,824,429	23,188,244,290	C.B. Conversion	11
May 2010	10	3,000,000,000	30,000,000,000	1,753,661,989	17,536,619,890	Capital reduction offset loss	12
Sep 2010	10	3,000,000,000	30,000,000,000	1,948,499,589	19,484,995,890	Capital Increase Via Amalgamation	13
Sep 2012	10	3,000,000,000	30,000,000,000	2,026,439,572	20,264,395,720	Capital Increase Via Return Earning	14
Aug 2013	10	3,000,000,000	30,000,000,000	2,216,525,121	22,165,251,210	Capital Increase Via Return Earning & Bonus Share	15
Aug 2014	10	3,000,000,000	30,000,000,000	2,450,930,628	24,509,306,280	Capital Increase Via Return Earning & Bonus Share	16
Sep 2015	10	3,000,000,000	30,000,000,000	2,605,152,427	26,051,524,270	Capital Increase Via Return Earning & Bonus Share	17
Oct 2017	50	4,500,000,000	45,000,000,000	2,805,152,427	28,051,524,270	Issuance of preferred stock by cash	18 (revised in Articles of Association)
Aug 2018	10	4,500,000,000	45,000,000,000	2,890,012,883	28,900,128,830	Capital Increase Via Return Earning & Bonus Share	19

## Fund Raising Status

Aug 2019	10	4,500,000,000	45,000,000,000	3,084,455,292	30,844,552,920	Capital Increase Via Return Earning & Bonus Share	20
Aug 2020	10	4,500,000,000	45,000,000,000	3,293,368,806	32,933,688,060	Capital Increase Via Return Earning & Bonus Share	21
Oct 2021	10	4,500,000,000	45,000,000,000	3,495,218,694	34,952,186,940	Capital Increase Via Return Earning & Bonus Share	22
Sep 2022	10	4,500,000,000	45,000,000,000	3,794,046,028	37,940,460,280	Capital Increase Via Return Earning & Bonus Share	23
Aug 2023	10	4,500,000,000	45,000,000,000	3,978,952,502	39,789,525,020	Capital Increase Via Return Earning & Bonus Share	24

Notes:1. According to Tai-Tsai-Zheng Tze (1) Letter No. 35096 issued by the Ministry of Finance on June 14, 1995.2. According to Tai-Tsai-Zheng Tze (1) Letter No. 44753 issued by the Ministry of Finance on June 6, 1997.3. According to Tai-Tsai-Zheng Tze (1) Letter No. 55074 issued by the Ministry of Finance on June 23, 1998.

4. According to Tai-Tsai-Zheng Tze (1) Letter No. 57967 issued by the Ministry of Finance on June 25, 1999.

5. According to Tai-Tsai-Zheng Tze (1) Letter No. 57163 issued by the Ministry of Finance on July 4, 2000.

6. According to Jin-Kuan-Zheng Tze (1) Letter No. 0930160237 issued by the Financial Supervisory Commission on January 10, 2005.

7. According to Jing-Shou-Shang Tze Letter No. 09401110140 issued by the Ministry of Economic Affairs on June 21, 2005.

8. According to Jing-Shou-Shang Tze Letter No. 09601055460 issued by the Ministry of Economic Affairs on March 20, 2007.

9. According to Jing-Shou-Shang Tze Letter No. 09601248450 issued by the Ministry of Economic Affairs on October 16, 2007.

10. According to Jin-Kuan-Yin Tze (2) Letter No. 09600410990 issued by the Financial Supervisory Commission on September 21, 2007.

11. According to Jing-Shou-Shang Tze Letter No. 09601305020 issued by the Ministry of Economic Affairs on December 14, 2007.

12. According to Jin-Kuan-Zheng Tze (1) Letter No. 0990020484 issued by the Financial Supervisory Commission on May 14, 2010.

13. According to Jing-Shou-Shang Tze Letter No. 09901196320 issued by the Ministry of Economic Affairs on September 1, 2010.

14. According to Jing-Shou-Shang Tze Letter No. 10101199660 issued by the Ministry of Economic Affairs on September 24, 2012.

15. According to Jing-Shou-Shang Tze Letter No. 10201171350 issued by the Ministry of Economic Affairs on August 22, 2013.

16. According to Jing-Shou-Shang Tze Letter No. 10301166960 issued by the Ministry of Economic Affairs on August 26, 2014.

17. According to Jing-Shou-Shang Tze Letter No. 10401185290 issued by the Ministry of Economic Affairs on September 10, 2015.

18. According to Jin-Kuan-Zheng Tze Letter No. 1060033586 issued by the Financial Supervisory Commission on September 1, 2017.

19. According to Jing-Shou-Shang Tze Letter No. 10701109740 issued by the Ministry of Economic Affairs on August 30, 2018.

20. According to Jing-Shou-Shang Tze Letter No. 10801114660 issued by the Ministry of Economic Affairs on August 26, 2019.

21. According to Jing-Shou-Shang Tze Letter No. 10901150600 issued by the Ministry of Economic Affairs on August 14, 2020.

22. According to Jing-Shou-Shang Tze Letter No. 11001169410 issued by the Ministry of Economic Affairs on September 29, 2021.

23. According to Jing-Shou-Shang Tze Letter No. 11101138620 issued by the Ministry of Economic Affairs on August 03, 2022.

24. According to Jing-Shou-Shang Tze Letter No. 11230154100 issued by the Ministry of Economic

## Fund Raising Status

Affairs on August 17, 2023.

Type of Shares	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	3,778,952,502	521,047,498	4,500,000,000	Listed shares
Preferred Stock	200,000,000			

### (2) Shareholder Composition

#### A. Common Stock

March 31, 2024

Amount	Shareholder Composition					
	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders	0	0	123	46,813	157	47,093
No. of Shares Held	0	0	2,978,166,436	678,423,677	122,362,389	3,778,952,502
% of Shareholding	0.00%	0.00%	78.81%	17.95%	3.24%	100%

#### B. Preferred Stock

March 31, 2024

Amount	Shareholder Composition					
	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders	0	4	98	6,913	4	7,019
No. of Shares Held	0	5,789,000	121,304,335	72,651,092	255,573	200,000,000
% of Shareholding	0.00%	2.89%	60.65%	36.33%	0.13%	100%

### (3) Distribution of Shareholding

#### A. Common Stock

Par value per share NTS 10; March 31, 2024

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding (%)
1 ~ 999	15,831	4,163,237	0.11%
1,000 ~ 5,000	17,448	38,418,795	1.01%
5,001 ~ 10,000	4,925	36,096,256	0.95%
10,001 ~ 15,000	2,344	28,988,202	0.77%
15,001 ~ 20,000	2,276	40,284,691	1.07%
20,001 ~ 30,000	1,609	38,504,027	1.02%
30,001 ~ 40,000	704	24,305,725	0.64%
40,001 ~ 50,000	372	16,702,333	0.44%
50,001 ~ 100,000	730	50,539,692	1.34%
100,001 ~ 200,000	422	58,891,891	1.56%
200,001 ~ 400,000	198	55,856,885	1.48%
400,001 ~ 600,000	73	34,416,745	0.91%
600,001 ~ 800,000	32	22,284,157	0.59%
800,001 ~ 1,000,000	23	20,365,422	0.54%
Over 1,000,001	106	3,309,134,444	87.57%
Total	47,093	3,778,952,502	100%

#### B. Preferred Stock

Par value per share NTS 50; March 31, 2024

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding (%)
1 ~ 999	1,010	246,985	0.12%
1,000 ~ 5,000	3,953	6,635,992	3.32%

## Fund Raising Status

5,001 ~ 10,000	899	7,095,778	3.55%
10,001 ~ 15,000	196	2,534,688	1.27%
15,001 ~ 20,000	282	5,430,360	2.72%
20,001 ~ 30,000	152	3,997,194	2.00%
30,001 ~ 40,000	108	4,069,301	2.04%
40,001 ~ 50,000	59	2,723,651	1.36%
50,001 ~ 100,000	184	14,188,616	7.09%
100,001 ~ 200,000	99	16,196,576	8.10%
200,001 ~ 400,000	31	9,641,859	4.82%
400,001 ~ 600,000	8	4,148,000	2.07%
600,001 ~ 800,000	6	4,139,000	2.07%
800,001 ~ 1,000,000	6	5,408,000	2.70%
Over 1,000,001	26	113,544,000	56.77%
<b>Total</b>	<b>7,019</b>	<b>200,000,000</b>	<b>100%</b>

### (4) Major Shareholders

March 31, 2024

Major Shareholders	Shares	No. of shares Held (preferred stocks included)	% of shareholding
Tsong-Li Investment Co., Ltd. 仲利投資股份有限公司		299,087,122	7.51%
Pai-Sheng Investment Co., Ltd. 百盛投資股份有限公司		198,707,789	4.99%
Tien-Sheng Investment Co., Ltd. 天聖投資股份有限公司		185,665,341	4.66%
Chen-Chern Investment Co., Ltd. 全成投資股份有限公司		183,392,986	4.60%
Chien-Yuan Investment Co., Ltd. 建元投資股份有限公司		172,738,928	4.34%
Wei-Chih Investment Co., Ltd. 偉志投資股份有限公司		165,374,926	4.15%
Chu-Pao Investment Co., Ltd. 鉅寶投資股份有限公司		155,607,154	3.91%
Kun-Che Investment Co., Ltd. 坤哲投資股份有限公司		150,642,012	3.78%
Chi-Shun Investment Co., Ltd. 吉順投資股份有限公司		139,069,974	3.49%
Jen-Pang Construction Co., Ltd. 正邦建設股份有限公司		138,056,001	3.46%
Pao-Shing Investment Co., Ltd. 寶興投資股份有限公司		135,924,391	3.41%
Hongyu Construction Enterprise Co., Ltd. 鴻御建設企業股份有限公司		130,246,301	3.27%
Hung-Hsiang Investment Co., Ltd. 宏祥投資股份有限公司		128,982,232	3.24%
Bai-Ing Investment Co., Ltd. 百英投資股份有限公司		118,837,771	2.98%
Chen-Sheng Investment Co., Ltd. 全勝投資股份有限公司		111,823,632	2.81%
Lin, Chang Su-O 林張素娥		111,172,787	2.79%
Homg-Gow Construction Co., Ltd. 鴻構建設股份有限公司		108,284,016	2.72%
Homg-Pem Construction Co., Ltd. 鴻鵬建設股份有限公司		84,868,142	2.13%
Union Recreation Enterprise Co., Ltd. 聯邦育樂事業股份有限公司		63,007,038	1.58%
Jianyou Investment Co., Ltd. 建友投資股份有限公司		58,103,141	1.46%
Lin Rong San Foundation of Culture and Social Welfare 財團法人林榮三文化公益基金會		57,633,150	1.44%
Yu-Pang Co., Ltd. 友邦股份有限公司		54,409,095	1.36%

Notes:

1. The list above shows the shareholders with shareholding over 1% or ranked top 10.
2. The number of shares held and the % of shareholding include preferred stocks.

## Fund Raising Status

### (5) Market Price, Net Worth, Earning & Dividend per Share and Other Relative Information for the Past Two Years

Item		Year		
		2022	2023 (Note 8)	
Market price per share	Highest	17.95	16.95	
	Lowest	12.05	13.10	
	Average	15.06	15.21	
Net Worth per share	Before Distribution	14.21	15.46	
	After Distribution	13.98	Note 10	
Earnings per share	Weighted Average Shares		3,772,466	3,777,940
	Earnings Per Share(NT\$)	Before adjustment	0.85	1.02
		After adjustment	0.81	Note 9
Dividend per share	Cash Dividends		0.10	0.20
	Stock Dividends	Dividends from retained earnings	0.50	0.7(Note 10)
		Dividends from capital reserve	-	-
	Accumulated Dividends		-	-
Return on investments	Price/Earning Ratio <sup>Note1</sup>		17.72	14.91
	Price/Dividend Ratio <sup>Note2</sup>		150.60	76.05
	Cash dividends yield rate <sup>Note3</sup>		0.66%	1.31%

#### Notes:

\*If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution should be disclosed.

- List the highest and lowest market prices over the years and calculate the average market price of respective years according to each year's trading value and volume.
- Please fill in based on number of shares issued at the end of the year and distribution amount resolved by the shareholders' meeting held in the following year.
- Where retroactive adjustment is necessary due to issuance of stock dividend, earnings per share before and after the adjustment shall be listed.
- If the terms of equity securities issuance allow unpaid dividends to be accumulated to subsequent profitable years, the Company shall respectively disclose the accumulated unpaid dividends up to the current year.
- P/E ratio= Average closing share price for the current fiscal year/ earnings per share.
- P/D ratio= Average closing share price for the current fiscal year/ cash dividends per share.
- Cash dividend yield to maturity= Cash dividends per share/ average closing share price for the current fiscal year.
- The current year data should be updated to the annual report publish date.
- The 2024 Annual General Meeting has not been held and therefore the adjusted earnings per share for 2023 has not been disclosed.
- The distribution of 2023 earnings will be confirmed when ratified at the 2023 Shareholders' Meeting

### (6) Dividend Policy and Implementation

- A. Dividend policy set out in the Bank's Articles of Incorporation:  
According to the Bank's dividend policy, based on the current and future development plans, considering the investment environment, capital needs, and domestic and international competition, and taking into account shareholders' interests, where there are earnings in the annual final accounts, the Bank shall pay income tax in accordance with the law, compensate the losses accumulated from prior years, and then appropriate 30% of the



## Fund Raising Status

balance to the statutory reserve while making an appropriation for or reversing special reserves according to laws and regulations or business needs. For the balance, priority shall be given to dividends for the preference shares for the current year. With the remaining balance, together with the accumulated undistributed earnings from the previous year, the board of directors shall put forth an earnings distribution proposal to be resolved by the shareholders' meeting to distribute dividends and bonuses. After deducting or appropriating the aforesaid amounts for each year, at least 50% of the balance shall be allocated for shareholders' dividends, of which the cash dividend shall not exceed 50% of the total dividends distributed. However, if the percentage of the Bank's own capital or the risk-weighted assets is lower than the requirement of the competent authority, or lower than the percentage specified by the competent authority plus one percentage point, stock dividends may be preferred. Before the statutory reserves reach the amount of the total capital, the maximum cash dividends to be distributed shall not exceed 15% of the total capital.

B. Proposal for dividend distribution for the current year:

The Board of Directors resolved in the meeting held on March 11, 2024 to approve the earnings distribution proposal for 2023 as follows: cash dividends on preferred stocks are NT\$ 2.559226025 per share (It is calculated according to the re-set interest rate on April 24, 2023); stock dividends are NT\$0.70 per share and cash dividends are NT\$ 0.20 per share on common shares. The actual earnings per share distributed described above may be adjusted by the Board of Directors based on the number of outstanding shares as recorded in the common shareholders' register on the record date.

(7) Impact on the bank's Operations Results and Earning per Share resulting from the Proposal for Stock Dividend Distribution

Item		Year	Year2024 (Forecast)
Beginning Paid-In Capital			Common shares: NT\$37,789,525,000 Preferred stocks: NT\$2,000,000,000
Stock and Cash Dividend in this Year	Cash Dividend per share		Preferred stocks: NT\$2.559226025 Common Share: NT\$0.20 dollars per share
	Capitalization of Retained Earnings Stock Dividend per share		0.70 shares per share (common shares)
	Capitalization of Capital Reserves Stock Dividend per share		None
Operation Result Changes	Operating Profit		Not Applicable (Note)
	Ratio of Increase (Decrease) in Operating Profit Compared to the same period last year		
	Net Profit after Tax		
	Ratio of Increase (Decrease) in After Tax Net Profit Compared to the same period last year		
	Earnings per Share (NT\$)		
	Ratio of Increase (Decrease) in Earnings per share Compared to the same period last year		
Annual Average Return on Investment (Reciprocal of			

## Fund Raising Status

Item	Year	Year2024 (Forecast)
	Annual Average Price/Earnings Ratio)	
Pro forma Earnings per Share and P/E Ratio	If Capitalization of Surplus is all changed to the Issuance of Cash Dividend	Pro forma earnings per share (NT\$)
		Pro forma annual average return on investment
	If Capitalization of Capital Reserve in not conducted.	Pro forma earnings per share (NT\$)
		Pro forma annual average return on investment
	If Capitalization of Capital Reserve is not conducted and Capitalization of Surplus is all changed to the Issuance of Cash Dividend	Pro forma earnings per share (NT\$)
		Pro forma annual average return on investment

Note: The Bank has not published the financial forecasts for the 2024 fiscal year. According to Tai-Tsai-Zheng Tze (1) Letter No. 00371 issued by the Ministry of Finance on February 1, 2000, companies that have not published their financial forecasts are not required to disclose this information.

### (8) Employees' Bonus and Directors' & Supervisors' Remuneration

- A. The percentages or ranges with respect to employee bonuses and director/supervisors' remuneration, as set forth in the Bank's Articles of Incorporation:
- (1) Employees' remuneration: Between 1% and 5% of net profit; where employees' remuneration is paid in shares, the beneficiaries may include employees of subordinated companies that satisfy certain criteria. These criteria shall be determined by the board of directors.
  - (2) Directors' remuneration: No more than 0.1% of net profit.  
The board of directors is authorized to change the rules of employees' and directors' remuneration described above.  
In any case, however, profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employees' and directors' remuneration according to the above percentages.
- B. If the estimated bonus to employees and remuneration to directors and supervisors, differ from the actual amounts subsequently resolved by the stockholders meeting the differences are to be recorded the profit (loss) of the year as result of a change in accounting estimate.
- C. The proposals to distribute remuneration approved by the Board of Directors are as follows:
- (1) Employees' and directors' remuneration distributed by cash or stocks: The Bank's Board of Directors resolved on March 11, 2024 to distribute the employees' remuneration and directors' remuneration in 2023 totaling NT\$ 96,927,336 and NT\$ 4,741,011, respectively. The employees' remuneration will be distributed in stocks and calculated based on the Bank's common stock closing price of NT\$ 14.7 on March 8, 2024, which are 6,593,696 shares in total with face value of NT\$ 10 per share (the remaining remuneration of NT\$ 4.8 that is not enough for one share will be distributed by cash); the remuneration for

## Fund Raising Status

directors are all distributed by cash. The amounts mentioned above have no difference with that estimated in the year of expense recognition.

- (2) The ratio of the employees' stock remuneration to the after-tax income in the individual financial report for the current period and the total amount of employees' remuneration: 2.22%.

### D. Actual employees', directors', and supervisors' remuneration in the previous year:

Unit: NTD

	Amount proposed and passed by the board	Amount actually paid	Difference	Remarks
Employees' remuneration	84,307,606	84,307,606	—	
Directors' and supervisors' remuneration	4,123,742	4,123,742	—	
Total	88,431,348	88,431,348	—	

Note: Directors' and supervisors' remuneration were paid in cash, whereas employees' remuneration was paid in shares. The number of shares issued was calculated based on the closing market price one day before the annual general meeting. Based on this calculation, a total of 5,204,173 shares were issued at NT\$16.20 each.

- (9) Share Repurchases by the bank: None

## 2. Issuance of Financial Debentures

Type of Financial Debentures	1 <sup>st</sup> Subordinated Financial Debentures issued in 2019	1 <sup>st</sup> Perpetual Non-Cumulated Subordinated Financial Debentures issued in 2021
Date & No. Approved by Central Competent Authority	Jin-Kuan-Yin-Kuo-Zi-No. 10802143320 Aug.22, 2019	Jin-Kuan-Yin-Kuo-Zi-No. 1100204963 Mar.11, 2021
Issuing Date	Sep. 26,2018	Mar. 25,2021
Face Value	1,000,000	1,000,000
Issuance/ Trade Place	Domestic	Domestic
Currency	NTD	NTD
Issuance Price	Issued at par	Issued at par
Issuance Amount	A: 0.5 billion B: 1.5 billion	3 billion
Interest Rate	A: 1.10%, fixed rate B: 1.23% fixed rate	The coupon rate of the bond is 1.92% per annum (benchmark interest rate plus 1.1183%), and the "benchmark interest rate" refers to the arithmetic mean of the one-year fixed interest rates of Bank of Taiwan, Land Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank, Ltd., and Chang Hwa Commercial Bank, Ltd., rounded to the nearest fourth decimal place. The coupon rate will be reset upon maturity after 5 years and 6 months from the issue date and every 5 years and 6 months thereafter.
Term	A: Maturity Date: Sep 26, 2026 B: Maturity Date: Sep 26, 2029	Perpetual



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Type of Financial Debentures	1 <sup>st</sup> Subordinated Financial Debentures issued in 2019	1 <sup>st</sup> Perpetual Non-Cumulated Subordinated Financial Debentures issued in 2021
Order of Redemption	Subordinate	Subordinate
Guarantor	Nil	Nil
Trustee	Nil	Nil
Underwriter	Nil	Nil
Auditor	S.S. Lai	S.S. Lai
CPA	Deloitte & Touche (Vincent Cheng)	Deloitte & Touche (Terence Huang)
Certifying Financial Institution	“Book-Entry”	“Book-Entry”
Method of Redemption	Repaid in full upon maturity	Refer to the terms of redemption or advance payment for details.
Unredeemed Balance	2.0 billion	3.0 billion
Paid-in Capital For the Previous Fiscal Year	28.90billion	32.93billion
After-tax Net Worth for the Previous Fiscal Year	49.81 billion	56.24 billion
Performance	Normal	Normal
Redemption or Early Redemption	Nil	Early redemption clause: After 5.5 years upon the expiration of the issuance of the bonds, if the ratio of capital to risk-based assets after calculation meets the minimum requirements set by the Competent Authority, the Bank may apply for redemption upon the consent of the Competent Authority. The Bank shall make an announcement on the 30th day before the scheduled redemption date and redeem all the bonds at face value plus interest accrued.
Conversion & Exchange Conditions	Nil	Nil
Restrictions terms	Nil	Nil
Fund Utilization Plan	Improve financial structure to raise capital adequacy ratio	Improve financial structure to raise capital adequacy ratio
Balance of issued debentures before adding the declared issue amount as a percentage of after-tax net worth for the previous fiscal year (%)	4.02%	9.78%
Whether it is accounted for as qualified core capital and type	Tier 2 capital	Tier 1 capital
Name of rating agency, date and result of rating	Taiwan Ratings Corp. twA+ Dec. 21, 2022	Taiwan Ratings Corp. twA+ Dec. 21, 2022

### 3. Issuance of Preferred Stock:

Item	Issue Date	October 24, 2017 (Series A Preferred Stock of Union Bank of Taiwan)
Face Value	NT\$ 10	
Issue Price	NT\$ 50 per share	
Share Number	200,000,000 shares	
Total Amount	Total capital stock is NT\$ 2,000,000,000; Total amount issued is NT\$ 10,000,000,000	
Duties & Rights	Distribution of Dividends and Surplus	1. Dividend: The dividend rate of Series A Preferred Stock (annually) is 4.8% (=5-yr IRS rate 0.89125% + 3.90875%), and are calculated based on the issue price per share. The

## Fund Raising Status

		<p>5-yr IRS rate will be reset on the second business day after 5.5 years since the issue date and be reset every 5.5 years afterwards. The pricing record date of the rate reset is two Taipei financial business days before the reset day. The interest rate indicator, the 5-yr IRS, is the average rate of the 5-yr interest rate swap price of PYTWDFIX and COSMOS3 published by the Reuter at 11:00 AM on the Taipei financial business day of the rate reset day. If the above-mentioned price cannot be obtained before the rate reset day, the rate will be decided by the Bank at the market price and based on the principle of good faith.</p> <p>2. Dividend distribution: If there are earnings left in the Bank's annual resolution, in addition to the required payment of income tax, the Bank shall first offset the losses in the previous years, recognize legal reserve and recognize or reverse special reserve, and then may distribute the regulated dividends to the preferred stocks based on the earnings balance with priority. The Bank reserves the discretion right on the dividend distribution of preferred stocks. However, if there are no earnings or not enough earnings for distribution in the Bank's annual resolution, or if the dividend distribution of the preferred stock will cause the Bank's capital adequacy ratio to be lower than the requirement of laws or the minimum limit regulated by the competent authority, or if there is other necessary consideration, the Bank may decide not to distribute the dividends of preferred stocks. The shareholders of the preferred stock shall not have other opinions. The dividends decided not to be distributed or are distributed inadequately will also not accumulated as the future payment in years with earnings. The dividends of Series A Preferred Stock are distributed by cash one time annually. The distributable dividends for the previous year and the record date of payment are decided by the Board of Directors after the ratification of financial reports by the Annual Shareholders General Meeting. The distributed amount in the issue year and call year is calculated based on the actual issue days in the year. The dividends distributed will be recorded in the dividend certificate.</p> <p>3. Excess dividend distribution: The shareholders of Series A Preferred Stock shall not participate in the cash and capital distribution of earnings and capital surplus in common stock, except for the regulated dividend rate mentioned above.</p>
	Distribution of Residual Property	The order the shareholders of Series A Preferred Stock in distributing the Bank's residual property is former than that of the shareholders of common stocks and is the same with the shareholders of the Bank's other preferred stocks; except when the Bank is taken over by the competent authority, required to stop business for clearing and liquidation in accordance with "Regulations Governing the Capital Adequacy and Capital Category of Banks", the distribution order of the shareholders of Series A Preferred Stock is the same with that of the common stock shareholders. However, their order is inferior to the holders of Tier 2 capital tools, depositors and the general debtholders, and the dividend amount shall not exceed the issue amount.
	Execution of Voting Right	The shareholders of Series A Preferred Stock have no voting rights and election rights, but have voting rights on the preferred stock shareholders meetings or when there are circumstances in which their duties and rights are involved.
	Others	There is no maturity date for the Banks' Series A Preferred Stock. When the Bank issued new stocks by cash, the shareholders of Series A Preferred Stock have the same stock option right with common stock shareholders.
Outstanding Preferred Stock	Amount called or converted	NT\$ 0
	Balance not called or converted	NT\$ 2,000,000,000
	Terms of call and convert	<p>1. The shareholders of Series A Preferred Stock shall not convert the preferred stocks into common stocks, and have no rights in asking the Banks to call back the Series A Preferred Stock they hold.</p> <p>2. The Bank may call all or part of the preferred stocks at the original issue price anytime under approval of the competent authority on the second day after 5.5 years of the issuance. The preferred stocks not called still satisfy the duties and rights mentioned above. If the Bank's shareholders meeting decides to distribute dividends in the year that Series A Preferred Stock is called, then the dividends that should be distributed until the</p>

## Fund Raising Status

			call day are calculated based on the actual issue days in that year.
Market Price per Share	2022	Highest	53.60
		Lowest	48.90
		Average	51.91
	2023	Highest	52.80
		Lowest	50.40
		Average	51.67
	As of March 31, 2024	Highest	52.60
		Lowest	51.30
		Average	51.99
Other rights attached	Amount converted or bought as of the date Annual Report is printed	The shareholders of Series A Preferred Stock shall not convert the preferred stocks into common stocks.	
	Guidelines for issuance and convert or buying	None	
Effect of issue terms on the right of shareholders; circumstances that equity may be diluted and the effect on existing shareholders' right		None	
Impact of callable preferred stocks on capital to risk-weighted asset ratio		Not applicable	

#### **4. The Status of Overseas Depository Receipts and Employee Stock Option: None**

#### **5. Acquisitions or Disposition of Other Financial Institutions**

- (1) Where the bank has acquired another financial institution through merger or acquisition in the most recent fiscal year, the annual report shall disclose the CPA's opinion on the reasonableness of the share swap ratio: None.
- (2) Mergers or acquisitions of other financial institutions in the past five years: None.
- (3) Where the Board of Directors has, during the most recent fiscal year or the current fiscal year up to the date of printing of annual report, adopted a resolution approving issuance of new shares due to merger or acquisition of shares of another financial institution, the annual report shall disclose the state of implementation and the basic information of the institution merged or acquired: None.

#### **6. Fund Utilization Plan and Execution Status**

1. Fund Utilization Plan
  - A. Description of the plan: Please see the pages for details of previous public issues or private placement of securities and bank debentures.
  - B. Uncompleted previous public issues or private placement of securities, or those completed in the most recent three years but have not yet fully yielded the planned benefits: None.
2. Execution Status
 

Status of implementation: There are no circumstances that the execution progress or benefits do not meet the expected goal.

# Operational Highlights

## 1. Business Description

### (1) Main Businesses

- A. Primary Business Activities of the Respective Business Units
- To accept all types of deposits.
  - To extend corporate loans, discount bills and notes, issue domestic letters of credit and conduct accounts receivable factoring.
  - To handle exports, imports, foreign remittances, foreign currency loans and guarantees.
  - To extend mortgage, auto loans, personal loans and other consumer credits, and provide credit card services.
  - Wealth management, trust, custodian business, safe-deposit box rental and certification services for marketable securities.
  - To extend the insurance agency business and property insurance business.
  - To trade marketable securities and futures on behalf of customers.
  - To provide peripheral financial services by acting as collecting and paying agent for public facilities fees, taxes and remittances.
  - To conduct other relevant businesses authorized by the competent authorities.
- B. Operational Highlight
- Deposits: NTD and foreign currencies (including OBU), deposits from peers, and deposits from Chunghwa Post)

Amount: NT\$ Million

Type	December 31, 2023		December 31, 2022		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (Decrease)	Growth Rate%
Current Deposit	368,303	48.35%	355,052	49.64%	13,251	3.73%
Time Deposit	393,496	51.65%	360,144	50.36%	33,352	9.26%
Total	761,799	100.00%	715,196	100.00%	46,603	6.52%

### b. Loans

Amount: NT\$ Million

Type	December 31, 2023		December 31, 2022		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (Decrease)	Growth Rate%
Consumer Banking	358,147	63.20%	321,796	62.05%	36,351	11.30%
Corporate Banking	208,576	36.80%	196,791	37.95%	11,785	5.99%
Total	566,723	100.00%	518,587	100.00%	48,136	9.28%

### c. Foreign Exchange

Amount: US\$ Million

Type	December 31, 2023		December 31, 2022		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (decrease)	Growth Rate%
Exports	84	0.95%	157	1.32%	(73)	(46.50%)
Imports	353	4.00%	465	3.89%	(112)	(24.09%)
Foreign Remittances	8,385	95.05%	11,324	94.79%	(2,939)	(25.95%)
Total	8,822	100.00%	11,946	100.00%	(3,124)	(26.15%)

## Operational Highlights

### d. Trust & Wealth Management

Amount: NT\$ Million

Type		December 31, 2023	December 31, 2022	Comparison	
		Amount	Amount	Increase (decrease)	Growth Rate%
Trust	Non-discretionary Money Trust Invested in Securities	62,617	58,235	4,382	7.52%
	Fund Custody Business	15,106	15,470	(364)	(2.35%)
	General Trusts	27,284	25,711	1,573	6.12%
Ancillary Service	Other Custody Business	3,974	3,889	85	2.19%
Total		108,981	103,305	5,676	5.49%

### e. Credit Card Business

Unit: NT\$ Million ; Card

Item	December 31, 2023	December 31, 2022	Comparison	
	Amount / Card	Amount / Card	Increase (Decrease)	Growth Rate%
Card in New Issue	641,997	361,077	280,920	77.80%
Cards in Circulation	2,866,981	2,431,532	435,449	17.91%
Valid cards	1,775,992	1,378,137	397,855	28.87%
Credit Amount	171,580	112,537	59,043	52.47%
Cash Advance Amount	492	529	(37)	(6.99%)
Accounts Receivables	25,758	19,856	5,902	29.72%
Revolving Credit Balance	6,172	5,649	523	9.26%

### f. Revenue and Percentage by Business

Item	% of Total Revenue 2023	% of Total Revenue 2022	Changes (%)
Corporate Banking	21.28%	21.11%	0.17%
Consumer Banking	38.73%	42.95%	(4.22%)
Trust & Wealth Management	9.34%	8.77%	0.57%
Investment Banking	1.07%	0.50%	0.57%
Other	29.58%	26.67%	2.91%
Total	100.00%	100.00%	0.00%



## Operational Highlights

### (2) Business Plan for 2023

#### A. Deposit business

- a. Continue to evaluate the establishment of new offsite ATMs and strengthen the setup of ATM locations outside the convenience stores to expand service locations, improve the Bank's visibility and expand the deposit business; also, evaluate the abolition of offsite ATMs with poor performance.
- b. Continue to expand deposit solicitation with merchants that our bank does business with; open deposits and exchange accounts with convenience store franchisees; launch various deposit programs to attract stable capital.

#### B. Corporate banking & foreign exchange

- a. Actively expand industrial and commercial loans, give priority to factory loans (MIT) and self-paying loans, and use the big data marketing project to explore potential customers.
- b. For loans granted under Article 72-2 of the Banking Act, or loans with real property as collateral and enhanced creditor's rights applying higher risk weights, the conditions shall be assessed on a case-by-case basis with reference to profitability and contribution.
- c. Moderately increase the processing fee income for complex transactions, high operating costs, or bridge loan cases.
- d. In response to the growth of the corporate banking business, accelerate the training of corporate banking salesperson, continue to optimize the evaluation standards and items, and formulate incentive measures to motivate the salesperson and enhance the growth momentum.
- e. Foreign exchange business
  - I. In line with the annual contract renewal of MIT customers, the "Foreign Exchange Business Development Team" accompanies the branch staffs to visit customers, and provides assistance in import and export related services to fully cooperate with branch business development.
  - II. The Bank will introduce preferential deposit projects in foreign currencies from time to time based on market interest rates and capital needs to expand deposit services.
  - III. Continue to optimize the foreign exchange related information system and add new functions to enhance the competitiveness of the Bank in the market.
- f. Bill & Bond Financing Business
  - I. Guarantee business: Actively develop large-scale enterprises rated Grade 1-5 based on Taiwan Corporate Credit Risk Index (TCRI), and prioritize granting self-liquidating credits (e.g. customer instruments), credits with quality stocks or bank deposits recognized by the Bank as collateral, and continuously track the financial and operational status of credit customers.
  - II. Bill & bond business: In terms of the investment business, actively cultivate financial transaction talents, select high-quality investment targets, and implement relevant risk control disciplines to increase overall revenue, and continue to enlarge customer base, diversify sources of funds, and reduce liquidity risk, so as to increase revenue and maintain our market position

## **Operational Highlights**

### C. Consumer banking

- a 、 To strengthen and improve the capital structure and effectively use the funds, the Company will increase the loan interest rate and loan case commissioning fee, reduce the undrawn credit limit, and increase the mortgage life insurance penetration rate to increase the yield rate based on price and volume.
- b 、 The Bank will continue to focus on and cultivate quality customers, grasp customer demand trends, and consolidate existing customers.
- c 、 To launch online mortgage business and actively market online mortgages to improve the efficiency and service quality of existing customers increasing loans for investment and financing funds.
- d 、 Continue to expand the online loan optimization function, improve digital channel loan service, 24-hour online loan service, plan to develop unsecured loan revolving line, iPass overdraft loan, and online mortgage increase, in order to achieve the promotion of online channel.
- e 、 To stabilize the business of loans for purchase of automobiles, and strengthen the promotion of original loans of automobiles to increase the operating profit.
- f 、 The Bank will send out messages to customers whose loans are about to expire, and help back office employees to deal more with loan renewals or car purchases.
- g 、 New information on the EDM event for existing auto loan customers has been added to the website to increase the acceptance of auto loan service among customers.
- h 、 Maintain credit check and assess the source of repayment to ensure credit quality; implement post-lending management to control overdue loans, and actively recover bad debts to increase the earnings after allocation.

### D. Credit card business

- a. Concentrate on customer management to enhance customer loyalty and conduct precision marketing to increase the Bank's market share in card members.
- b 、 Strengthen digital platform services to provide a comprehensive online experience.
- c 、 Keep abreast of market trends and seize market opportunities to effectively increase the amount of transactions made by card and card using frequency.
- d 、 Committed to promoting diversified payment and grabbing the acquiring business of large chain and online contracted stores.
- e 、 Adjust the customer management strategy in response to the new BASEL III standard, and control the RWA (risk assets) by suspending the non-active customers and applying credit limit to the customers.

### E. Wealth management, insurance agencies, and trusts

- a 、 Planning to establish a wealth management business management system to improve management efficiency; reduce the error rate of manual settlement, and facilitate transaction monitoring and wealth management human resource

## Operational Highlights

management.

- b 、 Assess the risks derived from the wealth management in accordance with the orientations of transactions, operations, legal compliance and customer relationship, and establish a rating system for wealth management to strengthen the assessment and monitoring of wealth management risks.
- c 、 Continue to optimize the functions of trading platforms such as online banking, mobile banking, mobile financial specialists, placing order through U-talk, and more.
- d 、 Strengthen personnel training, upgrade professionalism, and deepen customer base based on the asset allocation concept, which may be wealth management banks that are the main customers.
- e 、 Add conservative structured products and expand product diversity to meet customers' all-round wealth management needs and increase wealth management AUM effects.
- f 、 In response to the trend of super-aged and childless demographics, the demand for insurance for the economic life and medical care of the elderly is increasing. The Bank will continue to promote long-term and high-protection life insurance, medical insurance and other products to help customers plan for retirement and preparation for asset inheritance.
- g 、 In line with the government's policy, continue to promote the key services of Trust 2.0 and actively cultivate trust talents.

### F. Digital banking service

- a 、 Personal e-banking services were optimized by adding large-scale foreign exchange settlement, online settlement for inward foreign exchange remittances, and foreign currency non-preset transfer to improve the convenience of customers' foreign exchange transactions.
- b 、 Enhance corporate e-banking services and enrich foreign exchange service functions, including foreign exchange settlement service for large-scale foreign exchange and online delivery negotiated exchange rate service, in order to provide a better platform for corporate cash flow services.
- c 、 Strengthen risk management and fraud prevention measures to reduce the possibility of fraud incidents and improve overall security.
- d 、 Aim to enhance the market share of New New Bank's digital banking services and the synergy of sales across all sales.
- e 、 Use digital banking to enhance the benefits of integrated services, and realize the close connection between online and offline cash flow services through cooperation with non-traditional financial service locations such as convenience stores, LINE Pay, and campus payments, thereby enhancing customers' convenience, create a more comprehensive and efficient financial ecosystem, enhance customer experience, and improve overall service innovation and competitiveness.
- f 、 Fortifying the use of community and various information platforms in marketing.
- g 、 Integration and application of new digital financial services, and the introduction of smart customer service into the customer service system to



## Operational Highlights

reduce the cost of dedicated service and improve service efficiency and quality.

- G. Securities financing business
  - a. Balanced development of securities and futures businesses; upgraded trading systems to provide a more effective, stable and secure trading environment.
  - b. Assist in the sale of re-consigned wealth management products, diversify products, and increase earnings; regularly hold investment seminars to explore new customer sources.
  - c. Strengthen risk control; implement education and training for new employees.
- H. Others
  - a. In response to climate changing, the Bank adopts strategies as follows:
    - I. Toward net zero: Manage the Bank's daily business activities, respond to energy conservation and carbon reduction, and gradually move towards the goal of net zero carbon emissions.
    - II. Supporting low-carbon economic activities: Developing and deploying potential business opportunities and related financial benefits brought about by climate change, assisting customers in their low-carbon transformation, supporting the development of low-carbon technologies, and promoting climate finance products and services.
  - b. Strengthen relationship with existing customers, enhance cross-selling, and increase customer loyalty for synergies.
  - c. To increase the efficiency of capital utilization, strengthen risk management, and maintain good asset quality.
  - d. Actively develop high-quality companies with good liquidity, such as publicly listed companies and well-known groups, to expand commercial paper underwriting business, and continue to strictly implement the post-loan management mechanism to review and adjust credit risks in a timely manner, and prudently control the credit risk from customers for the underwriting guaranteed and non-guaranteed commercial paper while increasing the turnover rate of commercial paper, so as to expand the underwriting market share and increase the underwriting commission income. ) In complying the BASEL rules, UBOT maintains its capital adequacy level to meet the standards of the competent authority in the ratios of different categories of capital, the stable sources of capital and high quality liquidable assets to meet the net stable fund ratio (NSFR) and the liquidity coverage ratio (LCR).
- I. In terms of investment business, the Bank actively cultivates financial transaction talents; carefully selects investment targets and implement the disciplinary requirements in relation to risk control in capital operation so as to contribute to the Bank's profit; strive to improve the profitability of various assets, strengthen risk management and maintain good asset quality; review the appropriateness of the notes and bond position at all times to maintain better funding flexibility. In investment business, cultivate financial trading talents, choose investment targets carefully and execute disciplinary financial operations in order to control the risk and increase the Bank's income, do our best to improve the profitability of all assets, strengthen risk management, and maintain good asset quality.
- J. Ensure effective management of funds available to the Bank, regularly increase the investment amount of government bonds and corporate bonds issued by quality

## Operational Highlights

enterprises to increase the Bank's investment return, actively assist in the development of all the businesses to enhance the overall capital efficiency and maintain an appropriate level of liquid capital to ensure that the Bank has a sound liquidity level. For TMU business, in addition to continuing serving existing clients, provide them with all the real-time financial market information and products, and assist with developing new clients to increase the Bank's business turnovers in deposits, loans, and foreign exchange business.

### (3) Market Analysis

- A. Region of business: By the end of March 2023, we have 90 domestic business locations, including 49 in Greater Taipei, 18 in Taoyuan and Hsinchu, and 9 in Taichung and Changhua, 6 in Chiayi and Tainan, and 8 in Kaohsiung and Pingtung; and one overseas banking branch. The Bank set up its Ho Chi Minh City Representative Office and Hong Kong Representative Office in Ho Chi Minh City, Hanoi and Hong Kong. The Bank also expand its overseas operation aggressively. The bank got permission from the Financial Supervisory Commission to set up a branch in Da Nang, Vietnam in March, 2019.
- B. Although inflation has not yet been fully resolved, the inflation pressure is expected to be moderate compared to last year, and the overall environment is expected to cut interest rates this year. However, interest rates are still at a relatively high level. A positive view is still held for the banking industry. The increase in consumption momentum and the government's continuous promotion of various policies to encourage investment and industrial development in Taiwan are expected to drive deposit business to banks, which will boost investment and lending businesses and increase interest rate spreads of the banking industry. Nevertheless, we shall still put emphasis on the risks posed by the overall international political and economic situation, the domestic and overseas investment environment, customer solvency, and other factors in the future.
- C. Competitive Niches and Advantages/Disadvantages Relating to Development Prospects And Responsive Measures
  - a. Advantages
    - i. It is expected that the overall interest rate will remain at a high level, which will help the banking industry to increase the momentum of deposits. The government will continue to promote three major programs to invest in Taiwan, which will prompt more Taiwanese businessmen to return and upgrade and transform their businesses. The demand for corporate financing and financial planning will increase. The increase will help the banking industry to continue to increase the loan business and expand the interest rate spread income.
    - ii. After the COVID-19 pandemic, the public's demand for tourism, dining, and more has increased, driving the private consumption to rise steadily. In addition, given the rebound of semiconductor investment, emerging technologies, and net zero emissions, issues such as private investment demand momentum have boosted the momentum of private investment. This helps in the increase in fee revenues from credit cards and wealth management services for the banks.

## **Operational Highlights**

- iii. The development of emerging technology accelerates the development of digital finance in the banking industry, attracting more customers of all ages due to the convenience of digital finance, and reducing labor costs by using financial technology, thus accelerating the reduction of physical branches in the banking industry and improving operating performance within the industry.
- b. Disadvantages
  - i. High interest rates may affect customers' repayment ability and credit quality, leading to an increase in the overdue ratio. The credit risks posed by housing loans and credits will increase accordingly. Therefore, risk control over the financial industry is undoubtedly an issue that must be paid attention to.
  - ii. Global inflation has not yet shown a significant decrease, coupled with factors such as China's real estate and economic downturn and the continuing conflict between Ukraine and Russia, which is not favorable to international financial stability, and increases the risks of overseas investment and loans in Taiwan's banking industry.
  - iii. In terms of the new transaction methods derived from technology development, the application of technology to the financial industry must also be accelerated in response to the situation. The competition encountered by participants in the financial industry are not just from industry peers but also from a great variety of other industries. Enterprises in this industry may elect either to transform proactively or being replaced by the easy and convenient digital financial services. In addition, FinTech also triggers a high demand for human resources in information technology, compliance, and information security, which in turn drives up the cost of human resources in the banking industry significantly.
- c. Countermeasures
  - i. For the effective management and control of the credit risk deriving from the pledge of property as collateral for loans, UBOT has set the mortgaged loan limit and will continue to support the government in the measures for the control of risk deriving from mortgaged loans. In addition, the Bank is actively developing credit business by drawing on qualified financial collateral (e.g. deposits, stocks, etc.) to reduce credit risk.
  - ii. Actively supervise domestic and international loans, quickly handle exposures, strengthen training for personnel at all levels, and pay attention to pre-loan customer risk evaluation and post-loan management and tracking.
  - iii. In alignment with the development of FinTech, UBOT provides diversified services in real-time. The combination of the digital deposit account with credit card, loans, insurance, and securities, and the link to electronic payment service give customers better convenience. These could help to earn customer loyalty.

## Operational Highlights

### (4) Research of Financial Products and Status of Business Development

#### A. Main Financial Instruments and the Size of New Business Departments

##### Introduced During the Past Two Years and the Profit/Loss Status

- a. Prioritize undertaking of plant loans for enterprises mainly engaged in manufacturing (MIT industry) in Taiwan in corporate finance business, and continue to promote quality stock financing loans, loans for accounts receivable purchase and subsequent advance payment, easily discounted notes, corporate banking foreclosure real estate loans, rooted loans, and preferential loans in government projects so as to offer corporate customers multiple loan choices.
- b. The financing loan business offers a variety of short and medium-term funding options to customers. As of the end of 2023, total loan granted amounted to NT\$29.9 billion, and the balance of loan amounted to NT\$68 billion, representing an increase of 6.79% and 26.87% respectively comparing to 2022.
- c. Wealth management business

In 2023, the Company will continue to introduce wealth management products such as mutual funds, foreign bonds, and ETFs. In addition, in February 2023, the Company will launch the stock trading system to offer wealth management products that feature overseas stocks for customers to choose from.

The U.S. Fed continued to raise its benchmark interest rate range to demonstrate its determination to fight inflation. Bond prices are relatively cheap due to rising interest rates. In addition to the stable bond interest rates offered by investing in bonds, investors can also earn capital gains when interest rates reverse. Therefore, foreign bond sales have become the focus of our bank, and lead to increase in bond fee revenue. In the second half of 2023, the US stock market surged in the technology industry due to the AI theme, which also led to an increase in our bank's fee income from funds and US stocks.

As of the end of 2023, the Bank's total number of wealth management accounts reached 172,000, up 6.79% compared to 2022, and the total balance of assets under management amounted to NT\$411.4 billion, up 6.62% compared to 2022. The Bank will continue to provide customers with more diversified financial products and transaction channels to increase overall wealth management revenue.

- d. Fortune passbook business  
The Bank promotes Passbook (integrating Taiwan Dollar deposits, foreign exchange deposits, securities, and funds) for people under 18 years old. "Fortune Referral": UBOT has held activities to refer customers to open accounts and cooperated with high-quality children's art and literature contracted stores (including Yunmen Wuchi Dance Classroom, Xinyi Parent-child Game Study, Chiayu Center, and Jukuo Children's Drama Troupe) to provide special offers. As of December 31, 2023, the balance of assets of the Fortune Passbook holders amounted to NT\$12,684,250,000, representing a 11.5% growth rate compared to NT\$11,376,440,000 as of December 31, 2022.
- e. VISA debit cards  
In 2023, the Bank has launched "PX Mart Spring Festival Bonus Point Up to 500", "PX Mart Extra Bonus Point Up to 660", "PX Mart Dragon Boat Festival Extra Bonus Point Up to 900", "PX Mart Mid-Autumn Festival Extra Bonus Point Up to 1000", "PX Mart Saturday and Sunday Highest Bonus



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Point Celebration Up to 650”, “UBOT Wednesday Card Holder Day”, “Free Parking at City Zone”, “Discount for Gasoline Refill”, and other promotions for credit card usage. In 2023, the consumption amounts through the Bank’s Visa debit cards (including Easy Debit Card and iPass Debit Card) totaled NT\$2.16788 billion, representing a 6.29% growth from NT\$2,039,500,000 compared to 2022.

- f. Promotion of automated services and e-banking
  - i. In addition to the establishment of ATMs and unmanned banks in the stations along the Kaohsiung/Taoyuan Line, OK marts, the Breeze Center, and Carrefour to provide customers with more convenient services.
  - ii. The “New New Bank” digital deposit account continued to unveil series of special offers through the combination of deposit, credit card, securities, loan, insurance and iPASS MONEY across different types of business. As of the end of 2023, the number of accounts reached 715,096.
  - iii. Deposit account is lined to electronic payment service. UBOT will continue to launch series of special offers like the account opening with “iPASS MONEY”, link to deposit account, and consumer gift (such as the enhanced bonus for the 5000 Coupon”. As of the end of 2023, more than 215,720 deposit accounts of the Bank had been linked with LINE Pay Money.
  - iv. The Bank continues to optimize the eBanking functions and services based on user experience, improve the functions and user interfaces of personal online banking and mobile banking, and refine transaction processes, in order to improve the competitiveness and overall utilization rate of eBanking services. By the end of 2023, eBanking at UBOT had some 1,085,743 applications by head count.
- g. The business department set by the Bank in the recent two years: The Bank added a "Corporate Finance Operations Center" on May 8, 2023 to improve the operational efficiency of its corporate banking operations, and changed the name of the original "Operations Center" to "Consumer Finance Operations Center" to facilitate organizational delineation. File creation and disbursement of consumer finance, vehicle loans, and wealth management loans; the organizational structure of the newly added "Corporate Banking Operations Center": one manager, and a "Management Division" to coordinate the handling of "Corporate Banking" and the preparation of verification documents and Certificate of the Obligatory Claim; the Bank has also established three regional operations teams, namely Northern District, Taoyuan District and Southern District which can act as agent for each other to lower operation costs and the management time of the operating units and enables commitment to expand the Bank’s business.

### **B. R&D Expenditures and Achievements for the Last Two Years and a Brief Description of Future R&D Plan**

#### a. R&D expenditure and results

Unit: NTD Thousand

Item	Year	2023	2022
	R&D expenditure		313,040

## Operational Highlights

- i. The Bank continues to improve the system and user interface of personal online banking and mobile banking, with user experience as the core, by enhancing the user experience in transaction services on eBanking platforms, and introducing functions such as foreign currency transfer through virtual accounts, deposit certificates for depositing in installments while paying in lump sums and query of the number of interbank transfer with discounts. It has increased the amount of remittances in the original currencies in foreign exchange to NT\$3 million, stipulated that the account will become effective on the day when the holder transfers the funds to the account, extended the reservation transaction period to one year, and provided verification for transferring an application with no reservation / changing or adding a new card and other services, hoping to provide customers with multiple service channels and more convenient financial services experience through a new user service interface.
- ii. In order to attract digital customers to make transactions, the Bank continuously optimizes and has added services for New New Bank, and provides diversified service channels based on investment services. It has introduced new services and functions such as fund and securities services, one-click full account opening, reduction or waiving of the service fee for ATM interbank withdrawal for the disabled, and has also provided services for adults aged 18 and above to open accounts in accordance with the amendment to the Civil Code. Meanwhile, in response to the growth of social media, the Bank continues to provide services, such as real-time transactions, target exchange rate notifications, and personalized transaction notifications for wealth management and loan payments through the official LINE account. With the provision of online account opening and personalized messaging services, the Bank will be more in line with users' needs to expand the Bank's digital customer base.
- iii. To optimize the Bank's anti-money laundering system and correspond to the relevant regulations of the Money Laundering Control Act, the Bank purchased the "anti-money laundering and combating terrorist financing system for banks" and AML-KYC system from the system integrator "Stark Technology, Inc.," and the Bank also purchased a "name scanning database" from "Dow Jones Factiva Limited" to integrate the basic information and transaction information of the Bank's customers with the information system to enhance the efficiency of conducting anti-money laundering operations for the Bank.
- iv. In order to establish a clear and appropriate communication and consultation system for laws and regulations, the Bank plans to set up a database of financial laws and regulations. It will purchase hardware equipment, import the regulatory data issued by the Financial Supervisory Commission and its four bureaus on the open platforms for government data as well as the Bank's internal rules and notices into the database, and enhance the import, establishment and implementation of regulations conducted by the Head Office. With this action, the Bank expects to provide industry peers with a platform where they can search for the Bank's internal and external regulatory materials required in operation, and strengthen the Bank's compliance with laws and regulations.
- v. Establish an online collection system that is common to all credit operations of the Bank to automate, improve efficiency and precision of

## Operational Highlights

related operations. Before contacting professional vendors for the procurement of collection systems, the Bank paid in full for the hardware facility amounting to NTD 7,000 thousand, and the software facility instalment was NTD 937 thousand.

### b. Future R&D plan

- i. The online loan management system is being continuously optimized to streamline the credit granting process and enhance the operation efficiency.
- ii. To reduce the credit risk of credit granting, the Bank has built an internal evaluation system for the credit granting to correspond to the credit risk structure of Basel.
- iii. Utilize big data information to screen out the promotion list and provides it to the branches for them to develop potential customers of the Bank, in order to expand the scale of loans for industrial and commercial enterprises.
- iv. Based on the government's concept of "green finance" and sustainable financial development, the Bank applies related credit loans and policies promotion.
- v. In view of the maturity of mobile devices and the Internet environment, the Bank's research and development of digital financial services will continue to focus on mobile device applications, reinforce the existing e-banking service platforms, and continue to optimize services of personal online banking, corporate online banking, and mobile banking. Also, it will increase online applications of various services and digital banking services, focus on the customer needs as the core for design, and put emphasis on user experience and service interface, while providing customers with more real-time, safe, and convenient e-banking services under the premise of taking into account both transaction efficiency and information security.
- vi. Continue researching and paying attention to the technologies related to financial markets and the relevant applications, follow the evolution of information technologies, cultivate relevant talents in the fields of new financial technology of AI, block chain, biometric, big data and so on. In response to the trend of changing service types in the future, the Bank will continue doing research on digital services and its application. In 2023, a budget of NT\$87 million was allocated for the planning and research in different forms of digital services and areas of application. We aim to strengthen the basis for future development of each business by developing the Bank's digital customers with new digital financial services.
- vii. Optimize the Bank's wealth management system by combining asset allocation planning with wealth management customer grading system to improve the operating efficiency of financial consultants. Provide a financial friendly environment, promote mobile financial specialists and U talk phone ordering services, and increase diversified trading channels. Establish a monitoring and management system to strengthen anti-fraud functions such as monitoring status analysis and detection, in order to achieve enhanced internal control mechanisms such as anti-money laundering, professional anti-fraud, and customer transaction safety, in order to maintain financial order and transaction security.
- viii. For the refinement of the anti-money laundering system at UBOT, the Bank enters into the "AML Risk Executive Maintenance Agreement" with



## Operational Highlights

system service providers every year and purchases the “name scanning database” from list service providers at regular intervals to continue the pursuit of AML of the Bank. In 2024, NT\$7,100,000 is expected to spend in this area.

- ix. In order to develop the Bank's digital, automated and intelligent regulatory system, in addition to the "compliance operating system" and the "financial regulation database" (NT \$790,000 will be invested to purchase the hardware equipment of the regulation database in 2023), the Bank plans to establish a compliance platform to conduct collection of external laws and regulations and response tracking, sorting of laws and regulations and risk assessment, self-evaluation and spot checks on compliance, and other compliance monitoring operations, to implement the Bank’s compliance with laws and regulations.

### **(5) Long-term and Short-term Business Development Plan**

- A. Short-term Business Development Plan: Please refer to “Chapter (2) 2024 Business Plan”.
- B. Long-term Business Development Plan: Please refer to “4. External Factors and Future Development Strategies of I. Letter to Shareholders”

## **2. Employee Analysis**

- (1) Employee Data for the Last Two Years and Current Year Up to the Printing Date of the Annual Report:

Year		End of 2022	End of 2023	Until Mar. 31, 2024
Number of Employees	Permanent	3,914	3,981	3,935
	Temporary	0	0	0
	Other	0	0	0
	Total	3,914	3,981	3,935
Average age		39.29	39.46	39.72
Average year of service		10.71	10.76	10.96
Education	Doctorate	0.03	0.05	0.05
	Master	6.97	6.88	6.91
	University (College)	87.58	88.07	88.01
	Senior High School	5.39	5.00	5.03
	Junior High School & Under	0.03	0	0
Type of professional certification held by employees		End of 2022	End of 2023	Mar31, 2024
Certified Anti-Money Laundering Specialist (CAMS)		7	7	8
Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist		369	406	418
Certified Information Systems Auditor (CISA)		1	1	1
Basic Proficiency Test for International Banking Personnel		384	368	374
Proficiency Test on Foreign Exchange Trading		9	9	10
Proficiency Test for Trust Operations Personnel		2,763	2,900	3,093
Subject Test - Laws and Regulations on Trust Businesses		35	38	38
Qualification exam for “General knowledge of Financial Markets and professional code of Ethics”		3,036	3,068	3,079
Financial Risk Manager (FRM)		3	3	3
Class B Accounts Clerk		6	6	7

## Operational Highlights

Year	End of 2022	End of 2023	Until Mar. 31, 2024
Class C Accounts Clerk	102	103	104
Basic Proficiency Test for Bank Lending Personnel	437	441	443
Advanced Proficiency Test for Bank Lending Personnel	27	24	22
Proficiency Test for Bank Collateral Appraisal Personnel	9	9	9
Proficiency Test for Financial Planning Personnel	327	318	316
Certified Financial Planner(CFP)	4	4	4
Structured Product Sales Personnel Qualification Test	530	563	564
Qualification exam for securities investment trust and consulting regulations (including professional ethics rules)	16	14	15
For taking "Investment trust & consulting regulations(including self-disciplinary rules)" only	1,398	1,413	1,416
Life insurance salesperson	2,772	3,054	3,194
Investment-oriented insurance salesperson	1,317	1,267	1,260
Fundamental Test of Investment-oriented insurance salesperson and financial market	247	239	240
Property Insurance Salesperson Registration Certificate	1,329	1,355	1,351
Qualification Test for Life Insurance Salesperson Selling Non-Investment Type of Insurance Product in Foreign Currency	1,172	1,130	1,130
Personal Insurance Agent	3	3	3
Property Insurance Agent	5	5	5
Futures specialist	320	321	325
Bill finance specialist	88	93	95
Fin Tech Knowledge Test	84	99	102
Certification Test for Eldercare Financial Planning consultant	69	74	74
Certification Test for Family Trust Planning Consultant	0	8	8
Labor safety and health specialists (Class B certificate for labor safety and hygiene)	3	3	3
Class A Manager of Labor Safety & Health Affairs	55	55	52
Class B Manager of Labor Safety & Health Affairs	109	109	116
Class C Manager of Labor Safety & Health Affairs	33	33	31
Fire Fighting Administrator	141	146	145
First Aid Specialist	198	191	205
Bond Specialist	23	21	21
Basic Proficiency Test on Internal Controls	2,379	2,868	3,260
Securities specialist	410	427	427
Senior securities specialist	250	253	263
Securities investment trust and consulting professionals	199	193	198
Securities investment Analyst	2	2	4
Specialist of "Margin and Stock Loans by Securities Firms"	55	55	55
Assistant real estate Brokers	13	14	12

Note: Not include the 3 employees of offshore units.

### (2) Advanced Education and Training of Employees

In response to the fast changing financial environment and for the purpose of enhancing the professional competency of our employees, the Bank organizes the various business seminars and symposiums each year as well as sends employees to attend the various external training programs. The bank also requests, where possible, the relevant staff at all levels to acquire the required certification. The bank aims to upgrade the capabilities in product innovation and improve the operational procedures.

Dec. 31 2023

Item	Internal program	External program	Total
Number of employees trained	47,076	8,005	55,081
Total training expense ( in NT\$ thousand)	9,239	6,958	16,197

## **Operational Highlights**

- (3) Rules of Employee Behavior and Ethics  
The Bank has put in place the “Employment Standards” and “Employee Service Rules” to govern employees’ behaviors and dedication for works. The Bank motivates its employees to take the corporate mission above all personal pursuits and perform their duties in accordance with corporate rules to facilitate the development of the various businesses.
- (4) Protection for Work Environment and Employee Safety
  - A. Access Security: The Bank has installed a premise access surveillance system to monitor people entering or leaving the office premise. The system is linked to the police stations at all times and is subject to regular trial checks. Security guards stationed on site to ensure personnel and premise security.
  - B. Office Premises and Equipment: The Bank performs regular or random maintenance check on the various equipment in accordance with the relevant regulations on public safety and fire tests of office premises.
  - C. Security Maintenance: The security maintenance regulations enforced by the competent authority and Bankers’ Association prescribe that each retail office shall conduct anti-robbery rehearsals each year.
  - D. Safety and health: We have established the “Safety and Health Work Rules” and “Occupational Safety and Health Management Plan”. In addition, we implement various environmental examinations and organize occupational safety and health education/training activities and first aid training courses in accordance with the Occupational Safety and Health Act and relevant regulations to ensure workplace safety for employees.

### **3. Corporate Responsibility and Ethical Conduct**

- (1) Cultural Intelligence Education
  - A. Promotion of financial inclusion knowledge  
To achieve financial inclusion, the Bank is committed to the promotion of financial education for different ethnic groups. A summer camp, “Little Financier - Green Wealth Management Camp”, is also organized for the elementary school children. The purpose of the camp is to cultivate children's correct concept of financial management and SDGs sustainable development concept. The courses covered financial wealth management, fraud prevention, ESG tree planting education, marine environment protection and other interactive courses. The courses were held in Taipei, Taoyuan, Taichung, and Kaohsiung. There will be 5 sessions planned; for the elderly, the Bank supports the policy of promoting "Elder Care Trust" by holding seminars on elder care trust at the "Community Care Base of Sports Association, Luzhou District, New Taipei City"; in addition, to enable customers to better grasp the real-time investment information, in 2023, the Bank held a total of 155 financial seminars to help them understand and gain financial knowledge.
  - B. Anti-fraud education  
In cooperation with the Association of Banks, the "Financial Institutions 368 Townships nationwide anti-fraud awareness campaign" was organized by the Association. Nearby branches were requested to collaborate with the police stations of all municipalities and counties (cities) for the awareness

## Operational Highlights

campaign. The Bank's 10 cooperating branches include Sanmin, Fengshan, Fongyuan, Tainan, Singchung, Dayuan, Wugu, Hsichih, Longtan and Pingtung Branch, and completed the promotion by the end of September 2023.

C. Culture and education

To cultivate children's awareness of art, filial piety, and environmental protection, the 23rd "Art Kids Draw Mom" children's charity drawing competition was held in 2023. Based on the number of participants and drawings, an NTD 10 for each drawing was donated to the "Pingtung County Government Education Office" for the environmental protection education promotion account. Going a step further, in order to create more artistic value, this event also incorporates the concept of FinTech Metaverse for the first time, allowing participants to cast their works into NFT digital assets for permanent collection.

D. Ecological education

To promote ecological protection and conservation knowledge, the Bank has participated in the adoption of the conservation animals of Taiwan, the "Leopard cat" and "Ring-necked Pheasant," and has produced related output materials and promotional materials. Hosted the Mother's Day Public Welfare Garden Party of "UBOT Build Sustainability Together" and set up an ESG section to invite "Taiwan Association for Green Forest Environmental Protection" and "Taiwan Association for Marine Environmental Education (TAMEE)" to promote tree planting to the public and also promote marine environmental protection and resource recycling-related issues.

(2) Sponsoring Arts and Cultural Activities:

To promote the art of oil painting in Taiwan, the Bank sponsored the Union Culture Foundation to host the 20th "Union Art Impression Award" and the 25th "Union New Artist Award" contest. A total of 13 art tour exhibitions of the Union were held in Taipei, Kaohsiung, Chiayi, Miaoli, Hsinchu, Pingtung, Taichung, Taoyuan, Taitung, Changhua, and Nantou; the Bank attaches great importance to the development of Taiwan's arts and culture, and the Bank actively participates in arts and cultural events held by the county and city governments. In 2023, the Bank's participation in activities included sponsoring the Nantou County Government's "2023 Light Weaving Trend - Nantou Light Festival", sponsored the Pingtung County Government's "Sea Viewing Art Museum 2023 SHIP'S CAT in Pingtung - Kenji Yanobe" and "Luo Shan Feng Art Festival"; sponsored of the Chiayi County Government's "Midsummer Performing Arts Festival - Norza: The Adventure to the Dragon Palace - Paperwindmill Theatre"; sponsored the "Art Spring Festival" series of events and the "D Sound - Violin Concert" co-organized by the Cultural Affairs Bureau of the Kaohsiung City Government and the Kaohsiung Philharmonic Cultural and Arts Foundation; sponsored the Taichung MRT Corporation for the 3rd floor of the Cty Hall Station which is turned into an art space to introduce art into daily life.

(3) Social Engagement

- A. Care for community development: We continued adopting "Minyao Park #2 in Songshan District" and the flower beds in front of Luzhou Elementary School in New Taipei City to maintain a public natural environment and facilitate positive symbiosis between enterprise and community.
- B. Support local agriculture: To support the local farmers, the Bank purchased



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about 40,000 carnation plants from Flower Farmer Tian Wei on Mother's Day and distributed them to the customers of the Bank.

- C. Concern for the youth students: Launched the "Let the World Hear Taiwan" fund-raising project jointly with the Union Culture Foundation, and donated to Puzangalan Children's Choir to participate in the German Choir Competition overseas.
  - D. Care for local industries: Every year we order a large quantity of Lunar New Year gifts such as ceramic Chinese zodiac piggy banks, calendars, red envelopes, and Spring Festival couplets. Local MIT manufacturers are always our priority contractors.
  - E. Participation in disaster aid and relief: When gas exploded at the factory in Pingtung Science Park, the Bank donated to the Pingtung County Social Assistance Account to help the injured and related expenses of follow-up medical care, living and social reconstruction.
  - F. Building a "Lohas City": In order to build a comfortable and healthy urban life, the Company has sponsored the Taoyuan MRT, Taichung MRT, and Kaohsiung MRT to hold various social sustainability charity events.
    - I. Sponsored events such as "Japan-Taiwan Painted Train", "Parent-Child Activity Carnival," "Traveling with Taoyuan Rapid Transit (TPASS)" and "Taoyuan Transit Corporation in Search of the 150 millionth Passenger" in cooperation with the Taoyuan MRT Corporation.
    - II. Sponsored Taichung MRT Corporation to organize "blood drive," "Farmer's Market in the old community," and "educational promotion with sound effects of gates."
    - III. The Bank sponsored Kaohsiung MRT to hold the "Kaohsiung MRT Summer Love Cosplay Event", "3-to-3 Basketball Tournament", "Charity Marathon for Tangerine Station Managers at Christmas", "Charity Symphony Concert", "Beach Cleaning Event", "Theme Photo Exhibition", and other charity activities.
- (4) Charity
- A. Donation to charities: To support life care and work projects of people with Down syndrome, the Bank sponsored the "Children Are Us Foundation" art therapy project and its annual performance event, and subscribed hand-made meal boxes; to help disadvantaged children realize their dreams, the Bank participated in Breeze Charity Foundation's "Wisher Box" adoption program inviting the public to adopt a child's Christmas wish; at the same time, the Bank and public welfare groups have launched a project for swipe card donations, including: Eden Foundation for the "Healing and Learning for Growth" program, Waker Foundation for the "Go Charity - Save Childhood, Come and Join", Taipei Parents' Association for the Visually Impaired (PAVI) for the "Speak for Eye", Down Syndrome Foundation R.O.C. for the "Stay Lasting for 2023", and assisted the Down Syndrome Foundation R.O.C. with the promotion of Chinese New Year gift boxes to increase the income of charity organizations.
  - B. Fundraising and donations: UBOT and Union Culture Foundation jointly unveiled the charity donation platform of "Well-Being Together". In 2023, we provided assistance to the "Puzangalan Children's Choir", the "Long-Yan-Lin welfare association at Zhongliu Village of Nantou County",

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“Children Are Us Foundation”, the “Service Station for the Elderly and Children at Xuhai Elementary School in Moudan Aboriginal Tribe at Moudan Township of Pingtung County”, “Kitchen for the Elderly in Tounan Township Community Development Association of Yunlin County”, Alisan Elementary and Junior High School, Yizhu Junior High School, Kindergarten of Fengshan Experimental Education School, and other public welfare and disadvantaged groups and rural school in Chiayi.

- C. The spending amount on the credit card affinity card is donated to charitable organizations.
  - I. The Bank issued the charity affinity cards including the 8 Blessing Affinity Card, Guardian Angel Affinity Card, and the Peace Affinity Card. When card holders used credit card charge for payment, a percentage of the payment amount will be donated. A charity budget has also been prepared for feedback to charity organizations and charity purposes at the county or city level.
  - II. Continue to respond to the government's "Green Finance Action Plan 2.0" policy. The "Union Green Card" issued by the Bank continues to feedback through green consumption channels including "electric car/scooter," "shared transportation," “fresh and organic products”, “Green Donation” and more linking the cardholders’ green life circle realizing the sustainable vision of environment and society. The Bank became the first bank in the industry to introduce green cards with physical and virtual cards at the same time. A percentage of the spending from credit card charge will be donated to the “Taiwan Environmental Information Association” for better effort in environmental protection, promotion of education in environmental protection and related charity events through the resources of green charity groups.
- D. Collaboration between Union card holders and charity groups in making donation through payment by credit cards: participate in “Lucky Money Packet for Love! Encourage the Child to Become a Better Person” and “Immediate Assistance to Disabled Children” organized by the World Vision. Card holders of UBOT are invited to help and support children from disadvantaged families and impoverished children suffering from hunger to grow up safely and healthily, and let them embrace their dream.
- E. Christmas light-up charity event: United Culture and Education Foundation and the co-brand Breeze Charity Foundation have joined hands to organize a Christmas light-up event to continue the "Wish Box" charity event. The aboriginal children, Down syndrome children and visually impaired children are invited to fill in their Christmas wishes, the foundations became dream fulfillment angels and fulfilled their dreams. Together they showed their love and care, and let the children have a warmest Christmas.

### (5) Green Environment

- A. Union Green Card: The Bank first launched the "Union Green Card" in the third quarter of 2021 with the theme of energy sustainability and green cycle. Not only is it the first credit card in the industry to issue both

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environmentally-friendly physical cards and virtual cards, the core philosophy is to "encourage cardholders to spend at designated green channels to promote environmental and social sustainability, in order to practice ESG philosophy and fulfill corporate social responsibility." The Bank connects cardholders with a green circle of life, in order to drive a virtuous circle of sustainable development among the Bank, customers, and other industries. The main selection of green consumption reward channel program includes the "Electronic automobile/motorcycle", "shared transportation", "Fresh and Organic Product Selection", "Green Donation", and more. In addition, the Bank will continue to donate 0.1% of the spending amount of green card holders in 2022 and 2023 to the "Taiwan Environmental Information Association", engaging in more environmental protection activities and promoting of environmental education related charity activities through green charity groups.

- B. Promotion of electronic billing: The electronic billing rate of billing in the fourth quarter of 2023 reached 67% (an increase of 11% from 2022), and reduced the carbon emissions in the delivery of this paper bill and the felling of trees to achieve the dual benefits of "carbon reduction" and "carbon sequestration".
- C. Encourage online credit card applications: The Bank continues to optimize digital services on the credit card website to reduce the paper-printing required for paper-based applications. Online credit card applications reached 65% in 2023 enabling energy saving and carbon reduction to expand to every digital service introduced. Cardholders can thus jointly contribute to the sustainable development of the environment.

### **4. Number of Non-managerial Staff, Amount of Employee Welfare Expenses, and Differences from the Previous Year**

Unit: NT\$ thousands; %

Category	2022	2023	Difference	
Head count	3,563	3,629	66	1.85%
Average welfare expense	856	912	56	6.54%
Median welfare expense	744	805	61	8.20%

### **5. Facilities of Information Technology**

(1) Maintenance and Allocation of Hardware & Software for major IT systems:

- A. Operating system server room:  
There are one IBM z15(8562-J02) operating host, one IBM z14(Linux ONE) host for onsite backup, two IBM disk drives, one IBM virtual tape drive, seven IBM RS/6000, one IBM AS/400, and 100 PC servers.
- B. Remote backup server room:  
There are one IBM z14(Linux ONE) host for remote backup, one IBM virtual tape drive, one IBM disk drive, two IBM RS/6000, one IBM AS/400, and 10 PC servers.
- C. Network:



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Several CISCO routers and switches are used for the operating system server room and the remote backup server room, and the two server rooms are connected by optical fibers. Each branch uses two dedicated lines to connect with the two server rooms, respectively, and the two server rooms are the mutual backup.

- D. The Bank has signed a maintenance contract with each of the relevant suppliers/providers for the equipment above.
- (2) Future development or procurement plans:
- A. Core network equipment replacement project.
  - B. Trust fund server replacement project.
  - C. Joint projects with electronic payment service providers.
  - D. New business planning and establishment for Taiwan Pay.
  - E. Cash flow services for specific projects.
  - F. Financial information access and joint defense reporting electronic platform of the National Police Agency, Ministry of the Interior.
  - G. Participate in the sharing of financial security information under the Financial Security Action Plan.
  - H. Conducting financial security action plans and promoting project implementation.
  - I. Introduce the international information security management standards.
  - J. Encourage information security personnel to obtain information security certificates issued by international or professional training institutions.
- (3) Emergency Backup and Security Protection Measures
- A. Construct on-site backup device at Neihu computer room with Minsheng computer room serving as the remote backup support.
  - B. Off-site media backup and storage of sensitive documents, separately at Neihu and Minsheng computer rooms.
  - C. Completed the establishment of a remote server room, including access control, surveillance and video recording, line control, fire-fighting equipment, environmental monitoring, power, network, and other systems.
  - D. Conducted computer system information security assessment program, strengthened compliance review and improvement measures.
  - E. Used the information security incident management platform to strengthen the reporting and response of warnings and information security incidents.
  - F. Implemented system source code detection, vulnerability test and penetration test to enhance system security.
  - G. Used mechanisms such as firewalls, email filtering and auditing, intrusion detection and defense, anti-virus detection and containment, threat intelligence handling, etc. to strengthen the depth of information security and ensure network and data security °.
  - H. Enact the “Plan for Union Bank of Taiwan IT Security Contingency” and conduct annual rehearsals of on-site and remote backup and fire safety in accordance with the “Plan for Union Bank of Taiwan IT Disaster Contingency”.

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### 6. Information Security Management

#### (1). Information security management strategy and framework:

##### A. Information security risk management framework

##### a. Organization of corporate information security governance

The Board of UBOT is responsible for the approval of the “information security policy” of the Bank and making decision on critical issues pertinent to information security. The Board contains members specialized in IT that the Board and the senior management are jointly responsible for supervision and governance.

UBOT has established the “Information Security Management Section” under the Information Department in 2017 charged with information security, governance, planning, supervision and enforcement of information security to build up multilateral information security defensive capacity and the awareness of employees in information security. In 2021, a Vice President has been appointed as the Chief Information Security Officer to administer the launch of information security policy and allocation of resources. UBOT delegates a third party professional institution to inspect on the overall performance in information security annually for the proper implementation of information security. Inspection on the design, monitoring and execution of the overall security management measures in accordance with the requirements of the competent authority and the self-regulatory rules of the industry association. Related reports will be compiled on the basis of the findings from the evaluation, and will be submitted to the Audit Committee and the Board for review and approval. The Chairman, President, Chief Internal Auditor, and Chief Information Security Officer will jointly issue the Declaration of the Overall Performance of Information Security. UBOT has established the “Security Protection Supervisory Team” to meet the needs of information security protection of the Bank, reinforce the mechanism of security protection, and upgrade the self-regulatory function. The Supervisory Vice President of Business Administration Department is the convener of this team for the supervision of the organization and testing of the security in pursuit, education and training, and routine exercise drill. The members of this team are the heads of Business Administration Dept., General Affairs Department, Human Resources Department, and Information Department. Other function heads of personnel may be invited to sit in the meeting as observers on the discussion of specific topics where necessary. For facilitating the pursuit of security protection and audit of UBOT, the Chief Internal Auditor or internal auditors will also be invited to participate in the team meeting to provide relevant advice. The team holds the “Security Protection Reporting Meeting” quarterly. The convener will preside over the meeting and report on the security affairs in operation of the Bank and related information security works in the quarter will be presented as instruction of major works, and review of the performance of works so that related defects could be addressed to and rectified. The meeting of the minute on record

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- shall be subject to the approval of President Chen and Chairman, and report to the Board in regular session for record.
- b. Framework of the corporate information security organization  
UBOT adopts the 3 lines of defense management framework for the internal control of information security: the 1<sup>st</sup> line of defense is guarded by Information Department and all functional units of UBOT in the enforcement of information security. The 2<sup>nd</sup> line of defense is guarded by the information security unit in the design, monitoring and control, and enforcement of information security system and policy. Law and compliance unit is responsible for the assurance of compliance with applicable legal rules. Risk management unit is responsible for information security risk management. The 3<sup>rd</sup> line of defense is guarded by the audit and examination conducted by the internal audit function of UBOT. For the effective control of the damage to and improper use of the information equipment and system at the corporate headquarters and all banking units, or incidents causing significant damage, UBOT established the “Information Security Emergency Response Plan” for the quick reporting and response to the emergency and can recover in the shortest span of time for assuring normal operation and service. In addition, a standing team, the “Information Security Task Force” was also formed and is responsible for the supervision of the preventive measures on information security taken by respective functional units and reporting on crisis, and response to emergency and related tasks.
- c. Framework of the Personal Information Protection Committee  
For supervising the effective running of the personal information protection system, and assuring security for all personal information data files at UBOT, UBOT established the “Personal Information Management Committee”. A designated Vice President was appointed by the President as the convener of the committee. Members of the committee are the heads of Corporate Banking Department, Business Administration Department, Wealth Management Departments, Credit and Payment Division, Law and Compliance Department, Information Department, and Risk Management Department. The heads of other functional departments may also be invited to the committee meetings where necessary. The Chief Internal Auditor shall be invited as observer. The function of the committee: supervision and management of the personal information protection system of UBOT, tracking on the rectification to the defect of personal information protection at UBOT, examination of the review and corrective action on personal information incidents, other aspects of supervision and management of personal information protection.
- B. Information security policy  
The information security policy of UBOT aims at fortifying information security of the Bank for assurance of data, system equipment and network security as the objective. The overall objective of policy pursuit is to assure the confidentiality, integrity and usability of the Bank in the application of information, and prevent any impact of security incidents on the operation of the Bank to reduce

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possible operation risk. This policy shall be applicable to all personnel, data, application system, hardware, machine room, and Internet facility.

- a. Corporate information security management strategy and framework

The information security management at UBOT covers the segregation of duties and authorities in information security, information security education and training, computer system security, network security, information asset security, system environment security, system access security, application system development and maintenance, physical and environment safety, information system disaster recovery and other matters pertinent to information security management to avoid possible risks and hazards caused by human negligence, willful act or natural disasters. For the effective enforcement of information security management, UBOT the management cycle of plan, do, check, and action to review the applicability of the information security policy and protective measures.

The gravity of work at the planning stage is information security management for building up a viable information security management system, and the continued advocacy of international information management systems with accreditation in order to reduce the threat to corporate information security from the system, technical and procedural dimensions, and achieve the protection of confidential information to the needs of the customers and in conformity to the requirements of the competent authority.

The gravity of work at the doing stage is the buildup of multiple layers of information security protection, fortifying the defense depth and the continued introduction of innovation know-how in information security defense. Information security control mechanism will be integrated and internalized into equipment maintenance, application system and information security management and related process, and achieve information security through systematic monitoring and control to protect the vital assets of UBOT in the aspects of confidentiality, integrity, and usability.

The gravity of the work at the checking stage is to review the effect of information security management. Through internal and external audit, as well as the assessment of third party professional information security institutions, analysis of the information security indicators will be conducted on the basis of the audit findings. In addition, exercise drills for information security test will be conducted at regular intervals to upgrade the overall defense mechanism and the awareness of the personnel in information security.

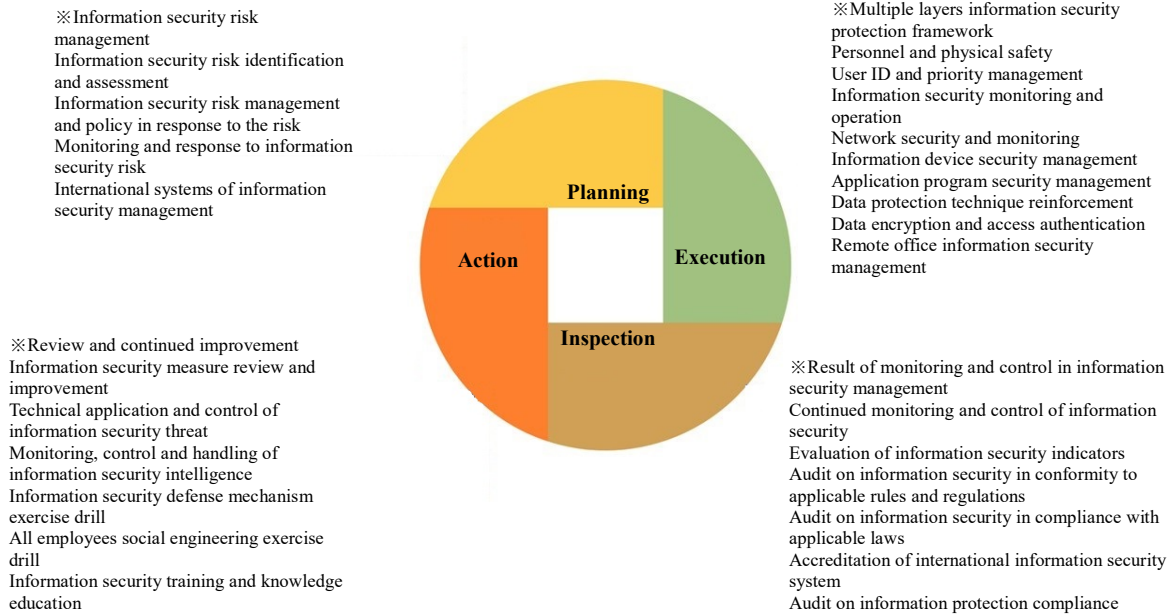
The gravity of work at the action stage is the review and continued improvement through proper supervision and audit for assurance the ongoing effectiveness of the information security rules and regulations. Review and take action for improvement including information security measures, education and training, and



## Operational Highlights

promotion for assurance of the normal running of the system and the security of vital and sensitive information.

### b. Information security risk management and continued improvement cycle management framework



### c. Information security management substantive plan

#### i. Information security management practice

UBOT designed and installed an information security system and network security multilateral protection environment in accordance with the “Information Operation Management Code”, “Information Accident Response Plan”, and the “Information Security Emergency Response Plan”, including the organization and segregation of duties and authorities of security, asset classification and control, personnel safety control, physical and environmental safety management, information and operation security management, safe access control of information resources, system development and maintenance, Disaster Backup Management and compliance of applicable legal rules. UBOT also established information security management policy and system and conduct routine audit on security, network monitoring and control, and personnel safety management mechanisms to fortify the information security overall defense capacity and reduce the security threat and loss from disasters.

#### ii. Information system management and control

UBOT execute detection, monitoring, management early warning work in real time, and fortify the strategic depth of information security defense through layers of firewall, mail screening and audit, junk mail screening, detection of phishing website, web page control and protection, detection and defense of intrusion, antivirus detection and interception, data leak protection, and response to intelligence on threat round-the-clock for assuring network and data security. In addition, UBOT also uses the information security management platform to intensify warning analysis and security incident reporting and response.

## Operational Highlights

- iii. Information security intelligence application management  
UBOT receives the information security intelligence reporting from professional information security service provider and F-ISAC (Financial Information Sharing and Analysis Center) in accordance with the “Regulations Governing Information Security Intelligence Operation Management” for keeping track of early warning signal of information security in real-time, and conduct risk assessment on the basis of the content of intelligence, scope of influence, risk level and policy recommendation to respond to the situation timely for the prevention of disaster caused by information security incident and reduction of the level of influence.
- iv. Transaction security management and data protection  
For assuring the security of transaction information and accuracy in transmission, UBOT continues to fortify the secrecy, integrity of information and the traceability of the sources, no overlapping and undeniability of information in its information security protective measures as security design, and comply with the regulatory requirements of respective industry associations in strengthening security control mechanism and protection of security of online transaction. In addition, network segregation, access control, weak spot management and related security design and defense strategy are also adopted with continued upgrade of system reliability.
- v. Conduct information security testing and exercise drill  
In responding to the changeable means of external attacks, UBOT has deployed related defense mechanism, and delegated external professional institutions to conduct testing and exercise drill in joint effort for reviewing the effectiveness of the defense and capacity in response to security events. Weakness test and remedy has also been made taken for assuring security in service and using. UBOT organized various kinds of information security exercise drills, including the drill in social engineering, weakness scanning, penetration test, response to personal information hacking meeting drill, and training on response to emergency, information operation failure response management drill, event communication and response meeting drill, DDoS drill, and computer system information security assessment.
- vi. Holding information security education and training  
In 2023, all personnel in charge of information security have completed more than 15 hours of information security professional courses or competency training each year, with a total of 6 employees for a total of 168 hours; all employees are required to participate in a 3-hour information security online course and pass the test, with a total of 3,827 persons participating in the training. 22 people failed to participate in the training/testing or have resigned. A total of 3,805 people completed the training; to improve the security of IoT device management, an IoT device management personnel education and training course was organized, and a total of 157 people from all units completed the course.
- vii. Information system or service outsourced management

## Operational Highlights

UBOT outsources for information communication system work or services in accordance with the “Guidelines for Outsourcing of Service and Important Notice to Financial Institutions in Outsourcing for Services”, and in compliance with the principles under the “Information Operation Management Code”.

viii. Information security event response management

When an information security incident is confirmed to have occurred, all relevant units of the Bank are required to report to the head of the unit in accordance with the "Information Security Incident Management Guidelines" and fill in the information security incident report form to report the fact or request support to the Information Security Management Division, Information Department to complete the internal reporting process. The “Information Security Task Force” and the “Emergency Response Handling Task Force” will determine to take appropriate actions on the basis of the report on the incident and the influence and risk tolerance, and adjust the control measures of the information security protection plan and proceed to subsequent operation procedure.

d. Assessment of the effect of information security enforcement

UBOT delegated professional institution to conduct audit and information security expert to conduct routine network and information security assessment every year, and proceed to risk analysis on the basis of the objective findings from the verification of a third party and the threat intelligence to fortify the information security management system.

No significant defect has been detected in the 2023 information security audit, and no occurrence of critical information security incident in defiance of information security that resulted in the leak of customer information and fine from the authorities.

C. Resources committed to information security management

UBOT continues to commit resources to information security related affairs, including security basic structure in management and know-how, fortification of information security defense facility, security intelligence gathering and analysis, and related education and training in all aspects of information security capabilities from management to know-how, and from equipment to personnel. The result of UBOT in the pursuit of corporate information security policies is specified below:

- a、 In 2023, information security policy and amendments to 17 information and information security management specifications were completed.
- b、 Compilation of teaching materials for information security training and videotaping of online program in 2023 to convey the message to all employees on important rules and regulations and important notice of information protection and information security.
- c、 Installation of new and replacement of obsolete information security hardware and software with proper system upgrade.
- d、 Installation of the mechanisms for alternate site and remote office information security protection of whole UBOT in different districts with effective implementation.



## Operational Highlights

- e 、 Installation of the automatic data backup mechanism. Further to same site backup, the data backup copies will be placed in the computer system at alternate sites with routine data recovery exercise drill.
- f 、 The Bank has set up firewall, anti-virus system, and network monitoring and control devices, and delegates professional information security service providers to execute weakness scanning 4 times, penetration test 2 times and DDoS exercise drill 1 time at regular intervals of the year for assuring the security of the information system and network. For reducing the risk deriving from DDoS attack to the extent that website service is impaired, UBT designed and installed related defense mechanisms. In 2023, the Company held 2 social engineering drills, with a total of 3,681 training accounts per time. Immediately after the drills, a social engineering training course was conducted for those who failed. A total of 147 employees and 62 employees completed the course and test, respectively.
- g 、 The APP for mobile devices was passed by the testing of a delegated qualified third-party laboratory in accordance with the information security testing standard under the regulations governing the supply of mobile APP by financial institutions.
- h 、 For fortifying the detection and protection from disguised external service website and mobile APP, UBOT continues to check for the existence of phishing sites or act of disguise.
- i 、 In the aspect of personnel training, UBOT arranged professional training for the information security staff and upgrade the knowledge and awareness of all in information security through information security training and social engineering exercise drill. In addition, UBOT also delegated professional institutions to offer courses in program security, and established the channels of counseling to upgrade the overall capacity of information personnel in secure development.
- j 、 Third party professional institution was delegated to conduct assessment on information security in order to review the effectiveness and security of the control measures in service, and reduce the risk of information security.
- k 、 UBOT works in cooperation with F-ISAC for intelligence gathering and sharing in order to keep abreast of the overall information security status and trend in finance and banking, and respond to the risk and threat as early as possible.
- l 、 The Bank's information security policy is to "strengthen the Bank's information security, ensure the security of data, systems, equipment and networks, and avoid all possible risks and hazards caused by human negligence, intentional factors or natural disasters, and maintain the confidentiality, integrity, and availability of information applications of the Bank, and to prevent the Bank's operations from being impacted by information security incidents, in order to reduce possible operational risks." The Bank has implemented international standards for information security by introducing the ISO/IEC 27001 information security management system into its insurance agency business in 2018

## Operational Highlights

and obtaining ISO/IEC 27001 certification on a regular basis. The current certificate is valid from November 29, 2023 to November 15, 2024; and in 2019, it introduced the ISO/IEC 27701 privacy information management system and obtained ISO/IEC 27701 certification on a regular basis. The current certificate is valid from November 29, 2023 to November 15, 2024. In 2023, all IT departments and information security units were designated to implement the ISO/IEC 27001 information security management system introduction plan.

- m. Join the information security joint protection program initiated by F-SOC and irregularly share intelligence.

- (2) In the most recent year and up to the date of publication of the annual report, if the loss, possible impact and countermeasures of a major information security incident cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained: None

### **7. Labor Relations**

- (1) Execution status of employee welfare and retirement policy, labor agreements and protection of employee welfare:
- A. Establish the Employee Welfare Committee. Deduct 0.5% of employees' monthly salaries and appropriate 0.1% of operating revenue and use the fund to administer employee welfare affairs such as Mother's Day Fair and special allowances for marriage, funeral, birth (including spouse) and major accident.
  - B. In order to promote family care and welfare and comply with the Labor Standards Act, we have established menstrual leave, pregnancy check-up leave, maternity leave, paternity leave, and miscarriage leave. Employees with children younger than three years old may apply for child care leave without pay. The Bank also provides quality breastfeeding (collecting) rooms for female employees.
  - C. Offer deposits, loans and unsecured consumer loan for staff at special rates.
  - D. Set up an employee stock ownership trust, and qualified employees can join freely to achieve the purposes of long-term savings, wealth accumulation, and ensuring a stable life in the future.
  - E. Labor insurance and universal health insurance are handled according to the social insurance system, and group insurance (including term life insurance, group injury insurance, work-related injury insurance, occupational disaster insurance, cancer health insurance, and hospitalization medical insurance for employees and dependents) are provided by the Bank.
  - F. The Bank has set up retirement plan for employees and established the Labor Pension Fund Supervisory Committee, and makes monthly contributions of 2% to 15% to the pension reserve fund in the commissioned account in the Bank of Taiwan to protect labor rights. When an employee apply for retirement, and his service years comply with Labor Standards Act or he meets retirement criteria set out by the Bank's employment rules, the Bank will provide pensions. After the implementation of the Labor Pension Act with effect from July 1, 2005, the Bank makes monthly contributions of 6% to the employees'

## Operational Highlights

individual pension account in accordance with the retirement scheme applicable to the Ordinance.

- G. The Bank has set up rules for governing labor-management committee to maintain sound and harmonious labor-management relationship.
- H. In order to prevent sexual harassment in the workplace and protect employees' rights and interests, the Bank has formulated the "Workplace Sexual Harassment Prevention, Complaint, and Punishment Guidelines" in line with a friendly workplace and the Act of Gender Equality in Employment. In addition, the Bank has formulated the "Program for Illegal Harm During Performance of Duties" to provide employees with complaint channels about physical, psychological, and verbal violence, and sexual harassment in order to maintain a safe work environment.

- (2) List Any Loss Sustained As A Result of Labor Disputes in the Most Recent Fiscal Year, and During the Current Fiscal Year up to The Date of Publication of the annual report, (Including Matters in Violation of the Labor Standards Act According to Labor Inspection, the Date of Punishment, the Number of Punishments, the Regulations Violated, the Content of Regulations Violated, the Content of Punishments Should Be Listed), Disclose an Estimate of Losses Incurred to Date or Likely to Be Incurred in the Future, and Indicate Mitigation Measures Being or to Be Taken. If the Loss Cannot Be Reasonably Estimated, Make a Statement to That Effect :

In January and February 2023, the Labor Inspection Office of the New Taipei City Government conducted labor inspections at the Ankang Branch of the Bank. They found that the branch violated Article 24 of the Labor Standards Act by failing to issue overtime pay to the personnel on duty to open doors. For the violation of Article 32, Paragraph 2 of the Labor Standards Act, employees worked overtime for more than four hours which has exceeded a maximum of 12 hours per day according to the laws. Each of the violation shall be fined with NTD 50,000.

## 8. Major Contracts

Mar 31, 2024

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Insurance Contract	Central Deposit Insurance Corporation	Since Apr. 27, 1994	Performance bond agreement for the solvency of financial institution in paying depositors	None
Insurance Contract	MSIG Mingtai Insurance Co., Ltd.	Jan. 21, 2024 to Jan. 21, 2025	Bankers Blanket Insurance	None
Outsource Contract	Union Information Technology Corp.	Jan. 01, 2024 to Dec. 31, 2024	Provide the Bank with virtual mainframe resources and conduct website design and maintenance.	None
Outsource Contract	Union Information Technology Corp.	Jul. 01, 2022 to Jun. 30, 2027	Credit card information system	None

## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Outsource Contract	Kyndryl Taiwan Corporation	Jul. 01, 2022 to Jun. 30, 2026	Credit card information system	None
Outsource Contract	Financial eSolution Co., Ltd.	Since Apr. 14, 2011	Chip card transactions processing	None
Outsource Contract	Union Information Technology Corp.	Jan. 01, 2024 to Dec. 31, 2024	Collections system of Convenient Store and tuition	None
Outsource Contract	Smart Star Software Inc.	Nov. 05, 2021 to Nov. 04, 2022 (Termination)	Maintenance of debt collection System	None
Outsource Contract	Foongtone Technology Co., Ltd.	Mar. 05, 2021 to Mar. 19, 2025	Manufacturing of chip credit cards	None
Outsource Contract	Foongtone Technology Co., Ltd.	Since Aug. 02, 2022	Manufacturing of chip ATM cards	None
Outsource Contract	Taiwan Name Plate Co., Ltd.	Since Sep 01, 2021	Manufacturing of chip credit cards	None
Outsource Contract	TECO Smart Technologies Co., Ltd.	Since Oct. 31, 2014	Manufacturing of chip credit cards	None
Outsource Contract	Taiwan Mobile Payment Corporation	Dec. 17, 2014 to Mar. 31, 2021	Manufacturing of credit cards for the mobile payment tools	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Oct. 01, 2018	Printing and mailing Statement	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Oct. 01, 2018	Printing and mailing integrated Statement	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Oct. 01, 2022 to Sep. 30 2023	Printing of withholding tax statements	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Dec. 26, 2017	Printing and mailing Insurance documents	None
Outsource Contract	Ma Chiu Consulting Management Co. Ltd.	Since Mar. 01, 2010	Household registration transport apply	None
Outsource Contract	Ma Chiu Consulting Management Co. Ltd.	May 18, 2013 to May 17, 2024	Household registration and financial/tax information search	None
Outsource Contract	EVERY8D Co., LTD.	Mar. 01, 2024 to Feb. 28, 2025	Messaging system and message delivery service	None
Outsource Contract	SYSTEX Corporation	Mar. 01, 2016 to May 31, 2021	Mail Printing and Posting of	

## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
			Credit Card	
Outsource Contract	Mitake Inc.	Mar. 01, 2023 to Feb. 28, 2024	Messaging system and message delivery service	None
Outsource Contract	Kyndryl Taiwan Corporation	Jul. 01, 2022 to Jun. 30, 2026	Credit card statement printing	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Printing, the credit card notification letter	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Enveloping the credit card notification letter and aerogram, aerogram Event DM and other printed materials are labelled and sealed on behalf of the work	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Delivery Service	None
Outsource Contract	Hou Jeh Co., Ltd.	Jan. 01, 2022 to Dec. 31, 2023 (Terminated)	Enveloping of printed mail and delivery	None
Outsource Contract	SYSTEX Corporation	Since Aug. 01, 2018	Delivery of credit card statements	None
Outsource Contract	SYSTEX Corporation	Jan. 01, 2021 to Dec. 31, 2025	Delivery of credit card e-statements	None
Outsource Contract	Leebao Security Co., Ltd	Since Aug. 01, 2007	Cash transportation	None
Outsource Contract	Taiwan Security Co., Ltd.	Since Feb. 01, 2016	Cash transportation	None
Outsource Contract	An Fong Enterprise Co., Ltd.	Since Oct. 01, 2004	ATM banknote replenishment and troubleshooting operation	None
Outsource Contract	Lian-An Service Co., Ltd.	Since Feb. 01, 2014	ATM banknote replenishment and troubleshooting operation	None
Outsource Contract	Transnational Group	Jan. 01, 2023 to Dec. 31, 2024	Check clearing house delivery operation	None
Outsource Contract	Yeah Ju-Cui Conveyancing Office	Since Nov. 25, 2014	Conveyancing services	None
Outsource Contract	Hsin Yaun Conveyancing Office	Since Nov. 14, 2014	Conveyancing services	None



## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Outsource Contract	Ja Chou Conveyancing Office	Since Nov. 17, 2014	Conveyancing services	None
Outsource Contract	Lin Hsiu-Fan Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Chou Jin-Kuo Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Yuan-Chih Shih Land Agent Firm	Since Nov. 25, 2014	Conveyancing services	None
Outsource Contract	Lin Yin-Hui Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Huang Jin-Yuan Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Pu-Hsin Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Fong Tai Management Consulting Co., Ltd.	Since Aug. 28, 2007	Lost car search service	None
Outsource Contract	Tai Ding Industrial Co., Ltd.	Since Aug. 28, 2007	Lost car search service	None
Outsource Contract	Hong Jeh Management Consulting Co., Ltd.	Since Dec.01, 2009	Lost car search service	None
Outsource Contract	Chen Xu Management Consulting Co., Ltd.	Jun. 01, 2019 to Nov. 04, 2022 (Termination)	Lost car resell	None
Outsource Contract	SinJang Enterprise Co., Ltd.	Since Jun. 01, 2019	Lost car resell	None
Outsource Contract	Ho Rong Co., Ltd.	Since Oct. 01, 2006	Lost car resell	None
Outsource Contract	Hotai Leasing Corporation	Since Oct 21, 2022	Lost car resell	None
Outsource Contract	Lee & Lin Real Estate Consultant	Since Oct 13, 2021	Conveyancing services	None
Outsource Contract	He Zong Real Estate Consultant	Since Jan 2, 2024	Conveyancing services	None
Outsource Contract	Justor Collection Management Co. Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	YuBan Credit Management Consulting Co., Ltd.	Since Jul. 06, 2007	Collection of receivables	None
Outsource Contract	Sparkle Collection Management Co., Ltd	Since Jul. 01, 2007	Collection of receivables	None

## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Outsource Contract	Chung Yu Credit Finance & Credit Management Co., Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	E-HAO MANAGEMENT CONSULTANT LTD	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	Standard Finance & Credit Management Co., Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	United Credit Services Ltd.	Since Oct. 27, 2009	Collection of receivables	None
Outsource Contract	Asia Credit Management Co., Ltd.	Since Oct. 27, 2009	Collection of receivables	None
Outsource Contract	Hung Lih Asset Management Consulting Co., Ltd.	Since Oct. 01, 2011	Collection of receivables	None
Outsource Contract	Uni-President Enterprises Corporation	Since Nov. 01, 2005	Collection of consumer loan payment	None
Outsource Contract	Taiwan FamilyMart Co., Ltd.	Since Jun. 01, 2019	Collection of consumer loan payment	None
Outsource Contract	OK Mart Taiwan	Since Jun. 25, 2019	Collection of credit card payment	None
Outsource Contract	Hi-Life International Co., Ltd	Since Sep. 25, 2018	Collection of credit card payment	None
Outsource Contract	Taiwan FamilyMart Co., Ltd.	Since Jun. 01, 2011	Collection of credit card payment	None
Outsource Contract	Uni-President Enterprises Corporation	Since Nov. 01, 2005	Collection of credit card payment	None
Outsource Contract	iPASS Corporation	Since Sep. 26, 2019	Collection of credit card payment	None
Full Authorization Contract in Security Investment	Union Securities Investment Trust Co., Ltd.	Jun. 01, 2024 to Dec. 31 2024	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None
Full Authorization Contract in Security Investment	Prudential Financial Securities Investment Trust Enterprise	Jun. 01, 2024 to Dec. 31 2024	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None



## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Full Authorization Contract in Security Investment	First Securities Investment Trust Co., Ltd.	Jun. 01, 2024 to Dec. 31 2024	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None
Other major contracts	Dow Jones Factiva Limited	Nov. 21, 2022 to Nov. 20 2025	Name scanning database	None
Other major contracts	Stark Technology, Inc.	Oct. 01, 2021 to Sep. 30 2022 Jan. 01, 2023 to Dec. 30 2024	AML Anti-Money Laundering Risk Causes Project Maintenance	None
Other major contracts	Hong Zhi Technology, Inc.	Dec. 12, 2023 to Jun. 7, 2024	Early warning system model and data analysis project	None
Other major contracts	Smart Star Software Inc.	Apr. 07, 2021 Jan. 03 2024 Have already terminated the contract	Maintenance of debt collection System	None

**9. Securitization Commodities approved by the competent authority and relevant information launched in accordance with Financial Asset Securitization Act or Real Estate Securitization Act in recent years:** None

## Financial Highlights

### 1. Condensed Balance Sheets, Income Statement and Auditors' Opinions for the most recent five years.

#### (1) Condensed Consolidated Balance Sheets - IFRS

In NT\$ thousand

Year Item	Financial Data for the Past Five Years (Note 1)				
	2019	2020	2021	2022	2023
Cash and equivalent, due from the Central Bank and other banks	29,727,331	33,287,236	43,320,917	37,223,013	43,300,547
Financial assets at fair value through profit or loss	30,917,254	34,881,848	46,643,053	29,047,342	52,855,566
Financial assets at fair value through other comprehensive income	41,236,965	53,403,733	61,748,943	59,513,169	58,459,080
Investments in debt instruments at amortized cost	104,170,149	90,697,662	77,431,542	82,519,002	81,648,341
Available-for-sale financial assets	-	-	-	-	-
Hedging derivative financial instruments	-	-	-	-	-
Securities purchased under resell agreements	51,417,825	63,911,473	57,721,456	43,741,945	62,727,638
Receivable-Net	21,177,107	24,936,576	27,476,621	29,180,983	37,808,389
Current Tax asset	58,716	50,085	5,133	1,593	15,608
Available-for-sale asset-Net	-	-	-	-	-
Discounts & Loans-Net	384,649,673	422,845,363	493,232,510	528,118,601	564,107,624
Held-to-maturity financial asset	-	-	-	-	-
Equity Investment(Equity Method)- Net	1,587,482	1,536,989	1,993,160	1,937,259	1,942,531
Restricted assets	-	-	-	-	-
Other financial asset – Net	3,632,648	4,549,698	1,681,562	1,638,825	1,841,988
Property and equipment- Net	7,969,302	7,925,277	9,967,221	12,518,775	15,351,294
Right-of-use asset-Net	1,439,735	1,741,760	1,908,089	1,674,658	1,819,034
Investment property-Net	5,369,780	5,288,112	4,911,521	4,803,059	4,669,256
Intangible asset –Net	2,137,457	2,166,337	2,178,326	2,184,410	2,161,412
Deferred tax asset-Net	698,921	792,478	925,832	732,966	943,965
Other asset	8,970,842	9,543,375	10,443,260	10,164,333	9,494,772
Total asset	695,161,187	757,558,002	841,589,146	844,999,933	939,147,045
Due to the central bank and other banks	11,860,732	12,481,114	10,000,142	5,817,199	12,844,229
Call loans to the central banks and other banks	-	3,786,720	7,142,055	904,865	1,403,184
Financial liability at fair value through profit or loss	650,981	206,002	495,421	931,500	1,824,034

## Financial Highlights

Year		Financial Data for the Past Five Years ( Note 1 )				
		2019	2020	2021	2022	2023
Item						
Hedging derivative financial instruments		-	-	-	-	-
Securities sold under repurchase agreements		65,377,436	44,428,176	51,279,756	34,298,607	61,079,195
Payable		4,615,289	5,594,014	8,519,964	7,256,873	9,166,930
Current Income Tax liability		369,729	121,567	451,475	660,557	226,334
Liabilities directly associated with assets held for sale		-	-	-	-	-
Deposit and remittance		532,899,100	606,860,499	671,382,858	707,914,334	756,162,659
Bank debentures		11,673,858	8,664,796	8,747,276	6,001,523	5,927,202
Liability component of preferred stocks		-	524,000	371,500	375,000	375,000
Other financial liability		4,887,786	7,420,161	9,784,240	10,508,961	11,414,307
Provision		258,535	268,774	382,688	349,779	361,129
Deferred tax liability		1,415,180	1,723,121	1,894,074	1,662,565	1,812,408
lease liabilities		1,617,201	1,696,935	1,675,426	1,819,261	2,284,362
Other liability		3,285,481	3,589,711	3,597,202	3,381,987	3,623,617
Total liability	Before dilution	638,911,308	697,365,590	775,724,077	781,883,011	868,504,590
	After dilution	639,609,737	697,773,348	776,601,514	782,638,108	Note2
Total equity attributable to owners of parent		56,248,301	60,190,835	65,135,311	61,070,422	68,433,952
Capital stock	Before dilution	30,844,553	32,933,688	34,952,187	37,940,460	39,789,525
	After dilution	32,933,688	34,952,187	37,940,460	39,789,525	Note2
Capital surplus		8,035,484	8,040,035	8,051,984	8,076,826	8,125,732
Retained earnings	Before dilution	12,683,372	13,366,042	16,484,719	15,690,717	17,899,120
	After dilution	9,895,808	10,939,785	12,619,009	13,086,555	Note 2
Others equity		4,684,892	5,851,070	5,646,421	(637,581)	2,619,575
Treasury Stock		-	-	-	-	-
Non control Interest		1,578	1,577	729,758	2,046,500	2,208,503
Total equity	Before dilution	56,249,879	60,192,412	65,865,069	63,116,922	70,642,455
	After dilution	55,551,450	59,784,654	64,987,632	62,361,825	Note 2

Note 1: All financial data has been audited by independent auditors.

Note 2: The 2024 annual general shareholders' meeting has yet to be held. As such, the amount after appropriation for 2023 was not provided.

## Financial Highlights

### (2) Condensed Individual Balance Sheet-IFRS

In NT\$ thousand

Year Item	Financial Data for the Past Five Year ( Note 1 )				
	2019	2020	2021	2022	2023
Cash and equivalent, due from the Central Bank and other banks	28,282,170	32,467,132	42,375,505	36,430,421	42,641,577
Financial assets at fair value through profit or loss	30,599,774	33,967,730	45,833,426	27,316,180	51,429,948
Financial assets at fair value through other comprehensive income	40,962,420	52,807,395	60,672,055	58,665,959	57,374,480
Investments in debt instruments at amortized cost	104,170,149	90,697,662	77,431,542	82,519,002	81,648,341
Available-for-sale financial assets	-	-	-	-	-
Hedging derivative financial instruments	-	-	-	-	-
Securities purchased under resell agreements	51,360,225	63,872,973	57,688,435	43,731,932	62,727,638
Receivable-Net	20,432,902	22,703,290	25,351,438	26,655,389	33,068,592
Current Tax asset	49,185	44,382	-	-	-
Available-for-sale asset-Net	-	-	-	-	-
Discounts & Loans-Net	386,383,784	424,304,969	493,750,735	528,761,720	565,382,803
Held-to-maturity financial asset	-	-	-	-	-
Equity Investment(Equity Method)-Net	5,375,020	5,863,071	6,523,042	7,044,344	7,705,722
Restricted assets	-	-	-	-	-
Other financial asset – Net	3,520,128	4,471,836	1,605,569	1,520,811	1,764,109
Property and equipment- Net	7,945,393	7,892,451	7,913,431	8,155,271	8,905,278
Right-of-use asset-Net	1,361,636	1,639,260	1,590,101	1,341,040	1,461,416
Investment property-Net	-	-	-	-	-
Intangible asset –Net	2,128,179	2,156,130	2,168,088	2,172,048	2,149,662
Deferred tax asset-Net	540,779	636,906	706,598	504,970	692,339
Other asset	3,267,302	2,751,600	2,970,253	3,871,175	3,067,465
Total asset	686,379,046	746,276,787	826,580,218	828,690,262	920,019,370
Due to the central bank and other banks	11,300,923	11,942,863	9,296,313	4,790,895	11,264,229
Call loan to the central bank and other banks	-	3,786,720	6,741,390	-	-

## Financial Highlights

Year Item	Financial Data for the Past Five Year ( Note 1 )					
	2019	2020	2021	2022	2023	
Financial liability at fair value through profit or loss	650,981	206,002	495,421	931,500	1,824,034	
Hedging derivative financial instrument	-	-	-	-	-	
Securities sold under repurchase agreements	65,377,436	44,428,176	51,279,756	34,298,607	61,079,195	
Payable	4,519,286	5,430,396	8,154,976	7,033,812	8,877,037	
Current Income Tax liability	364,806	106,676	411,559	637,420	199,453	
Liabilities directly associated with assets held for sale	-	-	-	-	-	
Deposit and remittance	533,655,963	608,269,514	672,825,605	710,745,127	758,260,020	
Bank debentures	10,200,000	7,200,000	7,700,000	5,000,000	5,000,000	
Liability component of preferred stocks	-	-	-	-	-	
Other financial liability	111	115,361	6,446	-	8,033	
Provision	249,967	244,939	361,874	327,115	344,617	
Lease liabilities	1,338,560	1,621,207	1,576,632	1,325,495	1,449,389	
Deferred tax liability	1,569,639	1,635,842	1,604,370	1,735,860	2,195,530	
Other liability	903,073	1,098,256	990,565	794,009	1,083,881	
Total liability	Before dilution	630,130,745	686,085,952	761,444,907	767,619,840	851,585,418
	After dilution	630,829,174	686,493,710	762,322,344	768,374,937	Note 2
Capital stock	Before dilution	30,844,553	32,933,688	34,952,187	37,940,460	39,789,525
	After dilution	32,933,688	34,952,187	37,940,460	39,789,525	Note 2
Capital surplus	8,035,484	8,040,035	8,051,984	8,076,826	8,125,732	
Retained earning	Before dilution	12,683,372	13,366,042	16,484,719	15,690,717	17,899,120
	After dilution	9,895,808	10,939,785	12,619,009	13,086,555	Note 2
Other equity	4,684,892	5,851,070	5,646,421	(637,581)	2,619,575	
Treasury stock	-	-	-	-	-	
Total equity	Before dilution	56,248,301	60,190,835	65,135,311	61,070,422	68,433,952
	After dilution	55,549,872	59,783,077	64,257,874	60,315,325	Note2

Note 1: All financial data has been audited by independent auditors.

Note 2: The 2024 annual general shareholders' meeting has yet to be held. As such, the amount after appropriation for 2023 was not provided.

## **Financial Highlights**

### **(3) Condensed Consolidated Comprehensive Income Statement - IFRS**

In NT\$ thousand

Item \ Year	Financial Data for the past five years (Note)				
	2019	2020	2021	2022	2023
Interest Revenue	12,003,109	11,923,484	11,635,599	14,962,590	19,970,042
Less: interest expense	5,525,647	4,282,424	2,973,928	5,120,855	11,618,055
Net interest	6,477,462	7,641,060	8,661,671	9,841,735	8,351,987
Net revenue others than interest	7,388,720	6,789,302	8,027,102	6,143,604	9,582,640
Total net revenue	13,866,182	14,430,362	16,688,773	15,985,339	17,934,627
Provision reversal of allowance for doubtful accounts	240,675	290,540	805,824	499,377	628,393
Operating expense	9,598,051	10,198,147	10,672,705	10,936,188	12,070,837
Income before income tax	4,027,456	3,941,675	5,210,244	4,549,774	5,235,397
Income tax (expense) revenue	(655,978)	(500,170)	(746,848)	(1,008,240)	(914,717)
Income after income tax	3,371,478	3,441,505	4,463,396	3,541,534	4,320,680
Discontinue segment profit/loss	-	-	-	-	-
Net income	3,371,478	3,441,505	4,463,396	3,541,534	4,320,680
Other comprehensive income	-	-	-	-	-
Other comprehensive income after tax	3,500,069	1,194,707	882,183	(6,726,519)	3,784,705
Total comprehensive income	6,871,547	4,636,212	5,345,579	(3,184,985)	8,105,385
Net income attributable to owners of bank	3,359,457	3,441,709	4,463,396	3,539,070	4,317,286
Net income attributable to Non-controlling interests	12,021	(204)	(372)	2,464	3,394
Net profit attributable to owners of bank	6,859,589	4,636,413	5,345,944	(3,187,453)	8,101,987
Net profit attributable to Non-controlling interests	11,958	(201)	(365)	2,468	3,398
Earnings per share	0.93	0.90	1.11	0.81	1.02

Note: All financial data has been audited by independent auditors.

## Financial Highlights

### (4) Condensed Individual Comprehensive Income Statement - IFRS

In NT\$ thousand

Year Item	Financial Data for The Past Five years ( Note )				
	2019	2020	2021	2022	2023
Interest Revenue	12,023,379	11,858,192	11,537,639	14,885,912	19,831,906
less: Interest Expense	5,459,519	4,158,730	2,863,330	4,978,798	11,372,158
Net Interest	6,563,860	7,699,462	8,674,309	9,907,114	8,459,748
Net revenues others than interest	5,096,496	4,379,033	5,490,906	3,439,931	6,867,017
Total net revenue	11,660,356	12,078,495	14,165,215	13,347,045	15,326,765
Provision reversal of allowance for doubtful accounts	235,584	267,216	776,891	481,754	606,398
Operating expenses	7,450,405	7,960,819	8,226,513	8,371,787	9,554,245
Income before income tax	3,974,367	3,850,460	5,161,811	4,493,504	5,166,122
Income tax revenue(expense)	(614,910)	(408,751)	(698,043)	(954,434)	(848,836)
Income after income tax	3,359,457	3,441,709	4,463,768	3,539,070	4,317,286
Discontinue segment profit	-	-	-	-	-
Net income	3,359,457	3,441,709	4,463,768	3,539,070	4,317,286
Other comprehensive income after tax	3,500,132	1,194,704	882,176	(6,726,523)	3,784,701
Total comprehensive income	6,859,589	4,636,413	5,345,944	(3,187,453)	8,101,987
Earnings per share	\$0.93	\$0.90	\$1.11	\$0.85	\$1.02

Note: All financial data has been audited by independent auditors.

### (5) Name of CPAs and the Auditors' Opinion

Year	CPA Firm	Independent Auditors	Audit Opinion
2012	Deloitte & Touche	Jui-Chan Huang /Vincent Cheng	Unqualified opinion
2013	Deloitte & Touche	Jui-Chan Huang /Vincent Cheng	Unqualified opinion
2014	Deloitte & Touche	Jui-Chan Huang /Vincent Cheng	Unqualified opinion
2015	Deloitte & Touche	Jui-Chan Huang /Vincent Cheng	Unqualified opinion
2016	Deloitte & Touche	Vincent Cheng /Charels Yang	Unqualified opinion
2017	Deloitte & Touche	Vincent Cheng /Charels Yang	Unqualified opinion
2018	Deloitte & Touche	Vincent Cheng /Charels Yang	Unqualified opinion
2019	Deloitte & Touche	Jui-Chan Huang/Charels Yang	Unqualified opinion
2020	Deloitte & Touche	Jui-Chan Huang/Charels Yang	Unqualified opinion
2021	Deloitte & Touche	Jui-Chan Huang/Charels Yang	Unqualified opinion
2022	Deloitte & Touche	Kuan-Hao Lee/Charels Yang	Unqualified opinion
2023	Deloitte & Touche	Kuan-Hao Lee/Jiun-Hung Shih	Unqualified opinion



## Financial Highlights

### 2. Financial Analysis and Capital Adequacy Ratio

#### (1) Financial Analysis & Key Performance Index (KPI)

##### A. Consolidated Financial Report.

In NT\$ thousand

Year Item(Note2)		Financial Data for the Past Five Years (Note1)				
		2019	2020	2021	2022	2023
Operating capability	Loans to deposits ratio (%)	72.99	70.47	74.29	75.51	75.52
	Non-performing loan ratio (%)	0.15	0.14	0.10	0.24	0.27
	Interest expense to average total deposits (%)	0.74	0.55	0.39	0.58	1.24
	Interest revenue to average total loans (%)	2.17	1.97	1.83	2.15	2.72
	Total asset turnover (times)	0.0207	0.0199	0.0209	0.0190	0.0201
	Average net income per employee	3,308	3,329	3,900	3,747	4,145
	Average earnings per employee	804	794	1,043	830	999
Profitability	Return on tier 1 capital (%)	8.52	7.67	9.33	7.95	8.90
	Return on assets (%)	0.50	0.47	0.56	0.42	0.47
	Return on equity (%)	6.70	6.14	7.51	5.62	6.75
	Net income ratio (%)	24.31	23.85	26.74	22.15	24.09
	EPS (NT\$)	0.93	0.90	1.11	0.81	1.02
Financial Structure	Total liabilities to total assets ratio (%)	91.88	92.03	92.13	92.50	92.44
	Fixed assets to shareholders' equity ratio (%)	14.17	13.17	15.13	19.83	21.73
Growth rate	Asset growth ratio (%)	7.35	8.98	11.09	0.405	11.142
	Profitability growth ratio (%)	15.85	(2.13)	32.18	(12.68)	15.07
Cash Flow	Cash flow ratio (%)	-	13.36	-	-	24.85
	Cash flow adequacy ratio (%)	917.36	1,030.12	1,182.70	856.83	268.53
	Cash flow reinvestment ratio (%)	-	358.20	-	-	558.53
Liquid Reserve Ratio (%)		27.13	26.64	21.93	18.36	19.83
Balance of Secured Loans to Related Parties		1,494,031	1,569,623	1,664,714	1,710,192	1,949,547
Total Secured Loans to Related Parties as a % of Total Loans		0.37	0.35	0.32	0.31	0.33
Operation Scale	Market share of asset (%)	1.17	1.19	1.25	1.17	1.24
	Market share of net worth (%)	1.30	1.34	1.42	1.36	1.36
	Market share of deposits (%)	1.20	1.25	1.29	1.27	1.29
	Market share of loans (%)	1.34	1.38	1.49	1.48	1.50

## **Financial Highlights**

The reasons for the changes in financial ratios for the last 2 years:

The overdue loan ratio showed a slight increase, mainly due to an increase in overdue loans.

The ratio of interest expense to annual average deposit balance showed a slight increase, mainly due to the rise in interest rates.

Pre-tax (post-tax) profit or loss decreased, mainly due to the increase in impairment of assets caused by the Russian-Ukrainian war.

In 2023, the stock and bond markets recovered, investment income increased and asset impairment decreased.

Note 1: All financial data has been audited or reviewed by independent auditors.

Note 2: Financial ratios are computed as follows:

- I. Operating Capability
  - i. Loans to deposits ratio= Total loans/ total deposits (excluding redeposits of Chungwa Post Co.)
  - ii. Non-performing loan ratio= Total NPL/ total loans
  - iii. Interest expense to average total deposits= Deposits related interest expense/ average total deposits
  - iv. Interest revenue to average total loans= Loans related interest revenue/ average total loans
  - v. Total asset turnover= Net operating revenue/ average total assets
  - vi. Average net income per employee (Note 6) = Net operating revenue/ total number of employees.
  - vii. Average earnings per employee= Net income after tax/ total number of employees.
- II. Profitability
  - i. Return on tier 1 capital= Net income before tax/ average total tier 1 capital.
  - ii. Return on assets= Net income after tax/ average total assets.
  - iii. Return on equity= Net income after tax/ average shareholders' equity.
  - iv. Net Income ratio= Net income after tax/ net income.
  - v. Earnings per share= (Net Income after tax - preferred stock dividend)/weighted average outstanding shares (Note 4)
- III. Financial structure
  - i. Total liabilities to total assets ratio=Total liabilities (Note 3) / total assets.
  - ii. Fixed assets and equipment to net worth ratio=Fixed assets and equipment, net/shareholders' equity, net.
- IV. Growth rate
  - i. Asset growth ratio= (Total assets as at the end of this year - total assets as at the end of last year)/total assets as at the end of last year.
  - ii. Profitability growth ratio= (Net income before tax for the current year- net income before tax for the past year)/net income before tax for the past year.
- V. Cash flow (Note 7)
  - i. Cash flow ratio=Net cash from operating activities/(call loans to banks+ CD payable + change in fair value of financial liabilities through the income statement + repurchase securities payable + Liabilities-current portion due within one year).
  - ii. Cash flow adequacy ratio=Net cash from operating activities for the past five years/(capital expenditure + cash dividends) incurred for the past 5 years.
  - iii. Cash flow reinvestment ratio=Net cash from operating activities/net cash from investing activities.
- VI. Liquid reserve ratio=Liquid assets statutorily required/reserve for liabilities.
- VII. Operation scale
  - i. Market share of assets=Total assets/total assets of all authorized deposit-taking and loan-underwriting financial institutions\*. (Note 5)
  - ii. Market share of net worth=Net worth/total net worth of all authorized deposit-taking and loan-underwriting financial institutions\*.
  - iii. Market share of deposits=Total deposits/total deposits of all authorized deposit-taking and loan-underwriting financial institutions\*.
  - iv. Market share of loans=Total loans/total loans of all authorized deposit-taking and loan-underwriting financial institutions\*.

Note 3: Total liabilities refer to the amount of liabilities after deducting performance guarantee reserve and contingency reserve.

Note 4: I. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.

II. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.

III. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.

IV. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax.

V. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be

## **Financial Highlights**

subtracted from the net profit after tax; no adjustment is required to be made if the result of operation is a net loss.

Note 5: All authorized deposit-taking and loan-underwriting financial institutions include all domestic bank, the local branches of foreign banks, credit cooperative associations, farmers' & fishermen's associations and trust & investment corps.

Note 6: Revenue refers to the sum of interest income and non-interest income.

Note 7: The following notes apply when conducting cash flow analysis:

- I. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
- II. Capital expenditures means the amounts of cash out-flows for annual capital investment.
- III. Cash dividend includes cash dividends from both common shares and preferred shares.

## Financial Highlights

### B. Financial Analysis – Financial Report.

In NT\$ thousand

Year Item(Note2)		Financial Data for the Past Five Years (Note1)				
		2019	2020	2021	2022	2023
Operating capability	Loans to deposits ratio (%)	73.22	70.55	74.21	75.30	75.48
	Non-performing loan ratio (%)	0.15	0.14	0.10	0.24	0.27
	Interest expense to average total deposits (%)	0.74	0.56	0.38	0.58	1.24
	Interest revenue to average total loans (%)	2.17	1.97	1.83	2.15	2.71
	Total asset turnover (times)	0.0176	0.0169	0.0180	0.0161	0.0175
	Average net income per employee	2,994	3,005	3,595	3,403	3,850
	Average earnings per employee	863	856	1,133	902	1,084
Profitability	Return on tier 1 capital (%)	8.47	7.56	9.31	7.78	8.58
	Return on assets (%)	0.51	0.48	0.57	0.43	0.49
	Return on equity (%)	6.69	6.14	7.56	5.76	7.01
	Net income ratio (%)	28.81	28.49	31.51	26.52	28.17
	EPS (NT\$)	0.93	0.90	1.11	0.81	1.02
Financial Structure	Total liabilities to total assets ratio (%)	91.77	91.91	92.08	92.59	92.53
	Fixed assets to shareholders' equity ratio (%)	14.13	13.11	12.15	13.35	13.01
Growth rate	Asset growth ratio (%)	7.41	8.73	10.76	0.26	11.02
	Profitability growth ratio (%)	15.63	(3.12)	34.06	(12.95)	14.97
Cash Flow	Cash flow ratio (%)	-	15.77	-	-	23.82
	Cash flow adequacy ratio (%)	881.60	1,013.59	1,192.00	905.32	402.56
	Cash flow reinvestment ratio (%)	-	3,483.36	-	-	2,933.59
Liquid Reserve Ratio (%)		27.13	26.64	21.93	18.36	19.83
Balance of Secured Loans to Related Parties		3,228,142	3,029,229	2,182,939	2,353,311	3,224,726
Total Secured Loans to Related Parties as a % of Total Loans		0.79	0.68	0.42	0.42	0.54
Operation Scale	Market share of asset (%)	1.16	1.17	1.23	1.15	1.22
	Market share of net worth (%)	1.30	1.34	1.41	1.31	1.31
	Market share of deposits (%)	1.20	1.25	1.29	1.28	1.29
	Market share of loans (%)	1.35	1.38	1.49	1.48	1.50

The reasons for the changes in financial ratios for the last 2 years:

## **Financial Highlights**

The overdue loan ratio showed a slight increase, mainly due to an increase in overdue loans.

The ratio of interest expense to annual average deposit balance showed a slight increase, mainly due to the rise in interest rates.

Pre-tax (post-tax) profit or loss decreased, mainly due to the increase in impairment of assets caused by the Russian-Ukrainian war.

In 2023, the stock and bond markets recovered, investment income increased and asset impairment decreased.

Note 1: All financial data for the most recent two years was audited by CPA.

Note 2: Financial ratios are computed as follows:

### I. Operating Capability

Loans to deposits ratio= Total loans/ total deposits (excluding redeposits of Chunghwa Post Co.)

Non-performing loan ratio= Total NPL/ total loans.

Interest expense to average total deposits= Total interest expense/ average total deposits.

Interest revenue to average total loans= Total interest revenue/ average total loans.

Total asset turnover= Net operating revenue/ total assets.

Average net income per employee (Note 6) = Net operating revenue/ total number of employees.

Average earnings per employee= Net income after tax/ total number of employees.

### II. Profitability

Return on tier 1 capital= Net income before tax/ average total tier 1 capital.

Return on assets= Net income after tax/ average total assets.

Return on equity= Net income after tax/ average shareholders' equity.

Net Income ratio= Net income after tax/ net income.

Earnings per share= (Net Income after tax - preferred stock dividend)/weighted average outstanding shares (Note 4)

### III. Financial structure

Total liabilities to total assets ratio=Total liabilities/total assets.

Fixed assets to net worth ratio=Fixed assets, net/shareholders' equity, net.

### IV. Growth rate

Asset growth ratio= (Total assets as at the end of this year - total assets as at the end of last year)/total assets as at the end of last year.

Profitability growth ratio= (Net income before tax for the current year- net income before tax for the past year)/net income before tax for the past year.

### V. Cash flow (Note 7)

Cash flow ratio=Net cash from operating activities/(call loans to banks+ CD payable + change in fair value of financial liabilities through the income statement + repurchase securities payable + Liabilities-current portion due within one year).

Cash flow adequacy ratio=Net cash from operating activities for the past five years/(capital expenditure + cash dividends) incurred for the past 5 years.

Cash flow reinvestment ratio=Net cash from operating activities/net cash from investing activities.

### VI. Liquid reserve ratio=Liquid assets statutorily required/reserve for liabilities.

### VII. Operation scale

Market share of assets=Total assets/total assets of all authorized deposit-taking and loan-underwriting financial institutions\*.(Note 5)

Market share of net worth=Net worth/total net worth of all authorized deposit-taking and loan-underwriting financial institutions\*.

Market share of deposits=Total deposits/total deposits of all authorized deposit-taking and loan-underwriting financial institutions\*.

Market share of loans=Total loans/total loans of all authorized deposit- taking and loan-underwriting financial institutions\*.

Note 3: Total liabilities refer to the amount of liabilities after deducting performance guarantee reserve and contingency reserve.

Note 4: I. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.

II. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.

## **Financial Highlights**

III. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.

IV. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax.

V. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; no adjustment is required to be made if the result of operation is a net loss.

Note 5: All authorized deposit-taking and loan-underwriting financial institutions include all domestic bank, the local branches of foreign banks, credit cooperative associations, farmers' & fishermen's associations and trust & investment corps.

Note 6: Revenue refers to the sum of interest income and non-interest income.

Note 7: The following notes apply when conducting cash flow analysis:

I. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.

II. Capital expenditures means the amounts of cash out-flows for annual capital investment.

III. Cash dividend includes cash dividends from both common shares and preferred shares.

## Financial Highlights

### (2) Capital Adequacy

(Unconsolidated)

In NT\$ thousand

Item		Year(Note1)	Capital Adequacy Ratio for the Past Five Years (Note2)					Capital Adequacy Ratio as of the current year
			2019	2020	2021	2022	2023	
Regulatory Capital	Common Stock Equity		37,440,298	40,774,470	45,523,219	44,397,652	50,089,913	As of the date of publication of the annual report, the recent information (2023) certified or audited by the CPA has been presented in the left column and does not need to be disclosed again.
	Other Tier1 Capital of Non- Common Stock Equity		11,559,375	12,096,138	12,552,479	13,000,000	13,000,000	
	Tier2 Capital		6,347,470	8,100,742	7,412,960	8,973,856	10,138,005	
	Regulatory Capital		55,347,143	60,971,350	65,488,658	66,371,508	73,227,918	
Risk Weighted Assets	Credit risk	Standardized Approach	332,391,574	358,778,139	350,479,999	402,836,837	438,380,165	
		Internal Ratings-Based Approach						
		Credit Valuation Adjustment (CVA)	31,217	51,481	60,217	237,795	82,935	
		Asset Securitization	700,692	1,457,002	345,662	288,276	290,776	
	Operation risk	Basic Indicator Approach	19,966,470	21,379,484	23,429,481	25,243,857	27,562,984	
		Standardized Approach/ Alternative Standardized Approach						
		Advanced Measurement Approach						
	Market Risk	Standardized Approach	23,513,386	30,328,618	32,880,351	15,438,120	30,773,144	
		Internal Model Approach						
	Total Risk-weighted Assets			376,603,339	411,994,724	407,195,710	444,044,885	
Capital Adequacy Ratio			14.70%	14.80%	16.08%	14.95%	14.73%	
Ratio of tier 1 capital to risk-weighted assets			13.01%	12.83%	14.26%	12.93%	12.69%	
Ratio of common stock equity to risk-weighted assets			9.94%	9.90%	11.18%	10.00%	10.08%	
Leverage Ratio			6.53%	6.55%	6.53%	6.38%	6.32%	

Note1: The financial data in all periods was audited by CPA...

Note2: Core capital, weighted risk-based assets and total exposures in this Table were calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "Explanation and Table of Computation of Banks' Core Capital and Risk-Weighted Assets".

Note3: The ratios are computed as follows:

- i. Regulatory Capital = Common Stock Equity + Other Tier1 Capital of Non- Common Stock Equity + Tier2 Capital
- ii. Total risk-weighted assets = Credit risk weighted assets + (operational risk + market risk) capital appropriation \* 12.5.
- iii. Capital adequacy ratio = Regulatory capital / Total risk-weighted assets.
- iv. Ratio of tier 1 capital to risk-weighted assets = (Common Stock Equity + Other Tier1 Capital of Non- Common Stock Equity) / Total risk-weighted assets.
- v. Ratio of Common Stock Equity 1 to risk-weighted assets = Common Stock Equity / Total risk-weighted assets.
- vi. Gearing ratio = Tier 1 Capital - Net / Total Risk Exposure.

Note 4: As of the date of publication of the annual report, if the information is certified or audited by the accountant, it should be disclosed.



# Financial Highlights

(Consolidated)

In NT\$ thousand

Item		Year(Note 1)	Capital Adequacy Ratio for the Past Five Years (Note 2)				
			2019	2020	2021	2022	2023
Regulatory Capital	Common Stock Equity		37,013,051	40,287,801	44,997,272	43,005,283	48,657,138
	Other Tier1 Capital of Non- Common Stock Equity		12,506,259	12,984,989	13,419,550	13,000,000	13,000,000
	Tier2 Capital		9,685,896	11,372,099	10,663,854	10,370,633	11,563,209
	Regulatory Capital		59,205,206	64,644,889	69,080,676	66,375,916	73,220,347
Risk Weighted Assets	Credit risk	Standardized Approach	343,055,529	370,780,083	363,691,591	406,881,437	443,131,793
		Internal Ratings-Based Approach					
		Credit Valuation Adjustment (CVA)	31,217	51,481	60,217	237,795	82,935
		Asset Securitization	700,692	1,457,002	345,662	288,276	290,776
	Operation risk	Basic Indicator Approach	23,560,822	25,122,017	27,435,045	30,213,797	32,615,448
		Standardized Approach/ Alternative Standardized Approach					
		Advanced Measurement Approach					
	Market Risk	Standardized Approach	24,423,653	32,384,711	34,758,825	17,445,241	32,740,790
		Internal Model Approach					
	Total Risk-weighted Assets		391,771,913	429,795,294	426,291,340	455,066,546	508,861,742
Capital Adequacy Ratio		15.11%	15.04%	16.21%	14.59%	14.39%	
Ratio of tier 1 capital to risk-weighted assets		12.64%	12.39%	13.70%	12.31%	12.12%	
Ratio of common stock equity to risk-weighted assets		9.45%	9.37%	10.56%	9.45%	9.56%	
Leverage Ratio		6.52%	6.49%	6.45%	6.11%	6.05%	

Note1: The financial data in all periods was audited by the CPA.

Note2: Core capital, weighted risk-based assets and total exposures in this Table were calculated in accordance with the “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “Explanation and Table of Computation of Banks’ Core Capital and Risk-Weighted Assets”.

Note3: The ratios are computed as follows:

- i. Regulatory Capital = Common Stock Equity + Other Tier1 Capital of Non- Common Stock Equity + Tier2 Capital
- ii. Total risk-weighted assets = Credit risk weighted assets + (operational risk + market risk) capital appropriation \* 12.5.
- iii. Capital adequacy ratio = Regulatory capital / Total risk-weighted assets.
- iv. Ratio of tier 1 capital to risk-weighted assets = (Common Stock Equity + Other Tier1 Capital of Non- Common Stock Equity) / Total risk-weighted assets.
- v. Ratio of Common Stock Equity I to risk-weighted assets = Common Stock Equity / Total risk-weighted assets.
- vi. Gearing ratio = Tier 1 Capital - Net / Total Risk Exposure

Note 4: As of the date of publication of the annual report, if the information is certified or audited by the accountant, it should be disclosed.

## Financial Highlights

### 3. Supervisors' Report for the 2023 Financial Statements

Union Bank of Taiwan Co., Ltd.

Audit Committee's Report

The Bank's 2023 consolidated financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements approved and issued by the Financial Regulatory Commission. The Bank's 2023 individual financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms. The above statements have been audited by CPA Mr. Kuan-Hao Lee and Mr. Chun-Hung Shih of Deloitte & Touche and further determined to be correct and accurate by the supervisors. Hence, according to Article 14-4 and 14-36, we hereby submit this report.

To:  
2024 Annual General Shareholders' Meeting of Union Bank of Taiwan  
Co., Ltd



Union Bank of Taiwan Co., Ltd.

Convener of Audit Committee : Guo-Zhang Li



March 11, 2024

## **Financial Highlights**

**4. Financial Statements for 2023:** Please refer to Appendix.

**5. 2023 Individual Financial Statements for certified and audited by the CPA:**

Please refer to Appendix.

**6. Any Financial Difficulties Experienced by the Bank and its Affiliated Enterprises in the Past Year and Current Year up to the Printing Date of the Annual Report, if yes, please narrate the impact upon the Bank's financial conditions:** None.

## Analysis of the Financial Status and Operating Results & Risk Management

### 1. Financial Status

In NT\$ thousand

Item	Year	Dec. 31, 2023	Dec. 31, 2022	Difference	
				Amount	%
Cash & cash equivalent, Due from Central Bank and other banks (note 1)		43,300,547	37,223,013	6,077,534	16.33
Financial assets at fair value through profit or loss		52,855,566	29,047,342	23,808,224	81.96
Fair value through profit or loss financial assets. (note 2)		58,459,080	59,513,169	(1,054,089)	(1.77)
Amortized cost financial assets		81,648,341	82,519,002	(870,661)	(1.06)
Securities purchased under re-sale agreements		62,727,638	43,741,945	18,985,693	43.40
Account receivable – net		37,808,389	29,180,983	8,627,406	29.57
Current income tax asset		15,608	1,593	14,015	879.79
Discount & loans – net		564,107,624	528,118,601	35,989,023	6.81
Stock investments accounted for under the Equity Method		1,942,531	1,937,259	5,272	0.27
Other Financial Assets – net (Note 3)		1,841,988	1,638,825	203,163	12.40
Property & equipment – net		15,351,294	12,518,775	2,832,519	22.63
Right-of-use asset		1,819,034	1,674,658	144,376	8.62
Investment property-net		4,669,256	4,803,059	(133,803)	(2.79)
Intangibles		2,161,412	2,184,410	(22,998)	(1.05)
Deferred income tax assets		943,965	732,966	210,999	28.79
Other assets		9,494,772	10,164,333	(669,561)	(6.59)
Total assets		939,147,045	844,999,933	94,147,112	11.14
Due to Central Bank & other banks		12,844,229	5,817,199	7,027,030	120.80
Funds Borrowed from Central Bank and banks		1,403,184	904,865	498,319	55.07
Financial liability at fair value through profit or loss		1,824,034	931,500	892,534	95.82
Securities sold under re-purchase agreement		61,079,195	34,298,607	26,780,588	78.08
Accounts Payable (note 4)		9,166,930	7,256,873	1,910,057	26.32
Current income tax liabilities		226,334	660,557	(434,223)	(65.74)
Deposit & remittance		756,162,659	707,914,334	48,248,325	6.82
Bank debentures		5,927,202	6,001,523	(74,321)	(1.24)
Preferred stock liability		375,000	375,000	0	0.00
Other financial liability		11,414,307	10,508,961	905,346	8.61
Provision		361,129	349,779	11,350	3.24
Finance lease obligations		1,812,408	1,662,565	149,843	9.01
Deferred income tax liabilities		2,284,362	1,819,261	465,101	25.57
Other liabilities		3,623,617	3,381,987	241,630	7.14

## Analysis of the Financial Status and Operating Results & Risk Management

Item	Year	Dec. 31, 2023	Dec. 31, 2022	Difference	
				Amount	%
Total liabilities		868,504,590	781,883,011	86,621,579	11.08
Capital stock		39,789,525	37,940,460	1,849,065	4.87
Capital surplus		8,125,732	8,076,826	48,906	0.61
Retained earnings		17,899,120	15,690,717	2,208,403	14.07
Others equity (note 5)		2,619,575	(637,581)	3,257,156	-
Total equity attributable to owners of the Bank		68,433,952	61,070,422	7,363,530	12.06
Non control interest		2,208,503	2,046,500	162,003	7.92
Total Equity		70,642,455	63,116,922	7,525,533	11.92

**Notes:**

1. Decrease in financial assets at fair value through income statements: mainly due to the decrease in investment in commercial papers.
2. Increase in real estate property and equipment: mainly due to the increase in information equipment.
3. Decrease in deposits from the Central Bank and other banks: mainly due to the decrease in call loans to other banks.
4. Decrease in financing from the Central Bank and other banks: mainly due to the decrease in financing from Central Bank.
5. Increase in financial liabilities measured at fair value through profit and loss: mainly due to the increase in foreign exchange swap contracts.
6. Income tax liabilities in current period: mainly because of the increase of payable income tax.

## 2. Results of Operation

In NT\$ thousand

Item	2023	2022	Change in Amount	Change in %
	Amount	Amount		
Interest Income	8,351,987	9,841,735	(1,489,748)	(15.14)
Income other than Interest Income	9,582,640	6,143,604	3,439,036	55.98
Reversal of Bad debt expense (note 1)	628,393	499,377	129,016	25.84
Operating expense	12,070,837	10,936,188	1,134,649	10.38
Income (loss) before tax	5,235,397	4,549,774	685,623	15.07
Income tax benefits (expense)	914,717	1,008,240	(93,523)	(9.28)
Consolidated income	4,320,680	3,541,534	779,146	22.00
Other comprehensive income, net of income tax (note 2)	3,784,705	(6,726,519)	10,511,224	-
Total comprehensive income	8,105,385	(3,184,985)	11,290,370	-

**Notes of change:**

1. Net profit other than interest: it is an increase in realized gains or losses on financial assets and liabilities at fair value measured through profit or loss.
2. Net expenses on doubtful debts: due to the increase in provision for bad debts.
3. Total of other comprehensive income (after-tax) and comprehensive income: mainly due to the decrease in the profit or loss of the debt instruments measured at fair value through other comprehensive income.

## Analysis of the Financial Status and Operating Results & Risk Management

### 3. Cash Flow

#### (1) Cash Flow Analysis for the Past Two Years

In NT\$ thousand

Item \ Year	2023	2022	Change in %
Cash flow ratio (%)	24.85%	-	-
Cash flow adequacy ratio (%)	268.35%	856.83%	(588.48%)
Cash flow satisfaction ratio (%)	558.53%	-	-

The surge of the cash flow adequacy ratio is mainly because of the increase of net cash inflows from operating activities decreased and capital expenditure outflows increased.

#### (2) Liquidity Analysis for the Next Year

In NT\$ thousand

Opening balance of cash ①	Expected cash inflows (outflows) from operating activities ②	Total expected cash inflows (outflows) ③	Expected cash surplus (deficit) ①+②+③	Corrective measures for cash Deficiency	
				Investment Plan	Financing Plan
74,254,434	52,478,183	(1,267,636)	125,464,981	-	-

Cash flow analysis:

1. Operating activities: The increase was due to the growth of operating activities.
2. Investing and financing activities: The increase was due to the issuance of subordinated debt and the increase of reinvestment
3. Measures to finance cash deficiency and liquidity analysis: None.

### 4. The Impact of Major Capital Expenditure on the Bank's Financial Operations for the recent years: None

### 5. Reinvestment Policy, the Main Reasons for Profit or Loss, Corrective Action Plan in last year, and Investment Plan for the Next Year:

#### (1) Reinvestment Policy

The Bank's basic principles of reinvestment are to be in line with the government policy, to carry out business diversification and to optimize capital utilization. In addition, the bank will coalesce its related financial business channels to provide customers with multiple services and to create an operating synergy for the group.

#### (2) The Main Reasons for Profit or Loss

The Bank's Investment profit recognized in 2023 totaling NT\$ 16.06 million and the main items recognized are the operating profit and cash dividend income of the reinvestment business.

#### (3) Improvement Plan

The Bank evaluates the performance and risks of our investee companies on a regular basis during the year. We adopt a proactive management approach in that we examine the financial and business status of investee companies from time to time and make adjustments accordingly to ensure performance.

#### (4) Investment Plan for the Next Year

Will depend on the overall economic environment and the Bank's operating strategy.



## Analysis of the Financial Status and Operating Results & Risk Management

### 6. Risk Management

(1) Qualitative and Quantitative Information About the Various Risks:

A. Credit Risk Management System and Capital Requirement:

a. Credit Risk Management System-2023

Item	Contents
1. Credit risk management strategies and procedures	<ol style="list-style-type: none"> <li>1. Credit risk management strategy: The Bank has enacted UBOT credit risk management principle as the basis to plan, promote, manage and execute the credit risk.</li> <li>2. Credit risk management objective: The Bank has established credit risk management mechanism to lower credit risk, and to achieve the objective of operating and management, and to attain a balance between risk control and business development.</li> <li>3. Credit risk management policy: The Bank has aimed at maintaining an adequate capital base within an acceptable level of credit risk to complete the objective of credit risk strategy and maximize revenue in after-risk-adjusted.</li> <li>4. Credit risk management procedure: The Bank has employed procedures such as risk recognition, risk measuring, risk offsetting, risk control and risk reporting etc. to establish risk management system.</li> </ol>
2. Credit risk management organization and framework	<ol style="list-style-type: none"> <li>1. Board of Directors: The highest decision-making unit of the Bank's credit risk management policy. Responsible for reviewing the Bank's credit risk management policy.</li> <li>2. Assets and Liabilities Management Committee: Responsible for reviewing the implementation of the Bank's credit risk management.</li> <li>3. Risk Management Dept.: Responsible for examining the risk management mechanisms established by the respective business administration departments, performing the risk control and submitting the risk control report to the Board of Directors regularly.</li> <li>4. Business Planning and Administration Dept.: Responsible for formulating the business management rules and control mechanisms and properly supervising the performance of risk control of respective business unit.</li> <li>5. Respective business units: Shall comply with the rules and regulations set forth by the Business Planning and Administration Departments while conducting their day-to-day operations.</li> </ol>
3. Scope and characteristics of credit risk reporting and measurement system	<p>Scope of Risk Reporting</p> <ol style="list-style-type: none"> <li>1. All business administration departments report to the Assets and Liabilities Management Committee on a periodic basis regarding the status of business promotion and execution as well as information on the allocation of risk-based assets.</li> <li>2. The Risk Management Dept. monitors the control of the Bank's credit limits on a periodic basis and reports to the Assets and Liabilities Committee with respect to concentration of credit risks and achievement of the BIS targets set for various business sectors. The Risk Management Dept. also reports to the Board of Directors on the various business volumes achieved, status of</li> </ol>



## Analysis of the Financial Status and Operating Results & Risk Management

Item	Contents
	<p>nonperforming loans, and concentration of credit risks and the execution of credit risk control measures.</p> <p>Measurement System: The Bank adopts the Standardized Approach to compute the capital requirement and regularly generates official risk management reports. The Risk Management Dept. and the respective business administration departments generate various risk exposure reports by business, industry, country, group, credit concentration and types of collateral, to effectively measure and manage the combination of asset.</p>
4. Credit risk hedging or risk reduction policies, and strategies and procedures for monitoring the effectiveness of hedges and risk reduction tools	<p>The Bank employs suitable strategies such as eschewing, transfer, control and undertaking to tackle possible credit risk losses of all business units according to their respective business characteristics and cost-effective considerations.</p> <p>The Bank's IT system provides the relevant risk information to assist the Bank's management to perform risk monitoring procedures. The Risk Management Dept. reports the status of risk control measures to the Board of Directors on a six-monthly basis.</p>
5. Method used to provide the legal capital	Standard Method.

b. Exposure after risk reduction & capital requirement for standard method of credit risk calculation

As of Dec. 31, 2023

In NT\$ thousand

Type of exposure	Exposure after risk reduction	Capital requirement(Note)
Sovereign states	106,375,418	170,009
Public departments other than the central government	6,901,941	144,941
Banks (including multiple development banks)	34,088,677	1,309,955
Enterprises (including securities and insurance companies)	44,889,964	4,244,497
Retailing credits	80,054,398	5,870,278
Residential real estate	475,437,048	29,628,768
Investments in equity securities	15,173,289	2,260,183
Equity securities investment in funds and venture capital businesses	9,107,301	939,524
Other assets	22,738,415	1,461,762
<b>Total</b>	<b>794,766,451</b>	<b>46,029,917</b>

Note: The capital requirement is exposure after risk reduction multiplying by the statutory minimum capital adequacy ratio (2023: 10.5%).

## **Analysis of the Financial Status and Operating Results & Risk Management**

### B. Risk Management System, Risk Exposure and Capital Requirement of Asset Securitization:

#### a. Risk Management System of Asset Securitization in 2023

Item	Contents
1. Management strategy and procedure of securitization	<p>(1) Securitization Strategy: The current asset securitization investment positions held by the Bank belong to the banking books. In principle the bank does not act in the capacity of the originating bank of securitization products, but rather plays as the investor to earn stable income. The investment target products are mainly of the investment grade with higher security.</p> <p>(2) Securitization procedure: Before making investment, the bank evaluates the characteristics, credit rating, returns and risks of the products to understand the security, liquidity and profitability. Investment proposals should be submitted to the Board of Managing Directors for approval, and regularly review the exposure status on the investment targets.</p>
2. Securitization management organization and framework	The Bank does not act as the originating bank of any securitized products. The risks of positions invested are evaluated and reviewed by the investing unit and the Bank's risk management department periodically.
3. Scope and characteristics of securitization risk report and measuring system	In addition to observing the global economy and market interest rate change in connection with the investment on securitization products, regular evaluation and monitoring on risk and income are performed periodically and the results are submitted to Asset and Liability Management committee and the Board of Director.
4. Securitization hedging or risk reduction policies, and effective strategies and procedures for controlling risk hedging and risk reduction tools	The relevant units shall review and control the securitized products periodically.
5. Approach to require the authorized capital	Standard Method
6. Disclosure of Marco qualitative: a. Objectives of securitization activities and the risk of re-securitization. b. Other risk of asset securitization. c. The role and the degree of involvement in securitization process.	

**Analysis of the Financial Status and Operating Results & Risk Management**

Item	Contents
d. The description of monitoring tool in credit and market fluctuation related to securitization exposure. e. Management policy of offsetting credit risk in securitization and re securitization.	Not applicable Since the Bank does not act as the originating bank of securitized product.
7. The description of accounting policy of bank's securitization.	
8. Explain the exposure of securitization and ECAI in the banking book	
9. Explain major change in the quantities information after reporting period	

b. Status of Asset Securitization as of December 31, 2023

Type	Total issue amount	Outstanding balance	Amount repurchased
None			

# Analysis of the Financial Status and Operating Results & Risk Management

## c. Exposure & Capital Requirement of Asset Securitization as of December Dec 31, 2023

In NT\$ thousand

Type of exposure	Type of exposure	Conventional			Portfolio		Total			
		Exposures			Capital requirement (2)	Exposures		Capital requirement (4)	Capital requirement prior to securitization	
		Held or Purchased	Liquidity facilities provided	The enhancement of credit provided		Subtotal (1)	Held or Purchased (3)		Capital requirement (6) = (2) + (4)	Exposures (5) = (1) + (3)
Book Type	The role of bank									
Non-originating bank	CMO	Bank Book	30,222,623		23,262			23,262		
		Trade Book								
		Subtotal	30,222,623		23,262		23,262	30,222,623		
Originating bank		Bank Book								
		Trade Book								
		Subtotal								
<b>Total</b>		<b>30,222,623</b>		<b>23,262</b>		<b>23,262</b>	<b>30,222,623</b>			

## Analysis of the Financial Status and Operating Results & Risk Management

d. Information of Securitized commodities investment as of December 31, 2023

I. Summary of Investment in Securitized commodities

USD : NTD = 1 : 30.735

In NT\$ thousand

Item	Account	Initial Cost	Cumulative Valuation Gain or Loss	Cumulative Impairment	Carrying Amount
CMO	Financial Assets at Fair Value Through Profit or Loss	20,677	(419)	0	20,258
CMO	Investment in Debt Instruments at Amortized Cost	30,117,293	0	(242,245)	29,875,048

Note1: The above numbers do not include the amount of Interest Receivable.

Note2: Accumulated valuation gains or losses and accumulated impairment losses were calculated and provided by an internationally renowned professional risk management agency (Yield Book model).

II.

i. Information on Securitized commodities investment where the initial cost of a single investment is in excess of NT\$300 million (excluding those held by the Originator for the purpose of credit enhancement):

USD : NTD = 1 : 30.735

In NT\$ thousand

Name of Securities	Account (Note)	Currency	Issuer & Place	Purchase Date	Coupon Rate	Credit Rating	Method of Interest Payment & Principal Repayment	Initial Cost	Cumulative Valuation Gain or Loss	Cumulative Impairment	Carrying Amount	Attachment Point	Details of Asset Pool
				Maturity Date									
Ginnie Mae CMO	Non-active market debt instruments	USD	Ginnie Mae	20091130-20220531	2.5%~	Moody's Aaa	Monthly	25,647,752	0	196,392	25,451,360	N/A	N/A
				20281231-20390705	4.75%								
Fannie Mae CMO	Non-active market debt instruments	USD	Fannie Mae	20121030	3.0%	Fitch AA+	Monthly	361,303	0	3,408	357,895	N/A	N/A
				20321202									

## Analysis of the Financial Status and Operating Results & Risk Management

- ii. Securitized commodities held by the bank as the originator for the purpose of credit enhancement

In NT\$ thousand

Name of Securities	Currency	Purchase Date	Maturity Date	Coupon Rate	Credit Rating	Method of Interest Payment & Principal Repayment	Initial Cost	Cumulative Valuation Gain or Loss	Cumulative Impairment	Carrying Amount	Attachment Point	Details of Asset Pool
None												

- iii. Bank acting as the buyer or liquidating buyer of the impaired assets of Securitized commodities

In NT\$ thousand

Name of Securities	Currency	Issuer & Place	Maturity Date	Contract Details	Status of Contract Execution
None					

- III. Bank acting as the guarantor of, or the provider of liquidity facility for the Securitized commodities

In NT\$ thousand

Name of Securities	Currency	Purchase Date	Maturity Date	Coupon Rate	Credit Rating	Acting As	Amount	Attachment Point	Details of Asset Pool
None									

### C. Operation Risk Management System and Capital Requirement

#### a. Operation Risk Management System

2023

Item	Risks
1. Operation risk management strategies and procedures	<p>Strategies: The Bank has enacted the "Operation Risk Management Guidelines of Union Bank of Taiwan" which serves as the basis for relevant business units to plan, promote, manage and execute operations risk management.</p> <p>Procedure: The Bank has built up an operation risk management mechanism through procedures for risk identification, assessment, measuring, monitoring and reporting.</p>

## Analysis of the Financial Status and Operating Results & Risk Management

Item	Risks
2. Operational risk management organization and framework	<ol style="list-style-type: none"> <li>1. Board of Directors: The top decision-making body of the Bank’s operational risk management policy. Responsible for reviewing the Bank’s operational risk management policy.</li> <li>2. Assets and Liabilities Management Committee: Responsible for reviewing the implementation of the Bank’s operational risk management.</li> <li>3. Risk Management Dept.: Responsible for examining the risk management mechanisms established by the respective business administration departments, performing risk control and the submitting the risk control report to the board of Directors regularly.</li> <li>4. Business Planning and Administration Dept.: Responsible for formulating the business management rules and control mechanisms and supervising the performance of risk control of respective business unit.</li> <li>5. All business units: Shall comply with the rules and regulations set forth by the Business Administration departments in daily operations.</li> </ol>
3. Scope and characteristics of the operational risk reporting and measurement system	<ol style="list-style-type: none"> <li>1. The Bank adapts the “Guidelines for Collection of Operational Risk Information” and establishes the “Operational Risk Reporting System” for all departments to report any operational risk incident to the Risk Management Dept.</li> <li>2. The Bank has put in place the “Operational Risk Indicators”. Upon setting the control frequency and risk warning standards, the relevant departments are responsible for providing the risk indicator values based on the risk control frequency to the Risk Management Dept. Improvement measures are taken to address any risks that exceeded the set standards.</li> <li>3. The Bank has adopted the “Guidelines for Operational Risk Control Self-Assessment” and established the “Operational Risk Control Self-Assessment” database to carry out the operational risk control self-assessment throughout the Bank periodically.</li> <li>4. The Risk Management Dept. reports the status control of “Operational risk events”, “Operational risk indicators” and “Operational risk control self-assessment” to the Assets and Liabilities Management Committee and Board of Directors on a regular basis.</li> </ol>
4. Operational risk hedging or risk reduction policies, and strategies and procedures for monitoring the effectiveness of hedges and risk reduction tools	<ol style="list-style-type: none"> <li>1. The Bank evaluates the frequency and level of influence with respect to operation risk confronted and adopts a series of risk reduction measures such as insurance, outsourcing operation, procedure improvement, personnel training enhancement, urgent response actions set up and risk hedging.</li> <li>2. The Bank takes every possible operation risk into consideration and build up acceptable action measures while enacting operation manual for core products. In addition, External and internal auditing are the enhancements of operation risk prevention.</li> <li>3. Risk Management Dept. informs Assets and Liabilities Management Committee about operation risk incidents collected quarterly and reports the Board of Director the operation risk control status of all business biannually.</li> </ol>
5. Method used to provide the legal capital	Basic Indicator Approach.



## Analysis of the Financial Status and Operating Results & Risk Management

### b. Operation Risk Capital Requirement as of Dec.31, 2023

In NT\$ thousand

Year	Gross profit	Capital requirement
2021	13,894,053	
2022	14,547,058	
2023	15,659,662	
Total	44,100,773	2,205,039

### D. Market Risk Management System and Capital Requirement

#### a. Market Risk Management System — 2023

Item	Contents
1. Market risk management strategies and procedures	<ol style="list-style-type: none"> <li>1. The Bank has enacted “UNION BANK market risk management principle” approved by the Board of Directors, as the basis for market risk management.</li> <li>2. The management procedure of market risk management contains the following five processes:               <ol style="list-style-type: none"> <li>(1) Risk Identification: For items on/off the Balance Sheet, the bank identify the market risk factors of various products and investment business to evaluate the risk and define management procedure and control mechanism.</li> <li>(2) Risk Measurement: To cope with market risk quantification, there is at least one assessment tool for each investment or transaction. The assessment tools include mark-to-market, nominal principal, and sensitivity analysis, value at risk and pressure test.</li> <li>(3) Risk Monitoring: Clearly define risk limits on relevant operation regulations for all business and monitor by frequency. Risk Management Dept. is in charge of the summarization and presentation of market risks for the Bank.</li> <li>(4) Risk Reporting: Risk Reporting is divided into routine reporting, overrun reporting and exceptional reporting. Routine reports are distributed to proper authorized level in accordance with the List of Separation of Duties; overrun reports should explain overrun status and suggest responsive measures; Exception reports are submitted by business unit before an event due to temporary business needs.</li> <li>(5) Risk reduction: Risk reduction procedures such as risk hedging, investment portfolio adjustment, position allocation, stop-loss and close new transactions.</li> </ol> </li> </ol>
2. Market risk management organization and framework	<ol style="list-style-type: none"> <li>1. Board of Directors: The top decision-making body of the Bank’s market risk management policy responsible for examining and approving the Bank’s market risk policy and the total risk limit targets for all businesses, and setting and modifying the Bank’s market risk management organization structure.</li> <li>2. Asset and Liability Management Committee: Examine the management reports and information submitted by risk management department and the business units.</li> <li>3. Risk Management Dept.: It is a dedicated independent risk management unit executing three pillars related operation of BASEL II market risk, planning and building market risk measuring tools, and monitoring according to the risk limits for different products.</li> <li>4. Business Units: responsible for the execution of daily market risk management for the business they handle, and reporting the market risk and investment status related information to proper authorization level.</li> </ol>

## Analysis of the Financial Status and Operating Results & Risk Management

Item	Contents
3. Scope and characteristics of the market risk reporting and measurement system	<ol style="list-style-type: none"> <li>1. Market Risk evaluated trading book position for various financial products and use fair market value or evaluation model as basis to regularly evaluate the profit/loss condition of the position held.</li> <li>2. All business units and Risk Management Department should make relevant management reports regularly and submit to proper authorization level.</li> <li>3. Market risk management system combine with front-desk trading position and middle desk evaluation to generate sufficient information for assisting all management levels to execute each individual risk monitoring task, and can support the capital calculation method selected by a bank to generate relevant internal and external reports as the basis for management decision-making.</li> </ol>
4. Market risk hedging or risk reduction policies, and strategies and procedures for monitoring the effectiveness of hedges and risk reduction tools	When market risk is excessive or the position limit or stop-loss limit has been exceeded, the bank will take following market risk reduction method: hedging, portfolio adjustment, position adjustment, square stop-loss and stop new transaction.
5. Method used to provide the legal capital	Standardized Approach.

### b. Market Risk Capital Requirement

December 31, 2023

In NT\$ thousand

Type of risk	Capital requirement
Interest rate risk	1,175,573
Equity securities risk	1,184,502
Foreign exchange risk	101,777
Product risk	
Total	2,461,852

### E. Liquidity Risk Including the Analysis of Maturities of Assets and Liabilities, and Also Specify the Approach to Manage the Liquidity of Assets and Maturity Gap:

#### a. Maturity Analysis of NTD Assets and Liabilities

December 31, 2023

In NT\$ thousand

Item	Total	The amount of remaining period to maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Main capital inflow on maturity	858,746,536	112,796,554	94,790,685	44,854,960	68,863,110	114,052,180	423,389,047
Main capital outflow on maturity	1,002,749,566	44,392,177	68,595,555	132,689,955	140,151,712	270,378,110	346,542,057
Gap	(144,003,030)	68,404,377	26,195,130	(87,834,995)	(71,288,602)	(156,325,930)	76,846,990

Note: The figures in above Table represent the New Taiwan Dollars (excluding foreign currency) assets and liabilities for Head Office, domestic branches and offshore offices.

## **Analysis of the Financial Status and Operating Results & Risk Management**

### b. Maturity Analysis of USD Assets and Liabilities

December 31, 2023

In US\$ thousand

Item	Total	The amount of remaining period to maturity				
		1~30 days	31~90 days	91~180 days	181 days ~1 year	Over 1 year
Main capital inflow on maturity	4,703,941	653,921	1,316,215	208,641	269,500	2,255,664
Main capital outflow on maturity	4,691,874	1,268,324	1,315,891	674,352	619,216	814,091
Gap	12,067	(614,403)	324	(465,711)	(349,716)	1,441,573

Note: The figures in above Table represent the foreign currency (in USD equivalent) assets and liabilities for the Head Office, domestic branches and offshore offices.

### c. Approach to Manage Assets and Liabilities

- i. The Bank's assets and liabilities management mechanism applies the asset and liability interest rate sensitivity and gap analysis for control purpose. Presently, the Bank has set up the Assets and Liabilities Management Committee to provide guidance and policy instruction and, to manage interest rate fluctuations and gaps. In addition to fully monitoring on interest rate, senior executive meetings are called from time to time as needed to exercise overall adjustment and review the Bank's asset and liabilities structure, and present result to the Committee for approval.
- ii. For the interest rate risk of NTD and foreign currencies, the Bank employ well-established trading and funding MIS to manage daily changes of deposit and loan amounts, as well as the cost and balance of deposits in various types and terms. In addition, it will produce the analysis of floating and fixed interest rate deposits and loans, the analysis of interest rate sensitivity and the analysis of interest rate spread. The Bank will utilize above mentioned information and analyses to set up strategies for interest rate adjustment.
- iii. For foreign exchange risk, the Bank has designed independent and related procedures for transaction settlement, and has also applied the position control, individual trader position control and stop-loss control etc.
- iv. For liquidity risk, the Bank strictly monitor cash on hands and the movement of deposits and loans every day. Meanwhile, the Bank has also launched the mechanism to forecast, measure, calculate and early warning for future needs and changes of funding so as to realize current assets to meet the needs.

### (2) Domestic and Global Changes in Government Policies and Legal Environment, and the Effect on the Financial and Operational Status of the Bank, and Response Actions thereof:

- A. On May 31, 2023, the Personal Data Protection Act was amended and promulgated. The name of the competent authority added was the "Personal Data Protection Commission." The amendments made were the methods of penalty, increase in the amount of fines and add penalties for serious

## **Analysis of the Financial Status and Operating Results & Risk Management**

violations for violations to Article 27, Paragraph 1 and 2 of the Act by non-government agencies. The aforementioned amendments have been reported to the Bank's Personal Information Management Committee, are all handled in accordance with the relevant regulations, and are expected to have no impact on financial operations.

- B. The Financial Supervisory Commission announced the “Fair Treatment of Customer Principles in Financial Service Industry”, and UBOT has established its fair treatment of customer policy, principles, strategies and execution plans for enhancing the awareness of the employees in the protection of financial consumers and the compliance with applicable legal rules governing the protection of financial consumers. The Bank has begun planning and responding to the 2025 FSC's "Principle for Financial Service Industries to Treat Clients Fairly" evaluation on the robustness of fraud prevention and complaint handling mechanism. It is promoted continuously by the Customer Fair Treatment Management Committee for effective implementation of fair treatment of customers, protecting customer rights, and reducing the risk and expense of future legal compensation. The FSC also urges the Association of Banks to establish a "Self-Regulatory Rules with the Introduction of a Responsibility Mapping System in the Banking Industry." The Bank will also establish a bank-wide responsibility map so that senior managers can clearly understand their responsibilities stimulating a culture of ethical corporate management culture of the Bank, and establishing a corporate governance structure based on responsibility.
- C. In line with the "New Generation Anti-fraud Strategy Action Plan Version 1.5" promoted by the Executive Yuan, the Bank has started to establish a fraud prevention and early warning mechanism system and optimize related operations, including: Building an account-wide predictive model with big data analysis and alerting customers, enhance the predictive model to strengthen the detection rate and accuracy rate of hawk-eye projects, and compile the black and gray customer lists that require internal and external attention to establish a database of concerned customer lists; build the risk accounts database and integrate forms and operations at counters and various channels to formulate the Bank's operating procedures for fraud detection and prevention, and evaluates the cost and expenditure of human resources, education and training, and information systems.
- (3) The Effect of Technological and Industrial Changes on the Bank's Financial Position and Its Response Actions:
- A. The progress of science and technology has boosted the development and application of financial technology, gradually transforming the business mode of the banking industry. The development focus is been turned from traditional physical branches to online and virtual channels, reducing the barriers of consumers' access to financial services. In response to the changes in digital financial services and technological environment, UBT not only works actively to promote digital financial services to meet the diverse and fast-changing needs of consumers, but also strengthens the information security risk assessment to protect customers' rights and interests.
- Further to the proactive launch of a wide array of financial services and the acceleration of the digitization of financial service products, UBOT also

## **Analysis of the Financial Status and Operating Results & Risk Management**

continued to bolster the integration of equipment and information sources under the notion that information security is the fundamental condition for the development of FinTech, and strengthen information security control and protection. In addition, UBOT also values the assessment of information security risk and spares no effort in the protection of customer information and rights for responsible innovation.

- B. Information Technology Security Risk and Management Policy - Seeing that information security is the cornerstone for the development of FinTech, UBOT continues to bolster the integration of equipment and information sources and strengthen information security control and protection. In addition, UBOT also values the assessment of information security risk and spares no effort in the protection of customer information and rights for responsible innovation. UBOT has deployed several protection measures, including the Internet firewall, intrusion detection/protection, application program firewall, data leak protection, DDoS prevention and response, and Advanced Persistent Threat Defense. In addition, UBOT also provided training for the employees' information security to upgrade the awareness of the employees on information security and the ability to respond. For the proper control of overall information security risk, UBOT has delegated a third party professional institution to assess information security annually for inspection and interview on issues pertinent to information security, and assure the security and integrity of the information structure, equipment and process. In responding to the incidents and risks detected from the assessment, UBOT maps out related corrective action plans or control measures of the time limit for tacking with the problems for subsequent follow-up action and a second review. Related reports and result of the second review will be submitted to the senior management and the Board for the proper monitoring and management of information security.
- UBOT has installed related information security protective measures for the Internet and computers, but cannot guarantee its information system for operation under control or maintenance can be free from any third party attempt to paralysis the system through attack from the Internet. These attacks from the Internet may be launched through illegal intrusion to the Internet or Intranet system of the Bank so as to inflict damage to the operation and the good will of the Bank. Under severe Internet attack, the system of UBOT may suffer loss on its vital data. Accordingly, operation service may also be interrupted. UBOT has continued to review and assess its information securities rules and regulations and operation procedures for assuring appropriate and effective. Yet, this cannot guarantee the Bank can be free from the influence of emerging information security risks and malicious attacks under the ever evolving information security threats worldwide. Internet attack may be an attempt to steal the business secrets of other confidential information of the Bank, such as the exclusive information on the customers or other stakeholders, and the personal information of the employees of the Bank. Hackers may also attempt to plant computer virus, riskware and ransomware into the Internet system of the Bank so as to interfere the operation of the Bank, and exert intimidation and extortion against the



## **Analysis of the Financial Status and Operating Results & Risk Management**

Bank, acquire the control of the computer system, or probing confidential information. These attacks may inflict loss deriving from the compensation to the customers due to the delay or interruption of services that caused. Or, huge amount of expense is incurred from seeking remedy or improvement so as to fortify the Internet security system defense of the Bank. This may also make the Bank involve in material legal responsibility under lawsuit or investigation of the supervisory body due to the for the leaking of information on its employees, customers or third parties where the Bank has the obligation of keeping this information confidential. In addition, the Bank may also outsource with third party providers for service. Notwithstanding that the Bank and the third party service providers are required to observe confidentiality and/or the requirement of Internet security as stated in the agreement, the Bank cannot guarantee each and every third party service provider will duly observe their obligation of this kind. The network, system and equipment maintained by the aforementioned service providers and/or their contractors may also be vulnerable to the risk of an Internet attack. If the Bank or the aforementioned service providers cannot solve the technical problems caused by these attacks timely, or assure the integrity and usability of the data of the Bank and its customers or third party, or control the computer system of the Bank or the aforementioned service providers, the commitment of the Bank to its customers and other stakeholders may be seriously jeopardized. Accordingly, the result of business operation, financial position, prospect and reputation of the Bank may be unfavorably and significantly affected.

- (4) The effect of change in the Bank's corporate image on the Bank and its response actions:
- A. In the wake of the diversified development of FinTech, and for the availability of convenient and rapid banking services to its customers, UBOT had continued to upgrade and refine its eBanking function and service. UBOT also provide the "New New Bank" digital deposit account, "Union eLoans" online financing platform, and online ordering of securities purchase and related services. Community platform like LINE will be adopted to bolster the cultivation of customer relation. Likewise, big data analysis will be used in the analysis for precision marketing in order to provide the customers will full-range banking products and services.
  - B. Strengthen cross-industry collaboration, continue to work with LINE Pay, convenience stores, iPass, and strategic partners of MRT companies, to extend the reach of Union Bank of Taiwan's financial services and diversify the financial ecosystem.
  - C. In confronting the development trend of ESG banking, the Bank continues to make effort in participating in activities related to corporate social responsibility without reserve, protect the environment and launch green banking product and low carbon life, and establish green power procurement target for gradual achievement of net zero carbon emissions; and will continue to strengthen its internal audit and internal control, and compliance with applicable legal rules and risk management for green governance.
  - D. In addition, to ensure quality communication with the media, and avoid a

## **Analysis of the Financial Status and Operating Results & Risk Management**

public relation crisis that would hurt the corporate image, the Bank adopted a spokesperson system and formulated “Guidelines for Union Bank of Taiwan Crisis Management” and “Procedures for Handling Internal material information”. When a crisis that would hurt the corporate image arises, the issue will be escalated to accountable departments according to the SOP. Meanwhile, the public will be addressed through a single spokesperson in an appropriate manner to prevent damage from spreading, and thereby protect the Bank’s reputation and brand image.

- (5) Expected Result and Possible Risks of Mergers and Acquisitions and Response Actions thereof: None
- (6) Expected Result for Establishing More Business Locations, Possible Risk and Response Actions Thereof:  
The establishment of business unit will not only increase transaction volume of deposits/loans/wealth management but also improve profits as well as provide comprehensive services to our customers. Effectively nevertheless, there is possibility that the economy of scale may not be achieved due to poor branch location or the business activities may be below our expectation. The Bank will then access the needs for relocation.
- (7) Risk in the Over Concentration of Business and Response Action thereof:  
In order to avoid the risk of major losses generated by excessive concentration of business, UBT has established concentration limit management mechanisms for four categories of investment as well as financing businesses, targeting customers, industries, groups and countries, and has also stipulated the proportion of large deposits in deposit business, to enable management from different aspects and regular monitoring.  
For the protection of debts, the corporate finance business seeks to secure real estate or strengthen debts, and give priority to self-paying loans and production businesses, and to reduce risks through credit guarantee funds and high-quality collateral.
- (8) The Effect of Change in the Management of the Bank, Possible Risk and Response Action Thereof: The Bank was founded with the mission for sustainable operation. We maintain the management concepts of “Enthusiasm”, “Stability”, “Efficiency” and “Innovation” to provide financial products and services that meet the needs of customers and to service the general public. The Bank employs professional managerial officers to manage the businesses and as such, the Bank’s business management will not change or be impacted significantly as a result of changes in management power. The Bank shall provide the relevant internal management information and enhance the transparency of information disclosure in the event of a change in management power in order to secure investor and consumer confidence.
- (9) The effect that large transfer in shares of director or supervisor, or shareholders holding more than ten percent of shares of the company, Possible Risk and Response Action:  
There has been no significant change in share ownership of the Bank’s shareholders, directors and supervisors. The Bank employs professional



## **Analysis of the Financial Status and Operating Results & Risk Management**

managerial officers to manage the Bank's business. Therefore, the Bank's operational management will not be impacted as a result of a significant change in share ownership. The Bank shall ensure information transparency in the event of a significant transfer or change in share ownership and files a declaration and makes public announcement with respect to the changes in accordance with the relevant banking regulations to secure investor and consumer confidence.

(10) Legal Actions and Non-contentious Matters: None.

(11) Other Major Risks and Response Actions thereof: None.

### **7. Contingency Plan**

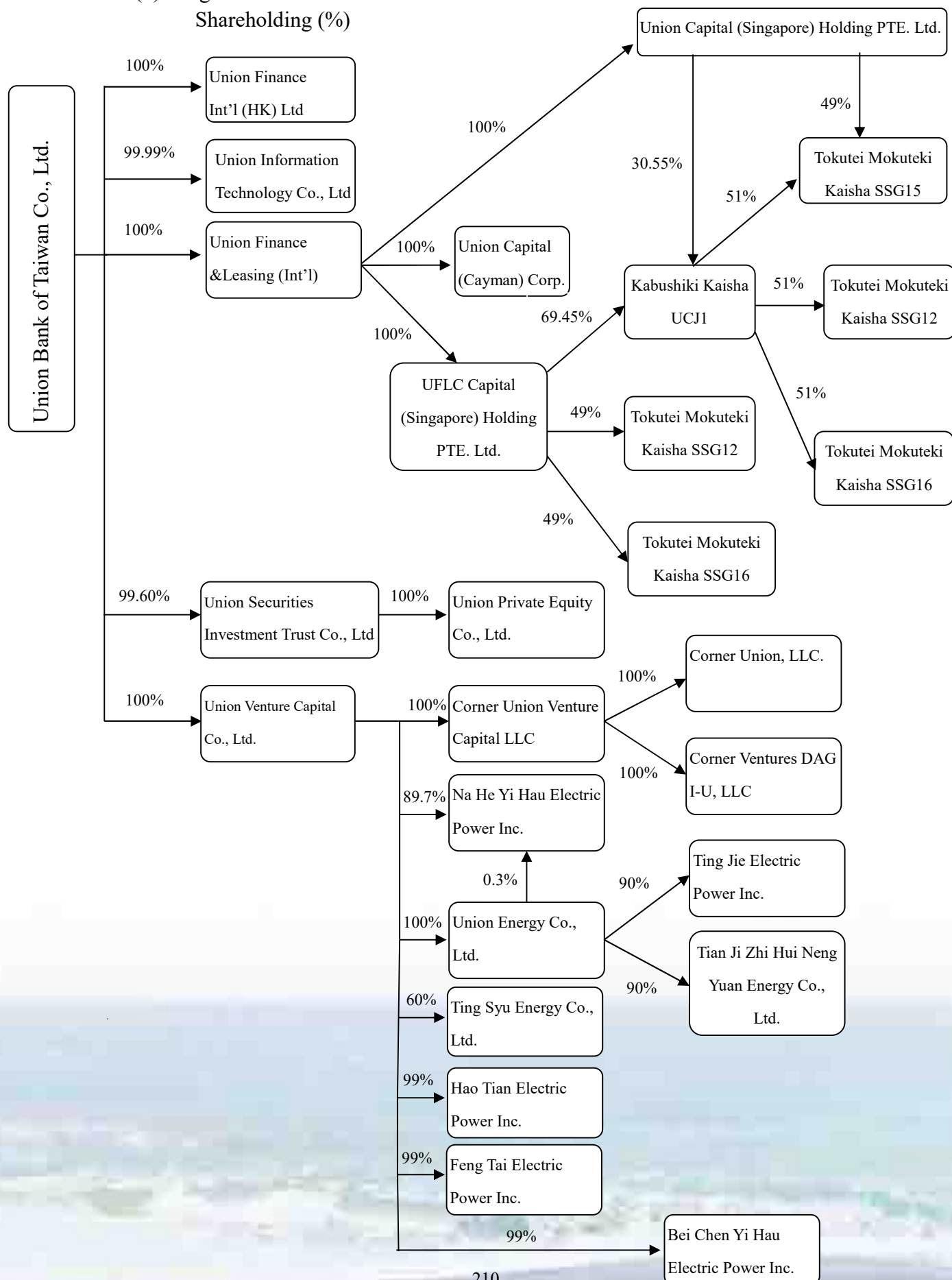
The Bank has enacted the "Essential Points for Urgent Response Action to Disasters" and has set up a crisis management taskforce, urgent contact and report mechanism to execute the disaster rescue measures effectively. The various business units shall perform the disaster education training and drill in accordance with the Bank's "Instructions to Safety Protection" and "Safety Protection Drill Implementation Plan", and shall also check and maintain the safety facilities more than twice a year.

### **8. Other Important Matters: None**

# Affiliated and Special Notes

## 1. Information on Affiliated Enterprises

### (1) Organization Chart Shareholding (%)



## Affiliated and Special Notes

Amount in NTD、JPY、USD thousand

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main Business or Production Activities
Union Finance International (HK) Ltd	1996.04.23	Unit 18, 35/F, West Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong	TWD 118,149	Import and export financing
Union Information Technology Co., Ltd.	1998.08.10	10F, No. 109, Sec. 3, Minsheng E. Road, Taipei, Taiwan	TWD 100,000	IT and software services
Union Finance & Leasing (Int'l) Co., Ltd.	1996.11.11	9F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 2,110,000	Installment purchases, leasing, auto loan and car rental business
Union Securities Investment Trust Co., Ltd.	1998.12.22	6F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 311,400	Securities investment trust
Union Venture Capital Co., Ltd.	2019.11.21	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 1,400,000	Venture Capital
Union Capital (Cayman) Corp.	1997.07.23	P.O.Box 1034, George Town, Grand Cayman, Cayman Islands, British West Indies.	JPY 5,584	Installment purchase and lease investment businesses
Union Capital (Singapore) Holding PTE. Ltd.	2014.09.12	50 RAFFLES PLACE #25-03 SINGAPORE LAND TOWER SINGAPORE (048623)	-	Lease investment businesses °
UFLC Capital (Singapore) Holding PTE. Ltd.	2016.03.11	50 RAFFLES PLACE #25-03 SINGAPORE LAND TOWER SINGAPORE (048623)	-	Lease investment businesses °
Kabushiki Kaisha UCJ1	2014.09.12	1 Chome 11, Kanda Jinbocho, Chiyoda, Tokyo, Japan	JPY 286,130	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG15	2014.09.19	1 Chome 11, Kanda Jinbocho, Chiyoda, Tokyo, Japan	JPY 1,430,200	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG12	2016.02.25	1 Chome 11, Kanda Jinbocho, Chiyoda, Tokyo, Japan	JPY 1,930,200	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG16	2016.03.31	1 Chome 11, Kanda Jinbocho, Chiyoda, Tokyo, Japan	JPY 1,300,200	Lease investment businesses °
Union Private Equity Co., Ltd.	2020.09.17	6F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 30,000	Investment and management of private equity fund
Corner Union Venture Capital LLC	2020.04.20	1013 Centre Road, Suite 403-B, Wilmington, Delaware 19805	TWD 11,527	Overseas investment management consulting business
Corner Union, LLC.	2020.07.14	850 New Burton Road, Suite 201, Dover, Delaware 19904, County of Kent.	USD 1,500	Venture Capital
Corner Ventures DAG I-U, LLC	2020.04.29	850 New Burton Road, Suite 201, Dover, Delaware 19904, County of Kent.	USD 10,007	Venture Capital
Na He Yi Hau Electric Power Inc.	2020.02.20	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 290,000	Power generation, transmission, distribution and energy technology service business
Ting Jie Electric Power Inc.	2020.02.20	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 1,621,000	Power generation, transmission, distribution and energy technology service business
Union Energy Co., Ltd.	2020.12.17	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 391,736	General investment consulting and energy business management
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	2018.08.21	4F., No. 100, Sec. 2, Wenxing Rd., Zhubei City, Hsinchu County, Taiwan	TWD 399,513	Power generation
Ting Syu Energy Co., Ltd.	2022.07.07	3F, 230, Sec. 2, Songjiang Rd, Taipei, Taiwan	TWD 1,000	Power generation, transmission, distribution and energy technology service business

## Affiliated and Special Notes

Bei Chen Yi Hau Electric Power Inc.	2020.02.04	No. 186, Sec. 2, Wenxing Rd., Zhubei City, Hsinchu County	TWD 219,000	Power generation
Feng Tai Electric Power Inc.	2020.02.21	1F., No. 451, Datong Rd., Donggang Township, Pingtung County	TWD 210,500	Power generation
Hao Tian Electric Power Inc.	2020.02.03	1F., No. 96, Aikou 2nd Rd., Zhubei City, Hsinchu County	TWD 210,500	Power generation

### (2) Information on Directors, Supervisors and President of Affiliated Enterprises

December 31, 2023

Name of Enterprise	Title	Name of Representative	Shareholding	
			Shares	%
Union Finance International (HK) Ltd	Director	Union Bank of Taiwan (Representative: Jeff Lin)	30,000,002	100
	Director	Union Bank of Taiwan (Representative: Denfer Hung)	0	0
	Director & President	Union Bank of Taiwan (Representative: Amanda Lin)	0	0
Union Information Technology Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Pa-San Wu)	9,999,923	99.99
	Director	Union Bank of Taiwan (Representative: Denfer Hung)		
	Director	Union Bank of Taiwan (Representative: Luke Yang)		
	Supervisor	Ling-Jung Hsiung	0	0
	President	Chung-Chieh Hsu	0	0
Union Finance & Leasing (International) Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Cheng-Juh Hsie)	211,000,000	100
	Director	Union Bank of Taiwan (Representative: Yanger Yang)		
	Director	Union Bank of Taiwan (Representative: Chueh-Ling Liu)		
	Director	Union Bank of Taiwan (Representative: Hung-Ming Chien)		
	Director	Union Bank of Taiwan (Representative: Jane Lu)		
	President	Cheng-Juh Hsie	0	0
Union Securities Investment Trust Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Herman Tu)	31,014,261	99.60
	Director	Union Bank of Taiwan (Representative: Yanger Yang)		
	Director	Union Bank of Taiwan (Representative: Wen-Chih Cheng)		
	Supervisor	Wen-Ming Li	0	0
	President	Ya-Ching Chuang	0	0
Union Venture Capital Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Pa-San Wu)	140,000,000	100
	Director	Union Bank of Taiwan (Representative: Jane Lu)		
	Director	Union Bank of Taiwan (Representative: Yanger Yang)		
	President	Pa-San Wu	0	0
Union Capital (Cayman) Corp	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	50,000	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)		
Union Capital (Singapore) Holding PTE. Ltd.	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)	1	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	0	0
UFLC Capital (Singapore) Holding PTE. Ltd.	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)	1	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	0	0

## Affiliated and Special Notes

Name of Enterprise	Title	Name of Representative	Shareholding	
			Shares	%
Kabushiki,Kaisha UCJ1	Director	Rika Nakamura	0	0
Tokutei Mokuteki Kaisha SSG15	Director	Kabushiki,Kaisha UCJ1 (Representative: Rika Nakamura)	14,586	51
	Supervisor	Ando Ryufu	0	0
Tokutei Mokuteki Kaisha SSG12	Director	Kabushiki,Kaisha UCJ1 (Representative: Rika Nakamura)	19,686	51
	Supervisor	Ando Ryufu	0	0
Tokutei Mokuteki Kaisha SSG16	Director	Kabushiki,Kaisha UCJ1 (Representative: Ando Ryufu)	13,260	51
	Supervisor	Rika Nakamura	0	0
Union Private Equity Co., Ltd.	Chairman	Union Securities Investment Trust Co., Ltd. (Representative: Herman Tu)	3,586,000	100
	Director	Union Securities Investment Trust Co., Ltd. (Representative: Ya-Ting Chuang)		
	Director	Union Securities Investment Trust Co., Ltd. (Representative: Hsuan-Pei Liao)		
Corner Union Venture Capital LLC	-	Union Venture Capital Co., Ltd. (Representative: Pa-San Wu)	-	100
Corner Union, LLC.	-	Union Venture Capital Co., Ltd. (Representative: Pa-San Wu)	-	100
Corner Ventures DAG I-U, LLC	-	Union Venture Capital Co., Ltd. (Representative: Pa-San Wu)	-	100
Na He Yi Hau Electric Power Inc.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-San Wu)	14,890,000	89.7
	Supervisor	RFD Micro Electricity Co. Ltd. (Representative: Min-Ti Wang)	1,660,000	10
Ting Jie Electric Power Inc.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-San Wu)	1,890,000	90
	Supervisor	RFD Micro Electricity Co. Ltd. (Representative: Min-Ti Wang)	210,000	10
Union Energy Co., Ltd.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-San Wu)	1,673,621	100
	Supervisor	Yanger Yang	0	0
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	Chairman	Union Energy Co., Ltd. (Representative: Pa-San Wu)	33,904,232	90
	Supervisor	Jane Lu	0	0
Ting Syu Energy Co., Ltd.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-San Wu)	60,000	60
	Supervisor	Rongdian Energy Technology Co., Ltd (Representative: Chi-Jung Liu)	40,000	40
Bei Chen Yi Hau Electric Power Inc.	Chairman	Yin-Chuan Chiu	90,000	0.41
	Supervisor	Tzu-Yu Chen	0	0
Feng Tai Electric Power Inc.	Chairman	Chia-Lin Wu	90,000	0.43
	Supervisor	Chia-Chen Wu	0	0
Hao Tian Electric Power Inc.	Chairman	Hsien-Ching Tsai	90,000	0.43
	Supervisor	Yu-Ju Lin	0	0

## Affiliated and Special Notes

### (3) General Information of Affiliated Enterprises

December 31, 2023      In NT\$ thousands except Earnings per Share (NT\$)

Name of Enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit	Net Income (Loss) After Tax	Earnings Per Share After-tax (\$)
Union Finance International (H.K.) Ltd.	118,016	164,418	0	164,418	19,959	8,665	3,788	0.13
Union Information Technology Co., Ltd.	100,000	259,976	136,539	123,437	252,309	(26)	5,845	0.58
Union Finance & Leasing (International) Co., Ltd.	2,110,000	18,717,149	15,428,017	3,289,132	2,492,154	19,416	71,676	0.34
Union Securities Investment Trust Co., Ltd.	311,400	481,478	46,264	435,214	117,931	(4,598)	30,579	0.98
Union Venture Capital Co., Ltd.	1,400,000	2,518,722	650,571	1,868,151	190,735	180,239	56,687	0.40
Union Capital (Cayman) Corp. Note2	1,272	60,233	20	60,213	4,817	4,650	4,650	93.01
Union Capital (Singapore) Holding PTE. Ltd. Note2	-	676,576	579,775	96,801	17,633	6,660	4,930	4,930,215
Uflc Capital (Singapore) Holding PTE. Ltd. Note2	-	1,307,845	1,219,904	87,941	1,670	(21,002)	(23,768)	-
Kabushiki Kaisha UCJI Note2	62,189	1,263,838	952,865	310,973	39,042	10,266	1,060	-
Tokutei Mokuteki Kaisha SSG15 Note2	310,850	835,618	493,734	341,884	68,014	35,208	31,511	2,160.35
Tokutei Mokuteki Kaisha SSG12 Note2	419,523	885,666	441,713	443,953	53,421	27,841	24,805	1,260.05
Tokutei Mokuteki Kaisha SSG16 Note2	282,595	629,575	372,039	257,536	2,980	(19,870)	(25,444)	-
Union Private Equity Co., Ltd.	35,860	60,925	8,975	51,950	16,258	13,254	14,526	4.05
Corner Union Venture Capital LLC	354,282	339,672	0	339,672	-	(24,075)	(24,077)	-
Corner Union, LLC.	46,103	28,171	5,686	22,485	(18,164)	(20,031)	(20,031)	-
Corner Ventures DAG I-U, LLC	307,565	337,104	2,001	335,103	(53,092)	(60,070)	(60,070)	-
Na He Yi Hau Electric Power Inc.	290,000	517,651	241,901	275,750	-	(2,583)	(2,110)	-
Ting Jie Electric Power Inc.	1,621,000	3,426,060	1,858,335	1,567,725	-	(32,574)	(38,714)	-
Union Energy Co., Ltd.	391,736	346,746	375,120	(28,374)	-	(28,115)	(45,111)	-
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	399,513	2,406,763	1,883,222	523,541	238,968	82,015	30,221	0.97
Ting Syu Energy Co., Ltd.	1,000	994	-	994	-	-	5	0.05
Bei Chen Yi Hau Electric Power Inc.	219,000	323,964	110,647	213,317	-	(565)	(5,076)	-

## Affiliated and Special Notes

Name of Enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit	Net Income (Loss) After Tax	Earnings Per Share After-tax (\$)
Feng Tai Electric Power Inc.	210,500	360,926	151,169	209,757	-	(298)	(235)	-
Feng Tai Electric Power Inc.	210,500	365,797	156,512	209,285	-	(503)	(429)	-

Note1: HKD/TWD: 3.933879 for Asset and Liability items; HKD/TWD: 3.975792 for P/L items

Note2: JPY/TWD: 0.217347 for Asset and Liability items; JPY/TWD: 0.220690 for P/L items

Note3: USD/TWD: 30.735 for Asset and Liability items; USD/TWD: 31.132750 for P/L items.

(4) Consolidated Financial Reports of affiliated enterprises: please refer to Appendix.

(5) Report on relationships between the business activities conducted by affiliated enterprises: please refer to Appendix.

2. **Private placement of marketable securities and financial debentures in the past year and current year up to the printing date of the annual report:** None.
3. **Shares of the Bank held or disposed of by subsidiaries in the past year and current year up to the printing date of the annual report:** None.
4. **Other necessary supplements:** None.
5. **In the past year and current year up to the printing date of the annual report, any event which has a material impact on shareholders' equity or securities prices pursuant to Article 36.3.2 of the Security and Exchange Law:** None.



# Bank Directory

## Bank Directory

Branch Name	Address	Telephone
Head Office	3F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
International Banking Dept	2F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Trust Department	3F, No.137, Sec. 2, Nanjing E. Rd., Chungshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2507-4066
Credit & Payment Dept.	5F, No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taipei City 105, Taiwan (R.O.C.)	(02)2719-2233
Offshore Banking Branch	2F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Taipei Branch	No.105, Sec. 1, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)2556-8500
Business Department	1F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Changchun Branch	No.328, Changchun Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2545-5588
Nanking East Road Branch	No.137, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2515-1333
East Taipei Branch	No.217, Sec. 5, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2753-0900
Chunghsiao Branch	2F., No.5, Lane 223, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2773-3456
Jenai Branch	No.179, Yanji St., Da'an District, Taipei City 106, Taiwan (R.O.C.)	(02)2781-3366
Tungmen Branch	No.101, Sec. 2, Sinyi Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2358-2345
Hoping Branch	No.68-2, Sec. 3, Heping E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2735-2828
Chungshan Branch	No.83, Sec. 2, Jhongshan N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2571-7890
Kungkuan Branch	No.272, Sec. 3, Roosevelt Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2369-2678
Sungchiang Branch	No.228, Songjiang Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2561-6601
Breeze Center Mini Branch	2F., No.39, Sec. 1, Fusing S. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)8772-2858
Nangang Branch	No. 271, 272, Chongyang Rd., Nangan Dist., Taipei City, Taiwan (R.O.C.)	(02)2788-5200
Taan Branch	No.165, Sec. 4, Hsin-I. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2704-9588
Tonghwa Mini Branch	No.74, Tonghua St., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2739-5888
Yongchun Branch	No.453, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2748-0188
Yungchi Branch	No.306, Yongji Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2748-0329

## **Bank Directory**

Branch Name	Address	Telephone
Neihu branch	No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)2658-6121
Donghu Branch	No.150-3, Sec. 6, Minquan E. Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)-2796-7779
Hsihu Branch	No.88, Sec. 1, Neihu Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)8797-1537
Tachih Branch	No.649, Mingshuei Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2532-3836
Shihung Branch	No.9, Lane 91, Shihdong Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)2875-6161
Wenlin Branch	No.758, Wunlin Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)2835-1818
Beitou Mini Branch	No.68, Sec. 1, Jhongyang N. Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02)2896-6333
Panchiao Branch	No.226, Mincyuan Rd., Banciao District, New Taipei City 220, Taiwan (R.O.C.)	(02)2965-6600
Houpu Branch	No.77, Chongcing Rd., Banciao District, New Taipei City 220, Taiwan (R.O.C.)	(02)2964-2777
Sanchung Branch	No.10, Sec. 3, Chongsin Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)2977-7666
North Sanchung Branch	No.245, Jhengyi N. Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)2982-6226
Tenshin Branch	No.16, Sec. 3, Jhongsiao Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)8982-1155
JiSian Branch	No.329, Wuhua St., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2855-9996
Sanxia Branch	No.261, Xuecheng Rd., Sanxia Dist., New Taipei City 237, Taiwan (R.O.C.)	(02)2673-0808
Luchou Branch	No.80, Jhongjheng Rd., Lujhou District, New Taipei City 247, Taiwan (R.O.C.)	(02)2848-5577
Chungho Branch	No.150, Jian 1st Rd., Jhonghe District, New Taipei City 235, Taiwan (R.O.C.)	(02)8226-5168
North Chungho Mini Branch	No.146, Sec. 3, Jhongshan Rd., Jhonghe District, New Taipei City 235, Taiwan (R.O.C.)	(02)2221-9698
Shuanho Branch	No.222, Jhongjheng Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02)2945-9898
Yungho Branch	No.137, Sec. 2, Yonghe Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02)8660-0808
Hsintien Branch	No.102, Mincyuan Rd., Sindian District, New Taipei City 231, Taiwan (R.O.C.)	(02)2219-9989
Ankang Branch	No.161, Sec. 2, Ankang Rd., Sindian District, New Taipei City 231, Taiwan (R.O.C.)	(02)2211-9088
Hsinchung Branch	No.601, Sihyuan Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)8522-7799
Fuguo Branch	No.108, Fuguo Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)2205-2299
Chungkung Mini Branch	No.308, Jhonggang Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)2276-9678
Wugu Branch	No.6-1, Sec.3, Chengtai Rd., Wugu District, New Taipei City 248, Taiwan (R.O.C.)	(02)2291-5888

## **Bank Directory**

Branch Name	Address	Telephone
Linkou Branch	No.468, Jhongsiao Rd., Linkou District, New Taipei City 244, Taiwan (R.O.C.)	(02)2600-6969
Shulin Branch	No.275, Jhonghua Rd., Shulin District, New Taipei City 238, Taiwan (R.O.C.)	(02)8685-8939
Hsichih Branch	No.159, Sec. 1, Sintai 5th Rd., Sijhih District, New Taipei City 221, Taiwan (R.O.C.)	(02)8642-5289
Tamsui Mini Branch	No. 16, Sec. 3, Xinshi 2nd Rd., Tamsui Dist., New Taipei City 251, Taiwan (R.O.C.)	(02)2626-0909
Tucheng Branch	No.3, Chengtian Rd., Tucheng District, New Taipei City 236, Taiwan (R.O.C.)	(02)2268-1799
Jincheng Branch	No. 219, Sec. 2, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)8262-7799
Taoyuan Branch	No.332, Sianfu Rd., Taoyuan District City, Taoyuan City 330, Taiwan (R.O.C.)	(03)339-5300
North Taoyuan Branch	No.191, Yong-an Rd., Taoyuan District City, Taoyuan City 330, Taiwan (R.O.C.)	(03)339-6262
South Taoyuan Branch	No.1308, Zhongshan Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)369-7388
Taoying Branch	No.343, Taoying Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)377-9797
Daye Branch	No.388 , Sec. 1, Daye Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)357-7388
Chungli Branch	No.62, Sec. 1, Jhongyang W. Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)426-5111
North Chungli Branch	No.222, Yuanhua Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)426-1133
Neili Branch	No. 258, Sec. 1, Jhonghua Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)435-1288
Chenshin Branch	No.189, Jianxing Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)428-0808
Gaorong Branch	No.226, Sec. 5, Minzu Rd., Zhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)490-9777
Nankan Branch	No.137, Jhongjheng Rd., Lujhu District, Taoyuan City 338, Taiwan (R.O.C.)	(03)322-9699
Dajhu Branch	No.43, Dasin Rd., Lujhu District, Taoyuan City 338, Taiwan (R.O.C.)	(03)313-4688
Luzhu Branch	No.3, Sec. 1, Ren'ai Rd., Luzhu District , Taoyuan City 338, Taiwan (R.O.C.)	(03)222-1389
Hueilong Branch	No.253, Sec. 1, Wanshou Rd., Gueishan District, Taoyuan City 333, Taiwan (R.O.C.)	(02)8209-0808
Gueishan Branch	No.688, Sec. 2, Wanshou Rd., Gueishan District, Taoyuan City 333, Taiwan (R.O.C.)	(03)319-2323
Lungtan Branch	No.245, Jhongjheng Rd., Longtan District, Taoyuan City 325, Taiwan (R.O.C.)	(03)470-9188
Tayuan Branch	No.56, Jhongjheng E. Rd., Dayuan District, Taoyuan City 337, Taiwan (R.O.C.)	(03)385-0505
Hsinchu Branch	No.107, Jhongjheng Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03)524-9966
Taichung Branch	No.711, Sec.2, Taiwan Blvd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2328-5666

## **Bank Directory**

Branch Name	Address	Telephone
North Taichung Branch	No.13, Sec. 3, Wunsin Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2311-8555
Wensin Branch	No.208-1, Sec. 4, Wunsin Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04)2298-0808
Beitun Branch	No.701, Sec. 4, Wunsin Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	(04)2245-2636
Minchuan Branch	No.135, Mincyuan Rd., West District, Taichung City 403, Taiwan (R.O.C.)	(04)2220-6789
Hsitun Branch	No.277, Sec. 2, Situn Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2702-2152
Singchung Branch	No.406, Sec. 1, Fusing Rd., South District, Taichung City 402, Taiwan (R.O.C.)	(04)2261-4040
Fongyuan Branch	No.102, Fucian St., Fongyuan District, Taichung County 420, Taiwan (R.O.C.)	(04)2522-8800
Yuanlin Branch	No.37, Sanmin St., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.)	(04)834-7666
Chiayi Branch	No.285, Jhongshan Rd., Chiayi City 600, Taiwan (R.O.C.)	(05)228-5908
Tainan Branch	No.271, Sec. 4, Simen Rd., North District, Tainan City 704, Taiwan (R.O.C.)	(06)251-3377
Fucheng Branch	No.92, Jhongjheng Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06)229-0866
Fuchiang Branch	No.15, Sec. 3, Dongmen Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06)260-1268
Kaiyuan Branch	No.229, Kaiyuan Rd., North District, Tainan City 704, Taiwan (R.O.C.)	(06)235-4445
South Tainan Branch	No.379, Sec. 1, Jinhua Rd., South District, Tainan City 702, Taiwan (R.O.C.)	(06)265-5663
Kaohsiung Branch	No.204, Guanghua 1st Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07)226-5353
Lingya Branch	No.30, Sihwei 4th Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07)338-6033
Sanmin Branch	No.73, Jiouru 1st Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)389-0258
Chiuju Branch	No.495, Jiouru 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)311-8871
North Kaohsiung Branch	No.468, Bo'ai 1st Rd., Gushan District, Kaohsiung City 804, Taiwan (R.O.C.)	(07)558-6158
Fengshan Branch	No.224, Kaisyuan Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07)763-8185
Wuchia Branch	No.173, Nanhua Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07)721-5866
Pingtung Branch	No. 130, Chenggong Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)766-0688
Ho Chi Minh Representative Office	Royal Tower Building, 8th Floor, Room 805, 235 Nguyen Van Cu Street, Dist.1, Ho Chi Minh City, Vietnam	(8428)3925-9208
Hanoi Representative Office	No. 1104, 11th Floor, Pacific Place, 83B Ly Thuong Kiet Street, Hoan Kiem district, Hanoi, Vietnam	(8424)3726-5223

# APPENDIX

# **Union Bank of Taiwan and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

UNION BANK OF TAIWAN

By:

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March 11, 2024



## **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 referred to as the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 material accounting policy information (collectively referred to as the "consolidated financial statements").

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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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, 2023. 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 matter of the Company's consolidated financial statements for the year ended December 31, 2023 is described as follows:

#### Assessment of the Impairment of Discounts and Loans

As of December 31, 2023, the net amount of discounts and loans of the Company was approximately 60% of its 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 that involves making critical judgments 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, 2023.

The Company's management periodically performs loan impairment assessments that require making judgments to measure loss allowances at an amount equal to expected credit losses. Besides assessing the expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the Company's management complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations when assessing the classification of credit assets and recognizing allowances for possible losses.

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

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

1. We obtained an understanding of the relevant internal controls in respect of the Bank's loan impairment assessment and tested the operating effectiveness of such controls.
2. We tested the classification of credit assets in accordance with relevant regulations issued by management and authorities. In addition, we calculated the required allowance for possible losses on loans in order to assess whether the recognized amount complied with the regulations.
3. We assessed the reasonableness and consistency of the methodology applied by management in the calculation of expected credit losses; we tested the completeness of the loans and the accuracy of the calculation of expected credit losses for selected loans.

#### **Other Matter**

We have also audited the parent company only financial statements of Union Bank of Taiwan as of and for the years ended December 31, 2023 and 2022 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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 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 audits resulting in this independent auditors' report are Kuan-Hao Lee and Jiun-Hung Shih.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## UNION BANK OF TAIWAN AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 11,526,796	1	\$ 12,598,697	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 48)	31,773,751	3	24,624,316	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	52,855,566	6	29,047,342	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9 and 11)	58,459,080	6	59,513,169	7
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 10 and 11)	81,648,341	9	82,519,002	10
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Notes 4 and 12)	62,727,638	7	43,741,945	5
RECEIVABLES, NET (Notes 4, 5 and 13)	37,808,389	4	29,180,983	3
CURRENT TAX ASSETS (Note 4)	15,608	-	1,593	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 47)	564,107,624	60	528,118,601	63
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 17)	1,942,531	-	1,937,259	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 18 and 48)	1,841,988	-	1,638,825	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 19)	15,351,294	2	12,518,775	2
RIGHT-OF-USE ASSETS (Notes 4 and 20)	1,819,034	-	1,674,658	-
INVESTMENT PROPERTIES, NET (Notes 4, 21, 31 and 48)	4,669,256	1	4,803,059	1
GOODWILL (Notes 4 and 22)	1,985,306	-	1,985,307	-
COMPUTER SOFTWARE (Note 4)	176,106	-	199,103	-
DEFERRED TAX ASSETS (Notes 4 and 45)	943,965	-	732,966	-
OTHER ASSETS, NET (Notes 4, 23, 34, 47 and 49)	<u>9,494,772</u>	<u>1</u>	<u>10,164,333</u>	<u>1</u>
<b>TOTAL</b>	<b>\$ 939,147,045</b>	<b>100</b>	<b>\$ 844,999,933</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 24)	\$ 12,844,229	1	\$ 5,817,199	1
DUE TO THE CENTRAL BANK AND OTHER BANKS (Notes 25, 31 and 48)	1,403,184	-	904,865	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	1,824,034	-	931,500	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Note 26)	61,079,195	7	34,298,607	4
PAYABLES (Note 27)	9,166,930	1	7,256,873	1
CURRENT TAX LIABILITIES (Note 4)	226,334	-	660,557	-
DEPOSITS AND REMITTANCES (Notes 28 and 47)	756,162,659	81	707,914,334	84
BANK DEBENTURES (Notes 4 and 29)	5,000,000	1	5,000,000	1
BONDS PAYABLE (Notes 21 and 31)	927,202	-	1,001,523	-
PREFERRED STOCK LIABILITY (Note 30)	375,000	-	375,000	-
OTHER FINANCIAL LIABILITIES (Note 32)	11,414,307	1	10,508,961	1
PROVISIONS (Notes 4, 5, 33 and 34)	361,129	-	349,779	-
LEASE LIABILITIES (Notes 4, 20 and 47)	1,812,408	-	1,662,565	-
DEFERRED TAX LIABILITIES (Notes 4 and 45)	2,284,362	-	1,819,261	-
OTHER LIABILITIES (Notes 35 and 49)	<u>3,623,617</u>	<u>-</u>	<u>3,381,987</u>	<u>1</u>
Total liabilities	<u>868,504,590</u>	<u>92</u>	<u>781,883,011</u>	<u>93</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK</b>				
Share capital				
Ordinary shares	37,789,525	4	35,940,460	4
Preference shares	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Total share capital	<u>39,789,525</u>	<u>4</u>	<u>37,940,460</u>	<u>4</u>
Capital surplus	<u>8,125,732</u>	<u>1</u>	<u>8,076,826</u>	<u>1</u>
Retained earnings				
Legal reserve	11,518,843	1	10,589,878	1
Special reserve	757,036	-	627,440	-
Unappropriated earnings	<u>5,623,241</u>	<u>1</u>	<u>4,473,399</u>	<u>1</u>
Total retained earnings	<u>17,899,120</u>	<u>2</u>	<u>15,690,717</u>	<u>2</u>
Other equity	<u>2,619,575</u>	<u>1</u>	<u>(637,581)</u>	<u>-</u>
Total equity attributable to owners of the Bank	68,433,952	8	61,070,422	7
NON-CONTROLLING INTERESTS	<u>2,208,503</u>	<u>-</u>	<u>2,046,500</u>	<u>-</u>
Total equity	<u>70,642,455</u>	<u>8</u>	<u>63,116,922</u>	<u>7</u>
<b>TOTAL</b>	<b>\$ 939,147,045</b>	<b>100</b>	<b>\$ 844,999,933</b>	<b>100</b>

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, 2023 AND 2022

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST (Notes 4, 37 and 47)					
Interest revenue	\$ 19,970,042	112	\$ 14,962,590	94	33
Interest expense	<u>11,618,055</u>	<u>65</u>	<u>5,120,855</u>	<u>32</u>	127
Net interest	<u>8,351,987</u>	<u>47</u>	<u>9,841,735</u>	<u>62</u>	(15)
NET REVENUES OTHER THAN INTEREST					
Service fee income, net (Notes 4, 38 and 47)	3,310,311	18	3,321,684	21	-
Gains (losses) gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 39)	2,077,262	12	(203,322)	(1)	1,122
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 40)	219,071	1	788,478	5	(72)
Share of loss of associates (Notes 4 and 17)	(20,228)	-	(55,901)	-	(64)
Foreign exchange gains (Note 4)	1,224,309	7	547,695	3	124
Impairment losses on assets (Notes 4, 5 and 41)	(77,139)	(1)	(1,269,245)	(8)	(94)
Securities brokerage fee revenue, net (Note 4)	317,435	2	320,007	2	(1)
Rental revenue (Note 4)	2,228,937	12	2,318,359	14	(4)
Other noninterest gains, net	<u>302,682</u>	<u>2</u>	<u>375,849</u>	<u>2</u>	(19)
TOTAL NET REVENUE	<u>17,934,627</u>	<u>100</u>	<u>15,985,339</u>	<u>100</u>	12
BAD-DEBT EXPENSE AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4, 5, 15 and 33)	<u>628,393</u>	<u>4</u>	<u>499,377</u>	<u>3</u>	26

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
<b>OPERATING EXPENSES</b>					
Employee benefit (Notes 34 and 42)	\$ 4,682,035	26	\$ 4,298,695	27	9
Depreciation and amortization (Notes 4 and 43)	2,666,665	15	2,713,880	17	(2)
General and administrative (Notes 44 and 47)	<u>4,722,137</u>	<u>26</u>	<u>3,923,613</u>	<u>25</u>	20
Total operating expenses	<u>12,070,837</u>	<u>67</u>	<u>10,936,188</u>	<u>69</u>	10
INCOME BEFORE INCOME TAX	5,235,397	29	4,549,774	28	15
INCOME TAX EXPENSE (Notes 4 and 45)	<u>914,717</u>	<u>5</u>	<u>1,008,240</u>	<u>6</u>	(9)
CONSOLIDATED NET INCOME	<u>4,320,680</u>	<u>24</u>	<u>3,541,534</u>	<u>22</u>	22
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(57,490)	-	(77,502)	(1)	(26)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	3,067,341	17	(1,958,173)	(12)	257
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 45)	(291,386)	(2)	(49,876)	-	484

(Continued)



# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	\$ (125,642)	(1)	\$ 1,409,818	9	(109)
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	1,166,753	7	(5,768,822)	(36)	120
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 45)	<u>25,129</u>	<u>-</u>	<u>(281,964)</u>	<u>(2)</u>	109
Other comprehensive income for the year, net of income tax	<u>3,784,705</u>	<u>21</u>	<u>(6,726,519)</u>	<u>(42)</u>	156
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 8,105,385</u>	<u>45</u>	<u>\$ (3,184,985)</u>	<u>(20)</u>	354
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 4,317,286	24	\$ 3,539,070	22	22
Non-controlling interests	<u>3,394</u>	<u>-</u>	<u>2,464</u>	<u>-</u>	38
	<u>\$ 4,320,680</u>	<u>24</u>	<u>\$ 3,541,534</u>	<u>22</u>	22
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the Bank	\$ 8,101,987	45	\$ (3,187,453)	(20)	354
Non-controlling interests	<u>3,398</u>	<u>-</u>	<u>2,468</u>	<u>-</u>	38
	<u>\$ 8,105,385</u>	<u>45</u>	<u>\$ (3,184,985)</u>	<u>(20)</u>	354
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 46)					
Basic	<u>\$1.02</u>		<u>\$0.81</u>		
Diluted	<u>\$1.01</u>		<u>\$0.81</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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable Owners of the Company								Other Equity (Notes 4 and 36)			Non-controlling Interests (Notes 30 and 36)	Total Equity	
	Share Capital (Notes 36 and 42)			Capital Surplus	Retained Earnings (Notes 4, 36 and 56)				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2022	\$ 32,952,187	\$ 2,000,000	\$ 34,952,187	\$ 8,051,984	\$ 8,924,700	\$ 627,440	\$ 6,932,579	\$ 16,484,719	\$ (1,636,613)	\$ 7,283,034	\$ 5,646,421	\$ 65,135,311	\$ 729,758	\$ 65,865,069
Appropriation of the 2021 earnings														
Legal reserve	-	-	-	-	1,665,178	-	(1,665,178)	-	-	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(494,282)	(494,282)	-	-	-	(494,282)	-	(494,282)
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)	-	(480,000)
Stock dividends on common shares	2,916,269	-	2,916,269	-	-	-	(2,916,269)	(2,916,269)	-	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	3,539,070	3,539,070	-	-	-	3,539,070	2,464	3,541,534
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	(62,001)	(62,001)	1,127,854	(7,792,376)	(6,664,522)	(6,726,523)	4	(6,726,519)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,314,274	1,314,274
Share-based payment	72,004	-	72,004	24,842	-	-	-	-	-	-	-	96,846	-	96,846
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(380,520)	(380,520)	-	380,520	380,520	-	-	-
BALANCE AT DECEMBER 31, 2022	35,940,460	2,000,000	37,940,460	8,076,826	10,589,878	627,440	4,473,399	15,690,717	(508,759)	(128,822)	(637,581)	61,070,422	2,046,500	63,116,922
Appropriation of the 2022 earnings														
Legal reserve	-	-	-	-	928,965	-	(928,965)	-	-	-	-	-	-	-
Capital reserve	-	-	-	-	-	129,596	(129,596)	-	-	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(359,405)	(359,405)	-	-	-	(359,405)	-	(359,405)
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)	-	(480,000)
Stock dividends on common shares	1,797,023	-	1,797,023	-	-	-	(1,797,023)	(1,797,023)	-	-	-	-	-	-
Other changes in capital surplus changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	16,640	-	-	-	-	-	-	-	16,640	-	16,640
Net income for the year ended December 31, 2023	-	-	-	-	-	-	4,317,286	4,317,286	-	-	-	4,317,286	3,394	4,320,680
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	(45,595)	(45,595)	(100,513)	3,930,809	3,830,296	3,784,701	4	3,784,705
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	158,605	158,605
Share-based payment	52,042	-	52,042	32,266	-	-	-	-	-	-	-	84,308	-	84,308
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	573,140	573,140	-	(573,140)	(573,140)	-	-	-
BALANCE AT DECEMBER 31, 2023	<u>\$ 37,789,525</u>	<u>\$ 2,000,000</u>	<u>\$ 39,789,525</u>	<u>\$ 8,125,732</u>	<u>\$ 11,518,843</u>	<u>\$ 757,036</u>	<u>\$ 5,623,241</u>	<u>\$ 17,899,120</u>	<u>\$ (609,272)</u>	<u>\$ 3,228,847</u>	<u>\$ 2,619,575</u>	<u>\$ 68,433,952</u>	<u>\$ 2,208,503</u>	<u>\$ 70,642,455</u>

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

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 5,235,397	\$ 4,549,774
Adjustments for:		
Depreciation expenses	2,569,804	2,620,997
Amortization expenses	96,861	92,883
Expected credit losses/bad-debt expenses	628,393	499,377
Gains (losses) on financial assets at fair value through profit or loss	(2,002,284)	378,723
Interest expense	11,618,055	5,120,855
Interest revenue	(19,970,042)	(14,962,590)
Dividend income	(542,889)	(751,874)
Share of loss of associates	20,228	55,901
Gains disposal of properties and equipment	(37,227)	(77,126)
(Losses) gains on disposal of investments	248,840	(80,305)
Impairment loss on financial assets	75,492	1,279,572
Reversal of impairment loss on financial assets	-	(8,219)
Impairment loss on nonfinancial assets	3,081	-
Reversal of impairment loss on nonfinancial assets	(1,434)	(2,108)
Losses on disposal of collaterals	485	1,008
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(7,149,435)	4,928,795
Financial assets at fair value through profit or loss	(18,876,379)	18,638,526
Financial assets at fair value through other comprehensive income	4,952,909	(6,473,341)
Investments in debt instruments at amortized cost	746,263	(5,181,515)
Receivables	(8,392,145)	(1,064,363)
Discounts and loans	(36,531,709)	(35,509,315)
Other financial assets	(196,663)	48,938
Deposits from the Central Bank and other banks	6,708,630	(3,864,543)
Financial liabilities at fair value through profit or loss	(2,037,027)	(985,460)
Securities sold under repurchase agreements	26,780,588	(16,981,149)
Payables	(388,300)	(1,491,526)
Deposits and remittances	48,248,325	36,531,476
Other financial liabilities	8,034	(6,445)
Provision for employee benefits	(63,481)	(75,374)
Other liabilities	(1,059)	(278)
Cash generated from (used in) operations activities	11,751,311	(12,768,706)
Interest received	19,758,609	14,507,752
Dividends received	542,889	746,684
Interest paid	(9,237,745)	(4,750,963)
Income tax paid	(1,374,697)	(790,757)
Net cash generated from (used in) operating activities	<u>21,440,367</u>	<u>(3,055,990)</u>

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of associates	\$ (10,000)	\$ -
Net cash outflow on acquisition of subsidiary	420,434	-
Payments for property and equipment	(3,588,525)	(2,116,964)
Proceeds from disposal of property and equipment	15	1
Payments for investment properties	(49,086)	(11,214)
Increase in settlement fund	-	(324)
Decrease in settlement fund	872	-
Increase in refundable deposits	-	(1,025,315)
Decrease in refundable deposits	690,628	-
Payments for intangible assets	(73,863)	(98,967)
Proceeds from disposal of collaterals	949	1,100
Increase in other assets	<u>(1,230,108)</u>	<u>(1,146,252)</u>
Net cash used in investing activities	<u>(3,838,684)</u>	<u>(4,397,935)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to Central Bank and other banks	914,233	-
Decrease in due to Central Bank and other banks	-	(6,545,390)
Increase in commercial paper	897,311	731,167
Repayment of bonds payable	(9,564)	(10,224)
Proceeds from issue of bank debentures	-	(2,700,000)
Proceeds from issuance of preferred stock liability	-	375,000
Repayments of preferred stock liability	-	(371,500)
Proceeds from guarantee deposits received	5,016	-
Refund of guarantee deposits received	-	(111,977)
Repayment of the principal portion of lease liabilities	(489,595)	(482,985)
Increase in other liabilities	161,120	-
Decrease in other liabilities	-	(147,849)
Cash dividends paid	(839,405)	(974,282)
Preference shares issued by subsidiaries	-	1,314,000
Changes in non-controlling interests	<u>(234,934)</u>	<u>274</u>
Net cash generated from (used in) financing activities	<u>404,182</u>	<u>(8,923,766)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(92,073)</u>	<u>1,229,071</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	17,913,792	(15,148,620)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>56,340,642</u>	<u>71,489,262</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 74,254,434</u>	<u>\$ 56,340,642</u>

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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, 2023 and 2022:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents in the consolidated balance sheets	\$ 11,526,796	\$ 12,598,697
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>62,727,638</u>	<u>43,741,945</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 74,254,434</u>	<u>\$ 56,340,642</u>

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

(Concluded)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

The Union Bank of Taiwan (the “Bank”) was incorporated on December 31, 1991 after obtaining approval from the Ministry of Finance (MOF) on August 1, 1991 and started operations on January 21, 1992.

The Bank is mainly engaged in activities allowed under the Banking Law, which include deposits, loans, discounts, remittances, acceptances, issuance of guarantees and letters of credit, short-term bills transactions, investments, foreign exchange transactions, savings, trust, etc.

On the Bank’s merger with Chung Shing Bank on March 19, 2005, the Company took over all of the assets, liabilities and operating units.

The Bank merged with Union Bills Finance Corporation (UBF) on August 16, 2010, with the Bank as the surviving entity.

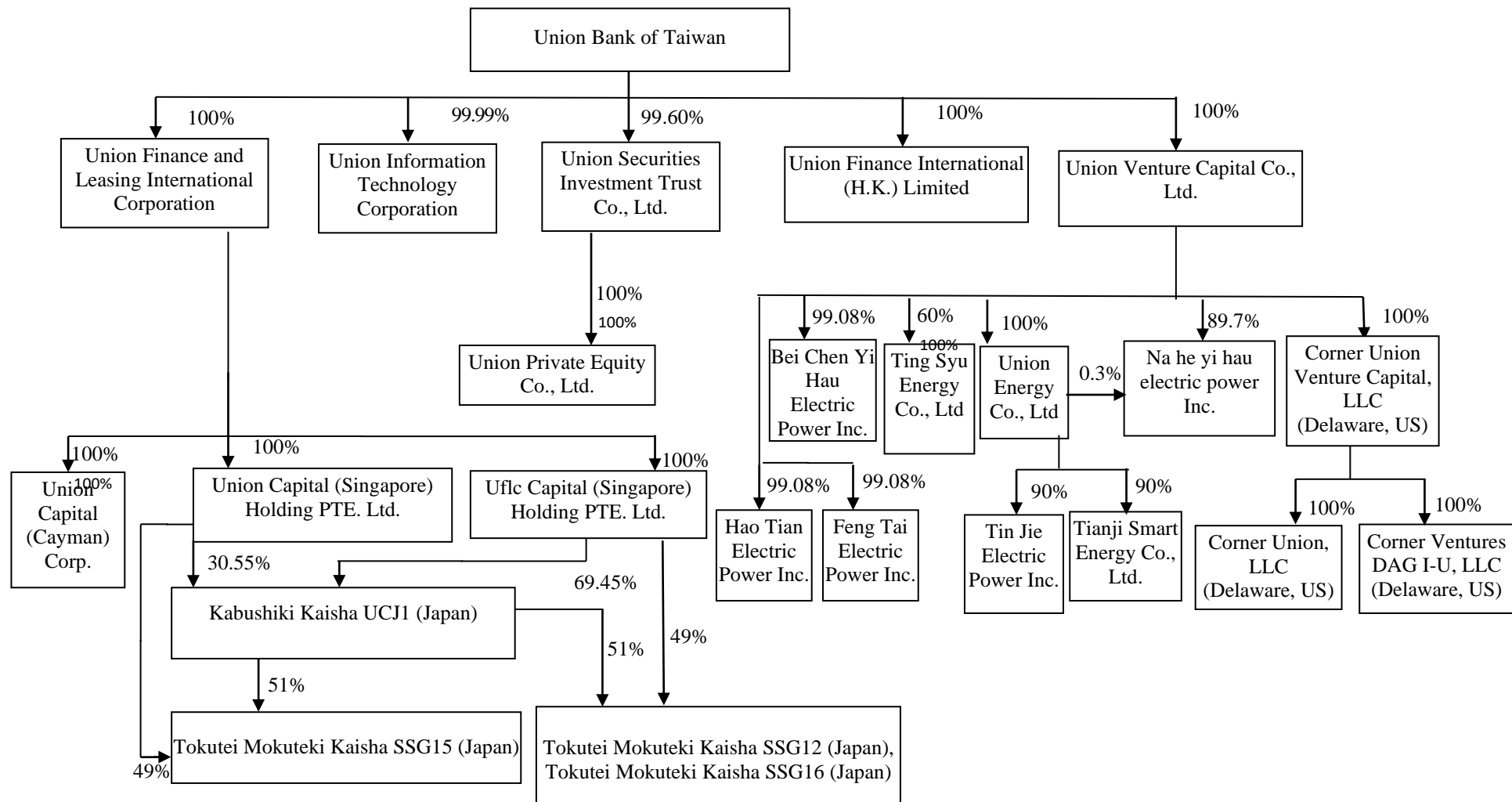
On August 26, 2015, the board of directors of the Company resolved to merge UIB in order to integrate the resources, strengthen management and business synergy. The merger was approved by the Financial Supervisory Commission (FSC) under Rule No. 10502022990. The effective date of this merger was August 1, 2016.

As of December 31, 2023, the Bank’s operating units included Banking, Trust, Wealth Management, Security Finance, Bills Finance, International Banking Department of the Head Office, Insurance Agency Department, an Offshore Banking Unit (OBU), three overseas representative offices in Hong Kong, Ho Chi Minh City and Hanoi, Vietnam, and 90 domestic branches (including the business department).

The operations of the Bank’s trust department are (1) trust business planning, managing and operating; and (2) custody of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These foregoing operations are regulated under the Banking Law and Trust Law.

The Bank’s shares are traded on the Taiwan Stock Exchange.

The following chart presents the relationship between the Bank and its subsidiaries (collectively referred to as the “Company”) and percentage of ownership as of December 31, 2023:





The Company's consolidated financial statements are presented in the New Taiwan dollar.

## **2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 11, 2024.

## **3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Statements by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Statements by Public Banks and the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

### 1) Amendments to IAS 1 "Disclosure of Accounting Policies"

When applying the amendments, the Company refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or
- e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Company has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company’s exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024.

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

The Company assesses that the application of the above standards and interpretations have no material impact on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

- 2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **Statement of Compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Companies, Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

##### **Basis of Consolidation**

###### **a. Principles for preparing consolidated financial statements**

Since the operating cycle cannot be reasonably identified in the banking industry and the Bank accounted for a significant percentage of the consolidated accounts, the accounts included in the consolidated financial statements were not classified as current or non-current. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity.

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including special purpose entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-Company transactions, balances, income and expenses are eliminated in full upon consolidation.

Non-controlling interests are presented in the consolidated balance sheets within equity, separately from the equity of the owners of the Bank.

##### **Attribution of total comprehensive income to non-controlling interests**

Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### Changes in the Company's ownership interests in existing subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

- b. The investees included in the consolidated financial statements are as follows:

Detail of subsidiaries, percentage of ownership and operating item, refer to the Note 16.

### **Foreign Currencies**

In preparing the financial statements of each entity, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for: exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

### **Investments in Associate**

The Company uses the equity method to account for its investments in associates.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent that interests in the associate are not related to the Company.

## **Financial Instruments**

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 52.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and



- ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i. The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii. The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

## 2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at FVTOCI, lease receivables, as well as contract assets.

For financial instruments and contract assets, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In determining the allowance for credit losses and the reserve for losses on guarantees, the Company assesses the balances of discounts and loans, receivables, nonperforming loans, and other financial assets as well as guarantees and acceptances for their collectability and their specific risks or general risks as of the balance sheet date.

Under the regulations issued by the Ministry of Finance (MOF), the Company evaluates credit balances on the basis of their estimated collectability.

The MOF regulations also require the grouping of credit assets into these five classes: Normal, special mention, substandard, doubtful and losses; the minimum loan loss provision and guarantee reserve for the unsound credit assets (those other than normal) should be 2%, 10%, 50% and 100%, respectively, of the outstanding credit balance.

The MOF issued a guideline stating that from January 1, 2014, the minimum loan loss provision and guarantee should be the sum of 1% of the outstanding balance of the normal credit asset's claim, 2% of the balance of special mention credit assets, 10% of the balance of substandard credit assets, 50% of the balance of doubtful credit assets, and the full balance of losses credit assets (excluding assets that represent claims against the central and local government in Taiwan). Also, in accordance with Rule No. 10300329440 issued by FSC, the minimum allowance for mortgage loans should be 1.5%.

Credits deemed uncollectable may be written off if the write-off is approved by the board of directors. Recoveries of amounts previously written off are credited to the allowance account.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

## 3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

c. Financial liabilities

Subsequent measurement

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- 1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- 2) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- 3) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 52.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

- 1) The amount of the loss allowance reflecting expected credit losses; and
- 2) The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

#### d. Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

#### **Nonperforming Loans**

Under the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans” issued by the authorities, loans and other credits (including the accrued interests) that remain unpaid on their maturity are transferred immediately to nonperforming loans if the transfer is approved by the board of directors.

Nonperforming loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

#### **Repurchase and Resale Transactions**

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

#### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

Depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property and equipment is shorter than its useful life, such asset is depreciated over its lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

For a contract where an owner of land provides land for construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as property, plant and equipment and the exchange transaction has commercial substance.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

### **Investment Properties**

Investment properties are properties owned specifically to generate profit through rental income and/or capital gains. Land for which the future purpose of use has not been decided is also classified under investment properties.

Investment properties are initially recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation by the straight-line method.

Gain or loss recognized on derecognition of an investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the investment property is derecognized.

### **Goodwill**

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## **Intangible Assets**

### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

### Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

## **Foreclosed Collaterals**

Collaterals assumed (included in other assets) are recorded at cost, which includes the assumed prices and any necessary repairs to make the collaterals saleable, and evaluated at the lower of cost or net realizable value as of the balance sheet date.

## **Impairment of Tangible and Intangible Assets (Excluding Goodwill)**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

### a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.



Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

### **Provisions**

Provisions, including those arising from levies imposed by governments are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

#### Decommissioning and restoration obligation

A levy imposed by a government is accrued as a provision when the transaction or activity that triggers the payment of the levy occurs. If the obligating event occurs over a period of time, the provision is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the provision is recognized when that minimum threshold is reached.

Pursuant to the lease agreement, the Company has an obligation, at the end of the respective lease terms, to restore the leased plant assets to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflows of economic benefits that will be required for fulfillment of the restoration obligation.

### **Employee Benefits**

#### a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

#### b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

d. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

## **Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and these differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the amounts expected to be paid to (recovered from) taxation authorities, using the rates or laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets should reflect the tax consequences of how the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

c. Current and deferred taxes for the period

For transactions recognized in profit or loss, current and deferred taxes are also recognized in profit or loss; for transactions recognized outside profit or loss, i.e., in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**Interest Revenue and Service Fees**

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Company that are classified as nonperforming loans. The interest revenue on these loans/credits is recognized upon collection. Under the regulations of the Ministry of Finance, the interest revenue on credits covered by agreements that extend their repayment periods is recorded as deferred revenue and recognized as revenue upon collection.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Company and that the amount of income can be measured reliably.

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Company's obligation is fulfilled.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions when making its material accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

### Estimated Impairment of Financial Assets

The provision for impairment of loan, receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 53. Where the actual future cash inflows are less than expected, a material impairment loss may arise. In addition, there is a high degree of uncertainty in the estimation of the default rate due to the impact of the military conflict between Russia and Ukraine and related international sanctions on the credit risk of financial assets.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 6,626,423	\$ 7,085,416
Checks for clearing	3,309,721	3,191,491
Due from banks	<u>1,590,652</u>	<u>2,321,790</u>
	<u>\$ 11,526,796</u>	<u>\$ 12,598,697</u>

## 7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Reserve of deposit - account B	\$ 22,650,882	\$ 20,882,984
Reserve of deposit - account A	9,009,149	3,633,854
Reserve of deposit - foreign-currency deposits	<u>113,720</u>	<u>107,478</u>
	<u>\$ 31,773,751</u>	<u>\$ 24,624,316</u>

Under a directive issued by the Central Bank of the ROC, the Company determines monthly NTD-denominated reserve deposits at prescribed rates based on the average balances of customers' NTD-denominated deposits, which are subject to withdrawal restrictions.

In addition, the foreign-currency reserve deposits are determined at rates prescribed for balances of foreign-currency deposits. These reserves may be withdrawn anytime and do not bear interest.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets designated as at fair value through profit or loss</u>		
Commercial paper	\$ 47,158,569	\$ 26,558,195
Mutual Fund and Beneficiary certificates	1,221,325	824,895
Overseas government bonds	1,369,226	-
Domestic listed stocks	1,887,638	1,632
Overseas listed stocks	-	92,745
Overseas unlisted preferred stocks	22,913	38,838
Domestic unlisted preferred stocks	603,197	839,680
Futures exchange margins	61,390	62,175
Asset-backed securities	<u>20,258</u>	<u>26,637</u>
	<u>52,344,516</u>	<u>28,444,797</u>
Derivative financial instrument		
Foreign currency swap contracts	317,450	360,420
Foreign currency option contracts	121,266	162,274
Forward foreign exchange contracts	<u>72,334</u>	<u>79,851</u>
	<u>511,050</u>	<u>602,545</u>
	<u>\$ 52,855,566</u>	<u>\$ 29,047,342</u>
<u>Held for trading financial liabilities</u>		
Derivative instrument		
Foreign currency swap contracts	\$ 1,702,205	\$ 763,931
Foreign currency option contracts	121,570	162,265
Forward foreign exchange contracts	<u>259</u>	<u>5,304</u>
	<u>\$ 1,824,034</u>	<u>\$ 931,500</u>

The Company enters into derivative transactions mainly to accommodate its customers and to manage its exposure to adverse changes in exchange rates and interest rates. The Company's strategy for hedging against risk is to reduce most of the market price risk or cash flow risk.

As of December 31, 2023 and 2022, the contract (notional) amounts of derivative transactions of the Company were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Currency swap contracts	\$ 83,063,520	\$ 72,703,788
Forward foreign exchange contracts	1,564,057	2,104,766
Future	-	15,354
Foreign currency option contracts		
Buy	4,245,623	4,565,524
Sell	4,245,623	4,565,524

As of December 31, 2023 and 2022, financial assets at fair value through profit and loss in the amounts of \$28,966,602 thousand and \$9,700,254 thousand, respectively, were sold under repurchase agreements.

The open positions of futures transactions of the Company were as follows:

December 31, 2022

Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures Contract	US 10-years note 2023	Sell	5	\$ 15,354	\$ 15,560

There were no open positions of futures transactions on December 31, 2023.

The Company's futures trading margins receivable were as follows:

	December 31	
	2023	2022
Account balance	\$ 61,390	\$ 61,969
Gain on open position	<u>-</u>	<u>206</u>
Carrying amount	<u>\$ 61,390</u>	<u>\$ 62,175</u>

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Investments in equity instruments at FVTOCI</u>		
Overseas listed shares	\$ 7,518,132	\$ 6,004,389
Domestic listed shares and entering market shares	5,277,995	2,541,262
Domestic and overseas unlisted shares	<u>2,721,625</u>	<u>2,475,730</u>
	<u>15,517,752</u>	<u>11,021,381</u>
<u>Investments in debt instruments at FVTOCI</u>		
Overseas corporate bonds	15,864,132	15,433,031
Overseas government bonds	14,423,773	14,591,455
Corporate bonds	6,583,328	8,028,546
Government bonds	2,915,262	7,266,180
Overseas bond debentures	<u>3,154,833</u>	<u>3,172,576</u>
	<u>42,941,328</u>	<u>48,491,788</u>
	<u>\$ 58,459,080</u>	<u>\$ 59,513,169</u>

Details of the Company's investments in foreign and domestic unlisted shares are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Line Bank Taiwan Limited	\$ 550,511	\$ 602,263
Taiwan Futures Exchange	582,305	548,734
RFD Micro Electricity Co., Ltd.	593,368	261,432
Financial Information Service Co., Ltd.	445,568	397,193
Taiwan Depository & Clearing Corporation	90,591	81,609
Others	<u>459,282</u>	<u>584,499</u>
	<u>\$ 2,721,625</u>	<u>\$ 2,475,730</u>

a. Investments in equity instruments at FVTOCI

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

Due to the consideration of the investment strategy, the Company sold the equity instrument investment measured at fair value through other comprehensive income in 2023 and 2022. The fair value of the sale was \$2,917,495 thousand and \$7,157,315 thousand, respectively. Meanwhile, the unrealized valuation gain of \$573,140 thousand and loss of \$380,520 thousand accumulated during the disposal were transferred from other equity to retained earnings.

In 2023 and 2022, the dividend revenue recognized by the Company as investments in equity instruments measured at fair value through other comprehensive income were \$467,911 thousand and \$708,173 thousand, respectively, and those still held on December 31, 2023 and 2022, amounted to \$347,464 thousand and \$507,936 thousand, respectively.

b. Investments in debt instruments at FVTOCI

For further information regarding credit risk management and impairment assessment of financial assets at FVTOCI, refer to Note 11.

The disposal of financial asset for \$19,314,950 thousand and \$8,999,616 thousand under repurchase agreements as of December 31, 2023 and 2022, respectively.

## 10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Negotiable certificates of deposit in the Central Bank	<u>\$ 42,900,000</u>	<u>\$ 42,900,000</u>
Debt instruments		
Overseas asset-backed securities	29,875,049	29,873,357
Government bonds	<u>8,873,292</u>	<u>9,745,645</u>
	<u>38,748,341</u>	<u>39,619,002</u>
	<u>\$ 81,648,341</u>	<u>\$ 82,519,002</u>



For further information regarding credit risk management and impairment assessment on financial assets at amortized cost, refer to Note 11.

The Company sold financial assets at amortized cost under repurchase agreements in the amounts of \$28,481,320 thousand and \$27,540,026 thousand in 2023 and 2022, respectively.

## 11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

	<b>December 31, 2023</b>		
	<b>Financial Assets at FVTOCI</b>	<b>Financial Assets at Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 49,606,306	\$ 38,990,586	\$ 88,596,892
Loss: Allowance for impairment loss	(1,457,535)	(242,245)	(1,699,780)
Adjustment to fair value	<u>(5,207,443)</u>	<u>-</u>	<u>(5,207,443)</u>
	<u>\$ 42,941,328</u>	<u>\$ 38,748,341</u>	<u>\$ 81,689,669</u>
	<b>December 31, 2022</b>		
	<b>Financial Assets at FVTOCI</b>	<b>Financial Assets at Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 56,262,594	\$ 39,815,632	\$ 96,078,226
Loss: Allowance for impairment loss	(1,427,072)	(196,630)	(1,623,702)
Adjustment to fair value	<u>(6,343,734)</u>	<u>-</u>	<u>(6,343,734)</u>
	<u>\$ 48,491,788</u>	<u>\$ 39,619,002</u>	<u>\$ 88,110,790</u>

The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Company considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries.

The carrying values of financial assets at FVTOCI and at amortized cost sorted by credit rating are as follows:

<b>Credit Ratings</b>	<b>Definition</b>	<b>ECL Recognition Basis</b>	<b>Expected Credit Loss Rate</b>	<b>Carrying Value (Including Premiums and Discounts) on December 31, 2023</b>
Low credit risk	Low credit risk at the reporting date	12-month expected credit losses	0%-0.2120%	\$ 80,806,421
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses	0.3510%	296,095
Default	Objective evidence of impairment at the reporting date	Lifetime expected credit losses	31.56% -51.06%	587,153

<b>Credit Ratings</b>	<b>Definition</b>	<b>ECL Recognition Basis</b>	<b>Expected Credit Loss Rate</b>	<b>Carrying Value (Including Premiums and Discounts) on December 31, 2022</b>
Low credit risk	Low credit risk at the reporting date	12-month expected credit losses	0%-3.6518%	\$ 87,514,229
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses	0.3872%- 30.4296%	440,869
Default	Objective evidence of impairment at the reporting date	Lifetime expected credit losses	50%	155,692

Note: Credit rating of investment in debt instruments was normal, it did not apply.

The following table shows changes in balances of loss allowances of financial assets at FVTOCI and debt instruments at amortized cost, sorted by credit risk ratings resulting from the application of IFRS 9:

	<b>Credit Risk Ratings</b>		
	<b>Performing (12-month ECLs)</b>	<b>Doubtful (Lifetime ECLs - Not Credit Impaired)</b>	<b>In Default (Lifetime ECLs - Credit Impaired)</b>
Balance as of January 1, 2023	\$ 263,895	\$ 192,013	\$ 1,167,794
Changes in credit risk ratings			
Low credit risk to significant increase in credit risk	(1,070)	1,070	-
Significant increase in credit risk to low credit risk	-	-	-
Significant increase in credit risk to default	-	(206,022)	206,022

(Continued)

	<b>Credit Risk Ratings</b>		
	<b>Performing (12-month ECLs)</b>	<b>Doubtful (Lifetime ECLs - Not Credit Impaired)</b>	<b>In Default (Lifetime ECLs - Credit Impaired)</b>
New debt instruments purchased	\$ 236	\$ -	\$ -
Derecognition	(11,830)	-	-
Changes in risk or model parameters	20,758	14,717	51,612
Change in exchange rates	<u>(611)</u>	<u>1</u>	<u>1,195</u>
Loss allowance on December 31, 2023	<u>\$ 271,378</u>	<u>\$ 1,779</u>	<u>\$ 1,426,623</u>
Balance as of January 1, 2022	\$ 257,033	\$ -	\$ -
Changes in credit risk ratings			
Low credit risk to significant increase in credit risk	(431)	431	-
Significant increase in credit risk to low credit risk	-	-	-
Significant increase in credit risk to default	(2,985)	-	2,985
New debt instruments purchased	44,702	-	-
Derecognition	(16,884)	-	-
Changes in risk or model parameters	(112,484)	191,535	1,164,484
Change in exchange rates	<u>94,944</u>	<u>47</u>	<u>325</u>
Loss allowance on December 31, 2022	<u>\$ 263,895</u>	<u>\$ 192,013</u>	<u>\$ 1,167,794</u> (Concluded)

## 12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Commercial paper	\$ 32,207,796	\$ 25,018,878
Corporate bonds	28,709,205	15,124,824
Government bonds	-	10,013
Negotiable certificates of deposit	<u>1,810,637</u>	<u>3,588,230</u>
	<u>\$ 62,727,638</u>	<u>\$ 43,741,945</u>
Maturity date	2024.01	2023.01
Resale price	<u>\$ 62,761,789</u>	<u>\$ 43,765,496</u>

The securities purchased under resell agreements had not been sold under repurchase agreements.

### 13. RECEIVABLES, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Credit card receivables	\$ 25,712,166	\$ 19,796,531
Notes and accounts receivable	4,852,902	2,507,945
Interbank clearing fund receivable	3,679,334	3,500,661
Interest receivable	1,785,684	1,498,757
Collections receivable	1,360,655	720,444
Acceptances receivable	129,455	111,093
Non-interbank collections receivable	114,452	81,765
Accounts receivable factoring without recourse	-	799,996
Others	<u>455,589</u>	<u>376,407</u>
	38,090,237	29,393,599
Less: Allowance for doubtful accounts	<u>281,848</u>	<u>212,616</u>
	<u>\$ 37,808,389</u>	<u>\$ 29,180,983</u>

Refer to Note 53 for the impairment loss analysis of receivables.

The changes in gross carrying amounts of receivables for the years ended December 31, 2023 and 2022 were as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2023	\$ 28,366,326	\$ 142,768	\$ 884,505	\$ 29,393,599
Receivables assessed collectively	(76,990)	(30,412)	107,402	-
Receivables purchased or originated	15,786,511	150,775	229,059	16,166,345
Write-offs	-	-	(202,638)	(202,638)
Derecognition	<u>(6,977,989)</u>	<u>(85,705)</u>	<u>(203,375)</u>	<u>(7,267,069)</u>
Balance at December 31, 2023	<u>\$ 37,097,858</u>	<u>\$ 177,426</u>	<u>\$ 814,953</u>	<u>\$ 38,090,237</u>
Balance at January 1, 2022	\$ 26,562,872	\$ 115,944	\$ 1,051,881	\$ 27,730,697
Receivables assessed collectively	(256,378)	43,779	212,599	-
Receivables purchased or originated	10,351,797	35,601	56,049	10,443,447
Write-offs	-	-	(159,521)	(159,521)
Derecognition	<u>(8,291,965)</u>	<u>(52,556)</u>	<u>(276,503)</u>	<u>(8,621,024)</u>
Balance at December 31, 2022	<u>\$ 28,366,326</u>	<u>\$ 142,768</u>	<u>\$ 884,505</u>	<u>\$ 29,393,599</u>

The Company has accrued an allowance for doubtful accounts receivable, the changes in allowance for doubtful accounts receivable for the years ended December 31, 2023 and 2022 were as follows:

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
Balance at January 1, 2023	\$ 129,372	\$ 12,241	\$ 47,143	\$ 188,756	\$ 23,860	\$ 212,616
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(338)	469	(131)	-	-	-
Credit-impaired financial assets	(76,242)	(32,885)	109,127	-	-	-
12-month ECL	507	(333)	(174)	-	-	-
Derecognition of financial assets in the current reporting period	(13,190)	(3,477)	(17,184)	(33,851)	-	(33,851)
New financial assets purchased or originated	84,565	40,998	147,194	272,757	-	272,757
Difference of impairment loss under regulations	-	-	-	-	15,403	15,403
Write-offs	-	-	(202,638)	(202,638)	-	(202,638)
Recovery of written-off receivables	-	-	204,162	204,162	-	204,162
Change in risk parameters and others	123	(27)	(186,700)	(186,604)	-	(186,604)
Change in exchange rate	3	-	-	3	-	3
Balance at December 31, 2023	<u>\$ 124,800</u>	<u>\$ 16,986</u>	<u>\$ 100,799</u>	<u>\$ 242,585</u>	<u>\$ 39,263</u>	<u>\$ 281,848</u>
Balance at January 1, 2022	\$ 75,695	\$ 10,976	\$ 86,908	\$ 173,579	\$ 80,497	\$ 254,076
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(310)	550	(240)	-	-	-
Credit-impaired financial assets	(54,059)	(24,385)	78,444	-	-	-
12-month ECL	292	(230)	(62)	-	-	-
Derecognition of financial assets in the current reporting period	(14,468)	(3,662)	(18,136)	(36,266)	-	(36,266)
New financial assets purchased or originated	116,948	28,897	45,857	191,702	-	191,702
Difference of impairment loss under regulations	-	-	-	-	(56,637)	(56,637)
Write-offs	-	-	(159,521)	(159,521)	-	(159,521)
Recovery of written-off receivables	-	-	206,847	206,847	-	206,847
Change in risk parameters and others	4,972	95	(192,954)	(187,887)	-	(187,887)
Change in exchange rate	302	-	-	302	-	302
Balance at December 31, 2022	<u>\$ 129,372</u>	<u>\$ 12,241</u>	<u>\$ 47,143</u>	<u>\$ 188,756</u>	<u>\$ 23,860</u>	<u>\$ 212,616</u>

#### 14. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022
Discounts and overdraft	\$ 54,623	\$ 51,920
Accounts receivable - financing	64,180	13,440
Loans		
Short-term - unsecured	21,019,125	33,172,547
- secured	121,253,507	106,608,688
Medium-term - unsecured	41,735,147	42,309,556
- secured	135,112,873	117,975,043
Long-term - unsecured	7,849,312	8,835,580
- secured	242,657,100	224,763,471
Import and export negotiations	12,676	17,184
Overdue loans	<u>1,222,626</u>	<u>595,291</u>
	570,981,169	534,342,720
Less: Allowance for doubtful accounts	<u>6,873,545</u>	<u>6,224,119</u>
	<u>\$ 564,107,624</u>	<u>\$ 528,118,601</u>

As of December 31, 2023 and 2022, the balances of nonaccrual loans were \$1,222,626 thousand and \$595,291 thousand, respectively. The unrecognized interest revenues on nonperforming loans were \$38,062 thousand and \$10,814 thousand in 2023 and 2022. As of December 31, 2023 and 2022, the Company only had written off certain credits after completing the required legal procedures.

The changes in gross carrying amounts on receivables for the years ended December 31, 2023 and 2022 were as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2023	\$ 529,977,755	\$ 2,423,258	\$ 1,941,707	\$ 534,342,720
Discount and loans assessed collectively	(1,374,960)	580,119	794,841	-
Discount and loans purchased or originated	286,962,900	482,920	287,094	287,732,914
Write-offs	-	-	(90,762)	(90,762)
Derecognition	<u>(249,532,458)</u>	<u>(774,830)</u>	<u>(696,415)</u>	<u>(251,003,703)</u>
Balance at December 31, 2023	<u>\$ 566,033,237</u>	<u>\$ 2,711,467</u>	<u>\$ 2,236,465</u>	<u>\$ 570,981,169</u>
Balance at January 1, 2022	\$ 495,317,823	\$ 1,972,968	\$ 1,337,678	\$ 498,628,469
Discount and loans assessed collectively	(1,690,994)	646,746	1,044,248	-
Discount and loans purchased or originated	272,767,323	661,759	104,558	273,533,640
Write-offs	-	-	(67,205)	(67,205)
Derecognition	<u>(236,416,397)</u>	<u>(858,215)</u>	<u>(477,572)</u>	<u>(237,752,184)</u>
Balance at December 31, 2022	<u>\$ 529,977,755</u>	<u>\$ 2,423,258</u>	<u>\$ 1,941,707</u>	<u>\$ 534,342,720</u>

Refer to Note 53 for the impairment loss analysis of discounts and loans.

The Company has accrued an allowance for doubtful accounts on discount and loans; the changes in allowance for doubtful accounts on discount and loans for the years ended December 31, 2023 and 2022 were as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference from Impairment Charged in Accordance with Applicable Laws and Regulations</b>	<b>Total</b>
Balance at January 1, 2023	\$ 690,741	\$ 202,615	\$ 351,831	\$ 1,245,187	\$ 4,978,932	\$ 6,224,119
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(456)	936	(480)	-	-	-
Credit-impaired financial assets	(296)	(37,553)	37,849	-	-	-
12-month ECL	33,810	(29,255)	(4,555)	-	-	-
Derecognition of financial assets in the current reporting period	(461,028)	(67,489)	(237,658)	(766,175)	-	(766,175)
New financial assets purchased or originated	452,483	111,736	149,105	713,324	-	713,324
Difference of impairment loss under regulations	-	-	-	-	772,655	772,655
Write-offs	-	-	(90,762)	(90,762)	-	(90,762)

(Continued)

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
Recovery of written-off receivables	\$ -	\$ -	\$ 199,687	\$ 199,687	\$ -	\$ 199,687
Change in risk parameters and others	(15,378)	(22,491)	(139,247)	(177,116)	-	(177,116)
Change in exchange rate	(2,187)	-	-	(2,187)	-	(2,187)
Balance at December 31, 2023	<u>\$ 697,689</u>	<u>\$ 158,499</u>	<u>\$ 265,770</u>	<u>\$ 1,121,958</u>	<u>\$ 5,751,587</u>	<u>\$ 6,873,545</u>
Balance at January 1, 2022	\$ 429,117	\$ 110,659	\$ 373,914	\$ 913,690	\$ 4,482,269	\$ 5,395,959
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(466)	2,362	(1,896)	-	-	-
Credit-impaired financial assets	(422)	(9,651)	10,073	-	-	-
12-month ECL	23,892	(16,948)	(6,944)	-	-	-
Derecognition of financial assets in the current reporting period	(352,297)	(42,002)	(76,592)	(470,891)	-	(470,891)
New financial assets purchased or originated	541,405	145,439	50,337	737,181	-	737,181
Difference of impairment loss under regulations	-	-	-	-	496,663	496,663
Write-offs	-	-	(67,205)	(67,205)	-	(67,205)
Recovery of written-off receivables	-	-	260,706	260,706	-	260,706
Change in risk parameters and others	38,318	12,756	(190,562)	(139,488)	-	(139,488)
Change in exchange rate	11,194	-	-	11,194	-	11,194
Balance at December 31, 2022	<u>\$ 690,741</u>	<u>\$ 202,615</u>	<u>\$ 351,831</u>	<u>\$ 1,245,187</u>	<u>\$ 4,978,932</u>	<u>\$ 6,224,119</u>

(Concluded)

## 15. BAD-DEBT EXPENSE AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Provision for possible losses on receivables	\$ 67,705	\$ (89,088)
Provision for possible losses on discounts and loans	542,688	623,465
Provision (reversal of provision) for possible losses on guarantees	<u>18,000</u>	<u>(35,000)</u>
	<u>\$ 628,393</u>	<u>\$ 499,377</u>

## 16. SUBSIDIARIES

The investees included in the consolidated financial statements are as follows:

Investor	Investee	Main Businesses	<u>Percentage of Ownership</u>		
			<u>2023</u>	<u>2022</u>	
The Bank	Union Finance and Leasing International Corporation (UFLIC)	Installment, leasing and accounts receivable factoring.	100.00%	100.00%	Note 1
	Union Information Technology Corporation (UIT)	Software and hardware product retail and distribution, system programming development, system development outsourcing, website design, e-commerce, etc.	99.99%	99.99%	Note 2
	Union Finance International (HK) Limited	Import and export financing.	100.00%	100.00%	Note 3

(Continued)



Investor	Investee	Main Businesses	Percentage of Ownership		
			December 31 2023	December 31 2022	
UFLIC	Union Securities Investment Trust Corporation (USITC)	Securities investment trust.	99.60%	99.60%	Note 4
	Union Venture Capital Co., Ltd.	General Business investment	100.00%	100.00%	Note 5
	Union Capital (Cayman) Corp. (Cayman)	Installment and leasing receivable factoring.	100.00%	100.00%	Note 6
	Union Capital (Singapore) Holding Pte. Ltd. (Union)	Investment, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.	100.00%	100.00%	Notes 6 and 8
	Uflc Capital (Singapore) Holding PTE. Ltd. (Uflc)	Investment, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.	100.00%	100.00%	Notes 6 and 8
Union Capital (Singapore) Holding PTE. Ltd.	Kabushiki Kaisha UCJ1 (Japan) (KK)	Sale, purchasing and leasing of real estates, etc.	30.55%	30.55%	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG15 (Japan) (SSG15)	A real estate securitized special purpose company.	49.00%	49.00%	Notes 7 and 8
Uflc Capital (Singapore) Holding PTE. Ltd.	Kabushiki Kaisha UCJ1 (Japan) (KK)	Sale, purchasing and leasing of real estates, etc.	69.45%	69.45%	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG12 (Japan) (SSG12)	A real estate securitized special purpose company.	49.00%	49.00%	Notes 7 and 8
Kabushiki Kaisha UCJ1 (Japan)	Tokutei Mokuteki Kaisha SSG16 (Japan) (SSG16)	A real estate securitized special purpose company.	49.00%	49.00%	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG15 Japan) (SSG15)	A real estate securitized special purpose company.	51.00%	51.00%	Notes 7 and 8
Union Venture Capital Co., Ltd.	Tokutei Mokuteki Kaisha SSG12 (Japan) (SSG12)	A real estate securitized special purpose company.	51.00%	51.00%	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG16 (Japan) (SSG16)	A real estate securitized special purpose company.	51.00%	51.00%	Notes 7 and 8
	Corner Union Venture Capital, LLC (Delaware)	General business investment	100.00%	100.00%	Note 9
	Na He Yi Hau Electric Power Inc.	Energy development and technology service	89.70%	89.70%	Note 10
	Union Energy Co., Ltd	General business investment	100.00%	100.00%	Note 12
Union Energy Co., Ltd.	Ting Syu Energy Co., Ltd	Energy development and technology service	60.00%	60.00%	Note 15
	Bei Chen Yi Hau Electric Power Inc.	Energy development and technology service	99.08%	-	Note 16
	Hao Tian Electric Power Inc.	Energy development and technology service	99.08%	-	Note 17
	Feng Tai Electric Power	Energy development and technology service	99.08%	-	Note 17
	Na He Yi Hau Electric Power Inc.	Energy development and technology service	0.30%	0.30%	Note 10
	Ting Jie Electric Power Inc.	Energy development and technology service	90.00%	90.00%	Note 11
Corner Union Venture Capital, LLC (Delaware)	Tianji Smart Energy Co., Ltd.	Energy development and technology service	90.00%	90.00%	Note 14
Union Securities Investment Trust Corporation (USITC)	Corner Ventures DAG I-U, LLC (Delaware)	General business investment	100.00%	100.00%	Note 9
	Corner Union, LLC (Delaware)	General business investment	100.00%	100.00%	Note 9
	Union Private Equity Co., Ltd.	General business investment	100.00%	100.00%	Note 13

(Concluded)

Note 1: Union Finance and Leasing International Corporation (collectively, the “UFLIC”) was established under the Company Law on November 11, 1996. UFLIC trades and leases real estates, motor vehicles and machinery and equipment and does accounts receivable factoring.

On January 12, 2023, the board of directors resolved to increase the capital of UFLIC through the issuance of 40,000 thousand shares amounting to \$400,000 thousand in order to expand its investment capital. UFLIC’s capital increase was approved by the FSC under Rule No. 1120232287 on October 18, 2023, and the base date of the capital increase was December 12, 2023.

Note 2: Union Information Technology Corporation (collectively, the “UIT”), which was incorporated on August 10, 1998, mainly renders software services, wholesale and retail of information software and telecommunications equipment, enterprise management consulting, etc.

In response to the rapid development of financial technology and market demand, as well as to promote new businesses, optimize system functions, cultivate talent and strengthen working capital, on February 22, 2022, the board of UIT approved to increase its capital by \$90,000 thousand. On March 7, 2022, the Company participated in the capital increase in cash of UIT in proportion to its shareholding percentage, for a total of \$89,993 thousand, after approval from its board of directors. As of the date of issue of the financial statements, the Company has invested a total of \$99,992 thousand and holds 99.99% of the shares of UIT.

Note 3: Union Finance International (HK) Limited (UFI (HK)) was incorporated in Hong Kong on April 23, 1996. UFI (HK) mainly engages in financial services and financial investments. On November 13, 2023, the Company considered an overseas professional layout plan, and the board of directors approved to close the UFI (HK). As of the date of issue of the financial statements, the liquidation procedures were still in progress.

Note 4: Union Securities Investment Trust Corporation (USITC) was incorporated on November 20, 1998. It obtained a securities investment trust enterprise license and started operations on February 26, 1999; it mainly establishes securities investment trust funds by issuing beneficiary certificates.

Note 5: In order to actively support the FSC’s needs to adapt to the nation’s overall industry development and to boost the diversification of the corporate banking business as well as improve the efficiency in the use of funds, the Bank established Union Venture Capital (UVC) in coordination with the nation’s financial policies, which was approved by the board of directors. The investment was approved by the FSC under Rule No. 10802042270 on March 28, 2019. Union Venture Capital was incorporated on November 21, 2019; it mainly engages in general business investment.

Note 6: Union Capital (Cayman) Corp. was established in the British West Indies in July 1997. It mainly engages in financial investment.

Union and Uflc were established in September 2014 and March 2016 by Cayman in Singapore. The capital was both US\$1. The companies mainly engage in investments, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.

The board of directors of Union Capital (Cayman) Corp., a subsidiary of UFLIC, resolved to restructure the investment in order to comply with the local economic substance law on February 25, 2020. On July 1 and 23, 2020, Union Capital (Cayman) Corp. transferred all the debts (the transaction price was offset against the debt payable of UFLIC) and shares of Uflc Capital (Singapore) Holding PTE. Ltd. and Union Capital (Singapore) Holding PTE. Ltd. to the UFLIC at carrying value on June 30, 2020, respectively.

Note 7: Kabushiki Kaisha UCJ1, Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 are established to acquire real estate for Union Capital (Singapore) Holding Pte. Ltd. and Uflc Capital (Singapore) Holding Pte. Ltd. Kabushiki Kaisha UCJ1 mainly buys, sells, and leases real estate. Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 is a special purpose entity that securitizes real estate.

Note 8: Union Capital (Singapore) Holding Pte. Ltd., Uflc Capital (Singapore) Holding Pte. Ltd., Kabushiki Kaisha UCJ1, Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 have fiscal year end. The Company applied equity method based on December 31, 2023 balances, adjusted for significant changes.

- Note 9: In order to manage Union Venture Corporation's investment, the board agreed to sign investment advisory contract with Corner Venture Partners, LLC on March 5, 2020. With the contract, a subsidiary, Corner Union Venture Capital, LLC, and sub-subsidiaries Corner Ventures DAG I-U, LLC and Corner Union, LLC, were established in Delaware, USA, with the approval by Delaware state government in April and July 2020. Union Venture Corporation held 100% equity in the subsidiaries and engages in general business investment.
- Note 10: In order to actively support the FSC's needs to adapt to the nation's overall industry development, Union Venture Capital Co., Ltd. invested in Na He Yi Hau Electric Power Inc. (the "Na He Yi Hau"), and it mainly engages in energy development and technology service.
- Note 11: In order to actively support the FSC's needs to adapt to the nation's overall industry development, on November 24, 2020, the board approved to acquire 90% equity of Ting Jie Electric Power Inc (the "Ting Jie Electric power"). UVC has invested \$900 thousand. In accordance with the investment development strategy and investment restructuring plan, on July 28, 2021, the board of UVC. approved to sell a total of 90 thousand shares at \$10 dollars per share to Union Energy Co., Ltd. On July 30, 2021, the board of Union Energy Co., Ltd. approved to participated in the capital increase in cash of Ting Jie Electric Power in proportion to its shareholding percentage for a total of \$18,000 thousand. As a result, Union Energy Co., Ltd. has invested a total of \$18,900 thousand and held 90% of equity on December 31, 2023. Ting Jie Electric Power. mainly engages in energy development and technology service.
- Note 12: In order to manage Union Venture Corporation's investment, it established Union Energy Co., Ltd (the "Union Energy") and held 100% equity on December 17, 2020. It mainly engages in general business investment management.
- Note 13: USITC actively supports the FSC's needs to adapt to the nation's overall industry development. On January 14, 2020, the board approved to establish Union Private Equity Co., Ltd. (the "UPECL"). It mainly engages in general business investment and investment management advisory.
- Note 14: Union Energy Co., Ltd. actively supports FSC's financial strategy, investment in green energy technology industry and efficiency of fund application. In May 2020, the board of Union Energy Co., Ltd. approved the acquisition of Tianji Smart Energy Co., Ltd. (the "Tianji Smart"). It mainly engages in energy development and technology service.
- Note 15: On May 31, 2022, UVC's board passed a resolution to develop startup industries, which was actively supported by the FSC. Ting Syu Energy Co., Ltd. (the "Ting Syu Energy") was incorporated on July 7, 2022. Ting Syu Energy is mainly engaged in energy development and technology services.
- Note 16: On March 13, 2023, UVC's board passed a resolution to develop startup industries, which was actively supported by the FSC. In May 2023, UVC acquired 99.08% equity in Bei Chen Yi Hau Electric Power Inc. (the "Bei Chen Yi Hau"). The total invested capital was \$108,000 thousand. Bei Chen Yi Hau mainly engages in energy development and technology services.
- Note 17: On March 13, 2023, UVC's board passed a resolution to develop startup industries, which was actively supported by the FSC. In July 2023, UVC acquired 99.08% equity in Hao Tian Electric Power Inc. (the "Hao Tian Electric Power") and Feng Tai Electric Power Inc. (the "Feng Tai Electric Power") at the cost of \$108,000 thousand. Hao Tian Electric Power and Feng Tai Electric Power mainly engage in energy development and technology services.

## 17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Not individually material</u>		
Line Pay Taiwan Limited	\$ 1,550,935	\$ 1,510,914
iPass Corporation	224,384	261,578
Blue Borders Medical and Health Management Consulting Co., Ltd.	115,310	112,801
Union Real-Estate Management Corporation	<u>51,902</u>	<u>51,966</u>
	<u>\$ 1,942,531</u>	<u>\$ 1,937,259</u>

The summarized financial information in respect of the Company's associate is set out below:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Net loss	<u>\$ (20,228)</u>	<u>\$ (55,901)</u>

To promote innovative financial technology services and popularize mobile payment endorsed by the government, the board of directors of the Bank approved the investment of Line Pay Taiwan Limited on July 25, 2018 and later acquired 5,471 thousand of their ordinary shares with a price of \$1,579,977 thousand on September 21, 2018 resulting in a 10% shareholding and a seat on the board. The Company has significant influence over Line Pay Taiwan Limited and thus uses the equity method to account for the investment. Acquired Line Pay Taiwan Limited has generated \$977,235 thousand of goodwill and was included in the investment's cost. In April 2023, Line Pay Taiwan Limited exercised employee share options, resulting in the decrease in the Company's shareholding ratio to 9.76%. In addition, on January 2, 2024, the Company resigned the directors of Line Pay Taiwan Limited and lost influence. In January 2024, the Company considered investment purposes and stopped using the equity method and converted the investment to the financial assets at fair value through other comprehensive income.

Management of the Company considers the fact that numbers quoted from the unaudited financial statements and other comprehensive income, except Union Real-Estate Management Corporation. It will not lead to material misstatements of the Company's consolidated financial statements.

## 18. OTHER FINANCIAL ASSETS, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Pledged assets (Note 48)	\$ 1,542,385	\$ 1,513,611
Call loans from security companies	215,145	-
Due from banks - certificate of deposit	77,879	118,014
Others	<u>6,579</u>	<u>7,200</u>
	<u>\$ 1,841,988</u>	<u>\$ 1,638,825</u>

The amount of due from banks - time deposits with maturities longer than three months or certificate of deposits that cannot be cancelled or used.

## 19. PROPERTY AND EQUIPMENT, NET

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Lease Improvements	Prepayments for Equipment Land and Building	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 3,972,480	\$ 5,252,361	\$ 3,577,525	\$ 341,827	\$ 548,077	\$ 169,458	\$ 13,861,727
Additions	4	35,942	90,042	14,235	59,741	1,917,000	2,116,964
Disposals	-	(14,073)	(61,347)	(6,636)	(1,785)	-	(83,841)
Reclassification	-	1,530	102,309	52	3,218	719,143	826,252
Effect of foreign currency exchange differences	-	-	34	-	-	-	34
Balance at December 31, 2022	<u>3,972,484</u>	<u>5,275,760</u>	<u>3,708,563</u>	<u>349,478</u>	<u>609,251</u>	<u>2,805,601</u>	<u>16,721,137</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	-	2,036,401	1,215,480	286,733	355,893	-	3,894,507
Depreciation	-	123,545	198,662	15,560	49,307	-	387,074
Disposals	-	(11,432)	(60,182)	(6,345)	(1,292)	-	(79,251)
Effect of foreign currency exchange differences	-	-	32	-	-	-	32
Balance at December 31, 2022	-	<u>2,148,514</u>	<u>1,353,992</u>	<u>295,948</u>	<u>403,908</u>	-	<u>4,202,362</u>
Balance at December 31, 2022, net	<u>\$ 3,972,484</u>	<u>\$ 3,127,246</u>	<u>\$ 2,354,571</u>	<u>\$ 53,530</u>	<u>\$ 205,343</u>	<u>\$ 2,805,601</u>	<u>\$ 12,518,775</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 3,972,484	\$ 5,275,760	\$ 3,708,563	\$ 349,478	\$ 609,251	\$ 2,805,601	\$ 16,721,137
Additions	461,319	65,480	71,839	15,120	39,418	2,935,349	3,588,525
Disposals	-	-	(72,764)	(5,376)	(3,860)	-	(82,000)
Reclassification	-	126,434	8,614	-	-	(504,545)	(369,497)
Balance at December 31, 2023	<u>4,433,803</u>	<u>5,467,674</u>	<u>3,716,252</u>	<u>359,222</u>	<u>644,809</u>	<u>5,236,405</u>	<u>19,858,165</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	-	2,148,514	1,353,992	295,948	403,908	-	4,202,362
Depreciation	-	128,667	193,688	14,816	45,399	-	382,570
Disposals	-	-	(69,686)	(5,170)	(3,205)	-	(78,061)
Balance at December 31, 2023	-	<u>2,277,181</u>	<u>1,477,994</u>	<u>305,594</u>	<u>446,102</u>	-	<u>4,506,871</u>
Balance at December 31, 2023, net	<u>\$ 4,433,803</u>	<u>\$ 3,190,493</u>	<u>\$ 2,238,258</u>	<u>\$ 53,628</u>	<u>\$ 198,707</u>	<u>\$ 5,236,405</u>	<u>\$ 15,351,294</u>

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

### Buildings

Main buildings	33-55 years
Equipment installed in buildings	3-20 years
Machinery and computer equipment	3-20 years
Transportation equipment	1-8 years
Lease improvements	2-5 years

In January 2023, with the approval of the board of directors, the Company purchased the land and buildings in Taoyuan District, Taoyuan City, out of considerations of business sustainability and to provide a good working environment for branches. The total transaction price for the land and buildings was \$354,019 thousand. Since January 2023, the Company has successively signed contracts with landowners for payment, and the total transaction price has been paid as of December 31, 2023.

## 20. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Land and buildings	<u>\$ 1,819,034</u>	<u>\$ 1,674,658</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Additions to right-of-use assets	<u>\$ 614,340</u>	<u>\$ 197,990</u>
Depreciation charge for right-of-use assets		
Land and buildings	<u>\$ 495,062</u>	<u>\$ 484,907</u>

### b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Carrying amounts	<u>\$ 1,812,408</u>	<u>\$ 1,662,565</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Land and buildings	0.72%-2.30%	0.72%-1.75%

### c. Other lease information

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Expenses relating to short-term leases	<u>\$ 190,663</u>	<u>\$ 167,498</u>
Total cash outflow for leases	<u>\$ (680,258)</u>	<u>\$ (650,483)</u>

The Company's leases of certain assets qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 21. INVESTMENT PROPERTIES, NET

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 4,197,388	\$ 951,679	\$ 5,149,067
Additions	-	49,086	49,086
Net exchange difference	<u>(104,934)</u>	<u>(46,527)</u>	<u>(151,461)</u>
Balance at December 31, 2023	<u>4,092,454</u>	<u>954,238</u>	<u>5,046,692</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	-	(346,008)	(346,008)
Depreciation	-	(43,928)	(43,928)
Net exchange differences	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Balance at December 31, 2023	<u>-</u>	<u>(377,436)</u>	<u>(377,436)</u>
Carrying amount at December 31, 2023	<u>\$ 4,092,454</u>	<u>\$ 576,802</u>	<u>\$ 4,669,256</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 4,254,377	\$ 965,340	\$ 5,219,717
Additions	-	11,214	11,214
Net exchange difference	<u>(56,989)</u>	<u>(24,875)</u>	<u>(81,864)</u>
Balance at December 31, 2022	<u>4,197,388</u>	<u>951,679</u>	<u>5,149,067</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	-	(308,196)	(308,196)
Depreciation	-	(42,735)	(42,735)
Net exchange differences	<u>-</u>	<u>4,923</u>	<u>4,923</u>
Balance at December 31, 2022	<u>-</u>	<u>(346,008)</u>	<u>(346,008)</u>
Carrying amount at December 31, 2022	<u>\$ 4,197,388</u>	<u>\$ 605,671</u>	<u>\$ 4,803,059</u>

The Company acquired investment properties amounting to \$986,055 thousand, \$1,026,015 thousand and \$668,984 thousand via SSG15, SSG12 and SSG16 in Japan on September 2014, February 2016 and April 2016, respectively. The amount was based on the valuation by independent appraisers that were not the Company's related parties.

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-50 years
Equipment installed in buildings	6-15 years

The fair values of investment properties were \$6,040,367 thousand and \$6,282,802 thousand as of December 31, 2023 and 2022, respectively. The fair values were based on the valuation at these dates by independent appraisers that were not the Company's related parties and estimated by the management according to the prices of similar properties in the vicinity.

Refer to Note 31 for information relating to investment properties pledged as guarantee.



The investment properties were leased out for 3 to 20 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2023 and 2022, refundable deposits paid under operating leases were \$64,462 thousand and \$70,401 thousand (included in other assets - refundable deposits), respectively.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 111,700	\$ 65,368
Year 2	78,318	27,223
Year 3	54,754	12,745
Year 4	53,066	11,912
Year 5	53,066	11,340
Year 5 onwards	<u>453,056</u>	<u>59,692</u>
	<u>\$ 803,960</u>	<u>\$ 188,280</u>

## 22. GOODWILL

The Company acquired Chung Shing Bank (Chung Shing) on March 19, 2005 and recognized goodwill of \$3,309,000 thousand. The goodwill amortization period was five years, and the amortization expense in 2005 was \$551,500 thousand. However, the amortization of goodwill was no longer required from January 1, 2006.

The Company merged with Union Bills Finance Corporation on August 16, 2010, with the Company as the survivor entity, and recognized goodwill amounting to \$130,498 thousand.

For the impairment test on Chung Shing, the Company treated individual business units as cash-generating units (CGUs). Goodwill resulting from the merger was allocated to the relevant CGUs. The recoverable amount was determined by the value in use of each CGU and was calculated at the present values of the cash flow forecast for the next five years based on the going-concern assumption. Future cash flows were estimated on the basis of Chung Shing's present operations and will be adjusted depending on the business outlook and economic trends.

As of December 31, 2023 and 2022, the balances of accumulated impairment were both \$902,691 thousand. As a result of the Company's evaluation, there was no impairment for the years ended December 31, 2023 and 2022.

**23. OTHER ASSETS, NET**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Assets for leasing, net	\$ 5,882,902	\$ 5,791,090
Refundable deposits	2,828,709	3,520,209
Prepaid expense	462,981	545,706
Prepaid pension (Note 34)	55,619	190,616
Others	<u>264,561</u>	<u>116,712</u>
	<u>\$ 9,494,772</u>	<u>\$ 10,164,333</u>

**24. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Deposits from Chunghwa Post Co., Ltd.	\$ 3,574,680	\$ 4,574,680
Call loans from banks	9,033,675	1,026,304
Deposits from the Central Bank and other banks	83,373	113,753
Overdraft	<u>152,501</u>	<u>102,462</u>
	<u>\$ 12,844,229</u>	<u>\$ 5,817,199</u>

**25. DUE TO THE CENTRAL BANK AND OTHER BANKS**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Due to other banks (Note 31)	<u>\$ 1,403,184</u>	<u>\$ 904,865</u>

**26. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Asset-based securities	\$ 14,321,243	\$ 15,447,083
Commercial paper	28,993,136	9,701,184
Corporate bonds	7,884,499	5,395,172
Government bonds	8,967,881	3,399,339
Financial bonds	<u>912,436</u>	<u>355,829</u>
	<u>\$ 61,079,195</u>	<u>\$ 34,298,607</u>
Maturity date	2024.01-2024.03	2023.01-2023.02
Repurchase price	<u>\$ 61,503,776</u>	<u>\$ 34,519,536</u>

## 27. PAYABLES

	December 31	
	2023	2022
Checks for clearing	\$ 3,309,721	\$ 3,191,491
Accrued expenses	1,344,415	1,137,013
Accrued payable	1,502,105	819,072
Investment payable	1,379,985	670,206
Collections payable	207,839	193,548
Tax payable	209,341	162,551
Remittance payable	135,466	138,724
Acceptances	129,643	111,305
Others	948,415	832,963
	<u>\$ 9,166,930</u>	<u>\$ 7,256,873</u>

## 28. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Savings deposits	\$ 438,815,060	\$ 406,072,520
Demand deposits	145,802,986	143,603,288
Time deposits	163,760,528	148,188,015
Checking deposits	7,438,026	7,208,820
Negotiable certificates of deposit	227,200	2,604,500
Inward and outward remittances	118,859	237,191
	<u>\$ 756,162,659</u>	<u>\$ 707,914,334</u>

## 29. BANK DEBENTURES

	December 31	
	2023	2022
First issue of subordinated bank debentures in 2019; fixed rate at 1.10%; maturity: September 2026	\$ 500,000	\$ 500,000
First issue of subordinated bank debentures in 2019; fixed rate at 1.23%; maturity: September 2029	1,500,000	1,500,000
First issue of subordinated bank debentures in 2021; no maturity date and non-cumulative; redeemable at face value plus interest accrued under the approval of the authorities when the issue term is above 5.5 years; fixed rate at 1.92% (the benchmark interest rate is +1.1183%)	3,000,000	3,000,000
	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

### 30. PREFERRED STOCK LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Preferred stock liabilities	<u>\$ 375,000</u>	<u>\$ 375,000</u>

On June 2, 2021, the board of directors of Union Energy approved to issue 37,150 thousand shares of preferred stock A. The face value of each stock is \$10, issue amount was \$371,500 thousand. To meet business needs, the board of directors of Union Energy approved to redeem 450 thousand and 36,700 thousand preferred stock A at the initial issuance price plus compensation of \$4,676 thousand and \$394,701 thousand on March 28, 2022 and December 16, 2022, respectively.

On December 16, 2022, the boards of directors of Union Energy approved to issue 37,500 thousand shares of preferred stock B. The face value of each stock is \$10 dollars, issue amount was \$375,000 thousand. To meet business needs, the board of directors of Union Energy approved to redeem 37,500 thousand preferred stock B at the initial issuance price plus compensation of \$402,683 thousand on November 2, 2023.

On November 2, 2023, the board of directors of Union Energy approved to issue 37,500 thousand shares of preferred stock C. The face value of each stock is \$10, and issue amount was \$375,000 thousand. The main terms and conditions of the preferred stock C are the following:

- a. Maturity: Preferred stock C up to 20 years.
- b. Interest: The annual interest rate is 5.8%, based on the price of each stock.
- c. Dividend payment: Where Union Energy makes a profit in a fiscal year, apart from paying income tax, the earnings shall first be used to offset the deficits in previous years, appropriated as legal reserve, and appropriated or reversed from the special reserve with respect to the Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Union Energy has the sole discretion on the distribution of dividends of preferential shares, which includes but is not limited to the their discretion to resolve not to distribute dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full will be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares C will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- d. Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs, the shareholders of preferred stock are not entitled to participate in the distribution of earnings or capital reserve as cash or stock dividends of ordinary shares.

- e. Redemption: Within 30 days from the first day of the 4th year since the issuance date, Union Energy may redeem a portion or all of the outstanding shares of preferential shares at any time at the issuance price plus compensation at 7.25% annual interest rate for the actual number of issuance days of the same year. The amount of accumulated dividends paid prior to the date of recovery should be deducted. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. If Union Energy wishes to redeem all or part of the preferred shares due to business restructuring needs, the preferred shares shall be redeemed with the approval of a majority of the preferred shareholders and shall be paid at a premium rate of 7.25% per annum based on the actual issue price plus the actual number of days of issuance since the issue date, less the amount of accumulated dividends paid prior to the redemption date.
- f. Preferred stock repurchase: Preferred shares C cannot be sold by the holder of preferred stock.
- g. Liquidation preference: In the event of liquidation the order of priority for the distribution of the earnings and assets due to the shareholders is first to common shareholders then to the preferred shareholders and not more than the issuance amount of outstanding shares of preferred stock.
- h. Non-voting: Generally, the preferred shares C do not assign voting rights to their holders. However, some preferred shares allow its holders to vote on extraordinary events.
- i. Convertibility to common stock: No conversion of preferred share C into common shares.
- j. When Union Energy Co., Ltd. issue new shares in cash, the shareholders of preferred shares C and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Green Energy I Private Equity Limited Partnership acquired all of the Union Energy issued preferred stock.

Union Energy's preferred shares C according to International Accounting Standards 32 "Financial Instruments: Presentation", the preferred stock classified as preferred stock liability.

### 31. BONDS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Overseas corporate bonds - secured	<u>\$ 927,202</u>	<u>\$ 1,001,523</u>

#### SSG15

To comply with the Japanese law, whenever SSG15 issues secured corporate bonds, UCSH must transfer more than half of the shares of common stock of SSG15 held by UCSH to the legal entity Ippam Shadan Hojin UCJ1 (ISH UCJ1) in order to establish bankruptcy isolation mechanism.

SSG15 issued five-year period secured corporate bonds with a face value of JPY2,200,000 thousand (NT\$478,163 thousand) secured by investment property as a guarantee in March 2020. The book value of the investment property was JPY3,787,112 thousand (NT\$823,117 thousand). According to the contract, the issuance can be extended by one year, every quarter will pay the interest and installment of JPY11,000 thousand. The overseas corporate bonds - secured has the book value of JPY2,046,000 thousand (NT\$444,692 thousand).

The interest rates are as follows:

- a. The first to fifth years: Base interest rate + 0.41%

Base rate: The Tokyo Swap Rate (TSR), six-month LIBOR-based 5-year JPY/JPY-interest swap rate displayed on page 17143 of the Telerate screen at 10:00 am (JST) on the day that is two business days before the issuance date.

- b. The sixth year: Base interest rate + 1.41%

Base rate: The 3-month TIBOR (based on 365 days) displayed as the Japanese yen TIBOR as published by the JBA TIBOR Administration on page 17097 of the Telerate screen at 11:00 am JST on the day that is two business days before the interest payment date.

## **SSG12**

SSG12 issued secured corporate bonds. KK must transfer more than half of the shares of common stock of SSG12 held by KK to the legal entity Ippam Shadan Hojin UCJ2 (ISH UCJ2) in order to establish bankruptcy isolation mechanism.

SSG12 issued five-year period secured corporate bonds with a face value of JPY1,920,000 thousand (NT\$417,306 thousand) secured by investment property as a guarantee in September 2021. According to the contract, the issuance can be extended by one year. The interest rates are as follows:

- a. The first to fifth years: Base interest rate + 0.5%

Base rate: The five-year yen-yen swap rate displayed on Refinitiv Screen page 17143 as the index rate as of 10 a.m. Tokyo time two business days prior to the issue date.

- b. The sixth year: Base interest rate + 0.5%

Base rate: The three-month yen TIBOR published by JBA TIBOR Administration on page 17097 of the Telerate screen as of 11 a.m., Tokyo time two business days prior to the first day of each interest calculation period during the tail period.

## **SSG16**

SSG16 issued secured corporate bonds. KK must transfer more than half of the shares of common stock of SSG16 held by KK to the legal entity Ippam Shadan Hojin UCJ2 (ISH UCJ2) in order to establish bankruptcy isolation mechanism.

SSG16 issued four-year period secured corporate bonds with a face value of JPY300,000 thousand (NT\$65,204 thousand) and the loan under guarantee of JPY1,250,000 thousand (equivalent to NT\$271,684 thousand) was recorded as interbank financing (Note 25) secured by investment property as a guarantee in September 2021. The interest rate of the corporate bonds and guaranteed borrowings is the base rate + 0.850% (base rate: Tokyo exchange rate - 4-year exchange rate).

### 32. OTHER FINANCIAL LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Commercial paper	\$ 11,406,274	\$ 10,508,961
Principal amounts of structured products	<u>8,033</u>	<u>-</u>
	<u>\$ 11,414,307</u>	<u>\$ 10,508,961</u>

### 33. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Reserve for losses on guarantees and loan commitment	\$ 316,538	\$ 298,537
Provisions for employee benefits	7,665	13,256
Others	<u>36,926</u>	<u>37,986</u>
	<u>\$ 361,129</u>	<u>\$ 349,779</u>

The Company has accrued an allowance for doubtful guarantees and loan commitments; the changes in allowance for doubtful accounts on guarantees and loan commitment for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>					<b>Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)</b>	<b>Total</b>
	<b>12-month Expected- credit Losses</b>	<b>Lifetime Expected- credit Losses</b>	<b>Lifetime Expected- credit Losses (Credit- impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)</b>		
Balance at January 1, 2023							
Changes of financial instruments recognized at the beginning of the current reporting period	\$ 77,447	\$ 3,647	\$ 321	\$ 81,415	\$ 217,122		\$ 298,537
Transfers to							
Lifetime ECL	(67)	67	-	-	-		-
Credit-impaired financial assets	(65)	(2)	67	-	-		-
12-month ECL	510	(509)	(1)	-	-		-
Derecognition of financial assets in the current reporting period	(49,752)	(2,748)	(127)	(52,627)	-		(52,627)
New financial assets purchased or originated	84,933	2,691	49	87,673	-		87,673
Difference of impairment loss under regulations	-	-	-	-	(17,046)		(17,046)
Change in risk parameters and others	-	-	-	-	-		-
Change in exchange rates	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>		<u>1</u>
Balance at December 31, 2023	<u>\$ 113,007</u>	<u>\$ 3,146</u>	<u>\$ 309</u>	<u>\$ 116,462</u>	<u>\$ 200,076</u>		<u>\$ 316,538</u>

	12-month Expected- credit Losses	Lifetime Expected- credit Losses	Lifetime Expected- credit Losses (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)	Total
Balance at January 1, 2022	\$ 60,190	\$ 1,825	\$ 271	\$ 62,286	\$ 271,009	\$ 333,295
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(79)	79	-	-	-	-
Credit-impaired financial assets	(64)	(5)	69	-	-	-
12-month ECL	195	(195)	-	-	-	-
Derecognition of financial assets in the current reporting period	(34,864)	(1,058)	(133)	(36,055)	-	(36,055)
New financial assets purchased or originated	51,827	3,001	114	54,942	-	54,942
Difference of impairment loss under regulations	-	-	-	-	(53,887)	(53,887)
Change in risk parameters and others	-	-	-	-	-	-
Change in exchange rates	<u>242</u>	<u>-</u>	<u>-</u>	<u>242</u>	<u>-</u>	<u>242</u>
Balance at December 31, 2022	<u>\$ 77,447</u>	<u>\$ 3,647</u>	<u>\$ 321</u>	<u>\$ 81,415</u>	<u>\$ 217,122</u>	<u>\$ 298,537</u>

### 34. RETIREMENT BENEFIT PLANS

#### a. Defined contribution plans

The Company (except for Union Finance International (HK) Limited) adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expenses recognized in profit or loss for 2023 and 2022 of \$179,187 thousand and \$161,319 thousand, respectively, were contributions payable to these plans by the Company at rates specified in the pension plan rules.

#### b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to certain rate of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Company of Taiwan in the committee's name and the employee pension account (opened at Union Bank Of Taiwan Business Dept.). The Company of Taiwan's pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.



As of December 31, 2022, under Rule No. 1116032316 dated on January 19, 2022 from the Bureau of Labor Affairs of the Taipei City Government, the Bank withdrew \$75,414 thousand (recorded as prepaid pension) and transferred it to the account of the Labor Retirement Fund Supervisory Committee.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ (1,536,128)	\$ (1,534,396)
Fair value of plan assets	<u>1,584,081</u>	<u>1,636,342</u>
Surplus (deficit)	<u>47,953</u>	<u>101,946</u>
Net defined benefit assets (liabilities)	<u>\$ 47,953</u>	<u>\$ 101,946</u>
Provisions - accrued retirement liabilities	<u>\$ (7,665)</u>	<u>\$ (13,256)</u>
Other assets - prepaid retirement	<u>\$ 55,618</u>	<u>\$ 115,202</u>

Movements in net defined benefit (liabilities) assets were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Total</b>
Balance at January 1, 2022	\$ (1,725,510)	\$ 1,899,748	\$ 174,238
Current service cost	(10,278)	-	(10,278)
Net interest (expense)	<u>(8,633)</u>	<u>9,497</u>	<u>864</u>
Recognized in profit or loss	<u>(18,911)</u>	<u>9,497</u>	<u>(9,414)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(201,531)	(201,531)
Actuarial gain (loss) - changes in financial assumptions	169,858	-	169,858
Actuarial gain (loss) - experience adjustments	<u>(45,829)</u>	<u>-</u>	<u>(45,829)</u>
Recognized in other comprehensive income	<u>124,029</u>	<u>(201,531)</u>	<u>(77,502)</u>
Contributions from the employer	-	10,126	10,126
Benefits paid	<u>85,996</u>	<u>(81,498)</u>	<u>4,498</u>
Balance at December 31, 2022	<u>\$ (1,534,396)</u>	<u>\$ 1,636,342</u>	<u>\$ 101,946</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Total</b>
Balance at January 1, 2023	\$ (1,534,396)	\$ 1,636,342	\$ 101,946
Current service cost	(7,759)	-	(7,759)
Net interest (expense)	(20,322)	21,633	1,311
Recognized in profit or loss	(28,081)	21,633	(6,448)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	17,626	17,626
Actuarial gain (loss) - changes in financial assumptions	(17,634)	-	(17,634)
Actuarial gain (loss) - experience adjustments	(57,482)	-	(57,482)
Recognized in other comprehensive income	(75,116)	17,626	(57,490)
Liabilities extinguished on settlement	1,772	(4,674)	(2,902)
Contributions from the employer	-	7,240	7,240
Benefits paid	99,693	(94,086)	5,607
Balance at December 31, 2023	<u>\$ (1,536,128)</u>	<u>\$ 1,584,081</u>	<u>\$ 47,953</u>

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.209%-1.241%	1.325%-1.364%
Expected rates of future salary increase	2.250%-3.000%	2.250%-3.000%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate(s)		
0.25% increase	<u>\$ (34,892)</u>	<u>\$ (36,619)</u>
0.25% decrease	<u>\$ 36,054</u>	<u>\$ 37,896</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 35,369</u>	<u>\$ 37,271</u>
0.25% decrease	<u>\$ (34,389)</u>	<u>\$ (36,178)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
The expected contributions to the plan for the next year	<u>\$ 6,987</u>	<u>\$ 10,414</u>
The average duration of the defined benefit obligation	7-10.23 years	7-9.95 years

c. Retirement benefits plans of Union Finance International (HK) Limited

Union Finance International (HK) Limited has a defined contribution plan under foreign standards and regulations and is thus not covered by the Labor Pension Act and the Labor Standards Law. Its pension costs were \$0 thousand and \$78 thousand in 2023 and 2022.

### 35. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Guarantee deposits received	\$ 2,461,731	\$ 2,456,715
Advance receipts	1,030,648	778,229
Others	<u>131,238</u>	<u>147,043</u>
	<u>\$ 3,623,617</u>	<u>\$ 3,381,987</u>

## 36. EQUITY

### a. Capital stock

#### Common stock

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Amount of shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,778,953</u>	<u>3,594,046</u>
Amount of shares issued	<u>\$ 37,789,525</u>	<u>\$ 35,940,460</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

#### Preferred stock

Due to the capital needs of the Company for future long-term business development and operational scale expansion, the Company's shareholders approved and authorized the board of directors to issue ordinary shares or special shares for domestic cash capital increase (one or both, as appropriate) in accordance with the provisions of the Articles of Incorporation or the relevant laws and regulations in order to raise the long-term funds on June 20, 2017. The total funds to be raised through issuing new shares as authorized this time shall not be more than NT\$10 billion (inclusive) as the principle. The number of shares for issue shall not be more than 800,000,000 shares (inclusive), as a principle. On June 28, 2017, the Company's board of directors resolved to issue preferred stock - A totaling 200,000 thousand shares with a par value of NT\$10, at NT\$50 per share in the total amount of NT\$10,000,000 thousand. The issuance of shares has been approved by the FSC under Order No. 1060033586 issued on September 1, 2017.

On October 24, 2017, the capital from issue of preferred stock - A amounted to NT\$10,000,000 thousand. The preferred stock - A was listed on Taiwan Stock Exchange on December 1, 2017.

The rights and other important conditions of issuance of the preferred stock - A are as follows:

- 1) Tenor: Perpetual.
- 2) Dividend yield: An annual dividend yield is set at 4.8% (5-year IRS 0.89125%+3.90875%) per annum of the issue price at the pricing day. The 5-year IRS will be reset on the next business day after each fifth and half anniversary day after issuance thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 5-year IRS rate is the arithmetic mean of 5-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing date for reset. As the price of "PYTWDFIX" at the five-year IRS rate at 11:00 a.m. was not available, the Company decided to adopt the arithmetic mean of 5-year IRS rates of "TAIFXIRS" and "COSMOS3" appearing on Reuters pages at 11:00 a.m. dated April 20, 2023 as the 5-year IRS rate based on the integrity principle and reasonable market conditions. The dividend yield (annual rate) reset for the Company's Class A preference shares from April 24, 2023 is 5.26125%.

- 3) Dividend payment: Whereas the Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. The Company has the sole discretion on the distribution of dividends of preferred stocks - A, which includes but not limited to the Company's discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority's minimum requirement, or if the Company has other essential considerations. If the Company resolves not to distribute dividends to the preferred shareholders, the shareholders of preferred stock - A shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. The stock dividends of preferred stocks - A are distributed by cash in one payment annually. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock - A for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements. The shareholders' meeting of the Union Bank of Taiwan on June 9, 2023 has passed the resolution for the amendment to the Articles of Incorporation. Dividends of preferential shares if distributed will be in cash and in one payment in a year. After the annual general meeting of shareholders ratifies the financial statements, the board of directors shall determine the base date to disburse the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- 4) Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs herein, the shareholders of preferred stock - A are not entitled to participate in the distribution of cash or stock dividends with regard to the ordinary shares derived from earnings or capital reserves.
- 5) Redemption: After 5.5 years from the issue date, the Company may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock - A at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock - A shall continue as specified herein. If the stockholders' meeting approves the distribution of dividends in the year the Company redeems the outstanding shares of preferred stock - A, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.
- 6) Liquidation preference: In the event of liquidation, except when the competent authority assigned officials to take receivership over the Company, order the Company to suspend and wind up business, or liquidate the Company, in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", the order of priority for the distribution of the earnings and assets of the shareholders of preferred stock - A is the same as that of a common stockholder, the shareholders of preferred stock - A shall be given priority to claim on the Company's remaining assets over the shareholders of common stocks, and equal to shareholders of other preferred stock issued by the Company, but subordinate to the holders of Tier 2 capital, depositors, and other general creditors, and not more than the issuance amount of outstanding shares of preferred stock - A.
- 7) Voting rights or election rights: The shareholders of preferred stock - A are not entitled to any voting rights or election rights in shareholders' meeting. However, they may vote in preferred stock - A shareholders' meetings and in general shareholder meetings with regard to agenda items concerning rights and obligations of the shareholders of preferred stock - A.

- 8) Preferred stock - A shall not be converted into common stocks. The shareholders of the preferred stocks shall not require the Company to redeem the rights of the preferred stocks - A.
- 9) When the Company issues new shares in cash, the shareholders of preferred stock - A and the common stock shall be entitled to equivalent preemptive rights on the new shares.

b. Capital surplus

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of preference shares	\$ 8,000,000	\$ 8,000,000
Treasury stock transactions	32,413	32,413
Issuance of ordinary shares	70,389	38,123
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	659	659
Share of changes in capital surplus of associates or joint ventures	<u>22,271</u>	<u>5,631</u>
	<u>\$ 8,125,732</u>	<u>\$ 8,076,826</u>

- 1) The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of ordinary shares and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to a certain percentage of the Company's capital surplus and to once a year.
- 2) The changes in ownership of subsidiaries under capital surplus are generated from the effects of equity transactions recognized due to changes of the subsidiaries' equities, and not due to actual acquisition or disposal of the subsidiaries' equities.

c. Legal reserve

Legal reserve should be appropriated until it equals the Company's paid-in-capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, based on the Banking Act, if the legal reserve is less than the Company's paid-in capital, the amount that may be distributed in cash should not exceed 15% of the Company's paid-in-capital.

d. Special reserve

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 627,440	\$ 627,440
Special reserves appropriated	<u>129,596</u>	<u>-</u>
Balance at December 31	<u>\$ 757,036</u>	<u>\$ 627,440</u>

Items referred to under Rule No. 109015022 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company in March 31, 2021.

If a special reserve appropriated on the first-time adoption of IFRSs relates to investment properties other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets.

The above special reserve may be used to offset a deficit; if the reserve has reached at least 50% of the paid-in capital, half of this special reserve may be capitalized.

According to Order No. 10510001510 issued by the FSC on May 25, 2016, a special reserve should be appropriated between 0.5% and 1% of net income after tax when banks appropriate earnings of 2016 through 2018. Since 2017, the Company is allowed to reverse the special reserve at the amount of the costs of employee transfer and arrangement in connection with the development of financial technology.

e. Retained earnings and dividend policy

If the Company has made a profit at the end of the fiscal year, 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 prepared by the board of directors and shall be submitted to the shareholders’ meeting for a resolution on the distribution of shareholders’ dividends and bonuses.

The dividends and bonuses under the first paragraph shall be distributed in cash or 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 Company. In principle, if the ratio between the Company’s own capital and risky assets after distribution will be lower than the ratio stipulated by the competent authority by 1%, issuance of stock dividend may be given priority; before the level of capital reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of the total capital.

The appropriations from the earnings of 2022 and 2021 were approved in stockholders’ meetings on June 9, 2023 and May 27, 2022, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 928,965	\$ 1,665,178		
Special reserve	129,596	-		
Cash dividends on ordinary shares	359,405	494,282	\$ 0.10	\$ 0.15
Stock dividends on ordinary shares	1,797,023	2,916,269	0.50	0.885
Cash dividends on preference shares	480,000	480,000	2.40	2.40

The appropriations from the 2023 earnings were proposed by the board of directors on March 11, 2024. The appropriations, including the dividends per share, were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,453,449	
Special reserve	(129,596)	
Stock dividends on ordinary shares	2,645,267	\$ 0.70
Cash dividends on ordinary shares	755,790	0.20
Cash dividends on preference shares	511,845	2.559

The appropriation of earnings for 2023 will be approved in stockholders' meeting to be held on June 14, 2024.

f. Other equity items

1) Exchange differences on translating foreign operations

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (508,759)	\$ (1,636,613)
Exchange differences arising on translation the foreign operations	(125,642)	1,409,818
Income tax on exchange differences on translation of the net assets of foreign operations	<u>25,129</u>	<u>(281,964)</u>
Balance at December 31	<u>\$ (609,272)</u>	<u>\$ (508,759)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1 (IFRS 9)	\$ (128,822)	\$ 7,283,034
Generated this year		
Unrealized gain (loss)		
Debt instruments	887,451	(7,044,078)
Equity instruments	2,764,055	(2,023,555)
Adjustments to loss allowance for debt instruments	30,463	1,355,562
Disposal of debt instruments	<u>248,840</u>	<u>(80,305)</u>
Other comprehensive income for the year	3,930,809	(7,792,376)
Accumulated gain (loss) transferred to retained earnings from disposal of equity instruments at FVTOCI	<u>(573,140)</u>	<u>380,520</u>
Balance at year-end	<u>\$ 3,228,847</u>	<u>\$ (128,822)</u>



g. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 2,046,500	\$ 729,758
Attributed to non-controlling interests		
Share of profit for the year	3,394	2,464
Unrealized gains (losses) on investments in equity instruments at fair value through gains or losses	4	4
Subsidiaries' cash dividends	(7,434)	(133)
Preferential shares (redeemed) issued by subsidiaries	(227,500)	1,314,000
Acquisition of part of subsidiaries' equities (Note 56)	<u>393,539</u>	<u>407</u>
Balance at December 31	<u>\$ 2,208,503</u>	<u>\$ 2,046,500</u>

In 2021, the shareholders of Ting Jie Electric Power resolved in their meeting to amend the issuance conditions of preferential shares A in the Articles of Incorporation. There was a total of 40,000 thousand shares with a face value of NT\$10 per share, for a total of \$400,000 thousand.

On April 11, 2022, the board of Ting Jie Electric Power approved to issue 120,000 thousand shares of preferential shares B with a face value of NT\$10, for a total of \$1,200,000 thousand. The main terms and conditions of preferential shares are the following:

- 1) Maturity: Perpetual for the preferential shares B.
- 2) Dividend: The annual interest rate is 6% per annum for the preferential shares B, based on the price per share.
- 3) Dividend payment: Whereas Ting Jie Electric Power makes a profit in a fiscal year, apart from paying income tax, the earning shall first be used to offset the deficits in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to these Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Ting Jie Electric Power has the sole discretion on the distribution of dividends of preferential shares, which includes but is not limited to the their discretion to resolve not to distribute dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full amount may be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- 4) Distribution of dividends in excess: Preferential shares B, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.

- 5) Redemption of preferential shares B: After 3 years from the issue date, Ting Jie Electric Power may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares B be resolved in the board meeting of Ting Jie Electric Power in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders of preferential shares.
- 7) Liquidation priority: Holders of preferential shares B are entitled to a higher priority than holders of common shares in the distribution of Ting Jie Electric power's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Ting Jie Electric power, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares B are not entitled to vote or elect, except for the meeting of holders of preferential shares or meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to the voting rights.
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Ting Jie Electric power to recover their preference shares held.
- 10) When Ting Jie Electric Power issues new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

The board of Na He Yi Hau approved to revised the main term and conditions of preferential share. Na He Yi Hau issue 12,400 thousand shares of preferential shares B with a face value of NT\$10, for a total of \$124,000 thousand. The main terms and conditions of preferential shares are the following:

- 1) Maturity: Perpetual for the preferential shares A.
- 2) Dividend: The annual interest rate is 6.5% per annum for the preferential shares A, based on the price per share.
- 3) Dividend payment: Whereas Na He Yi Hau makes a profit in a fiscal year, apart from paying income tax, the earning shall first be used to offset the deficits in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to these Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Na He Yi Hau has the sole discretion on the distribution of dividends of preferential shares, which includes but is not limited to the their discretion to resolve not to distribute dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full amount may be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.

- 4) Distribution of dividends in excess: Preferential shares A, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.
- 5) Redemption of preferential shares A: After 5 years from the issue date, Na He Yi Hau may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares A be resolved in the board meeting of Na He Yi Hau in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders of preferential shares.
- 7) Liquidation priority: Holders of preferential shares A are entitled to a higher priority than holders of common shares in the distribution of Na He Yi Hau's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Na He Yi Hau, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares A are not entitled to vote or elect, except for the meeting of holders of preferential shares or meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to the voting rights.
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Na He Yi Hau to recover their preference shares held.
- 10) When Na He Yi Hau issues new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Green Energy I Private Equity Limited Partnership acquired all of the preferential shares issued by Ting Jie Electric Power and Na He Yi Hau.

For business needs, after approval from the directors in December 2021, Tianji Smart Energy issued preferential shares at a premium of \$50 per share. The actual number of shares for the capital increase is 5,280 thousand, for a total of \$264,000 thousand. The board of Tian Ji Smart approved to redeem 3,000 thousand preferential shares at the original issuance price plus compensation for \$159,349 thousand in March 2023. The issuance conditions of the preferential shares are as follows:

- 1) Maturity: Perpetual for the preferential shares A.
- 2) Dividend: The annual interest rate is 5% per annum for the preferential shares A, based on the price per share.

- 3) Dividend payment: Where Tianji Smart Energy makes a profit in a fiscal year, apart from paying income tax, the earnings shall first be used to offset the deficit in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to the Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Tian Ji Smart has the sole discretion on the distribution of dividends of preferential shares, including but not limited to the distribution of dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full may be accumulated, and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued in the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- 4) Distribution of dividends in excess: Preferential shares A, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.
- 5) Redemption of preferential shares A: After 6 months from the issue date, Tianji Smart Energy may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares A be resolved in the board meeting of Tianji Smart Energy in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders during the issuance period.
- 7) Liquidation priority: Holders of preferential shares A are entitled to a higher priority than holders of common shares in the distribution of Tianji Smart Energy's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Tianji Smart Energy, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares A are not entitled to vote or elect, except for the meeting of holders of preferential shares or the meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to voting rights.
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Tianji Smart Energy to recover their preference shares held.

In May 2023, the Company participated in the cash capital increase of Bei Chen Yi Hau and obtained 99.08% equity. In 2022, the shareholders of Bei Chen Yi Hau held a meeting and approved the issuance conditions of the preferential shares A in the articles of association, with a total of 18,750 thousand shares, with a par value of NT\$10, and a total amount of \$187,500 thousand. Due to business needs, on April 28, 2023, with the approval of the directors, Bei Chen Yi Hau redeemed 7,750 thousand shares of preferential shares A at the original issue price plus compensation of \$4,612 thousand. The issuance conditions of the preferential shares are as follows:

- 1) Maturity: Perpetual for the preferential shares A.

- 2) Dividend: The annual interest rate is 6% per annum for the preferential shares A, based on the price per share.
- 3) Dividend payment: Where Bei Chen Yi Hau makes a profit in a fiscal year, apart from paying income tax, the earnings shall first be used to offset the deficit in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to the Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Bei Chen Yi Hau has the sole discretion on the distribution of dividends of preferential shares, including but not limited to the distribution of dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full may be accumulated, and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued in the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- 4) Distribution of dividends in excess: Preferential shares A, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.
- 5) Redemption of preferential shares A: After 3 years from the issue date, Bei Chen Yi Hau may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares A be resolved in the board meeting of Bei Chen Yi Hau in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year. Or if Bei Chen Yi Hau wants to recover all or part of the special shares due to business adjustments, although the issuance has not expired for three years, it shall obtain the consent of more than half of the shareholders of the special shares, and pay compensation at an annual interest rate of 6% according to the original actual issue price plus the actual number of issuance days from the date of issuance.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders.
- 7) Liquidation priority: Holders of preferential shares A are entitled to a higher priority than holders of common shares in the distribution of Bei Chen Yi Hau's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Bei Chen Yi Hau, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares A are not entitled to vote or elect, except for the meeting of holders of preferential shares or the meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to voting rights.
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Bei Chen Yi Hau to recover their preference shares held.
- 10) When Bei Chen Yi Hau issues new shares in cash, the shareholders of preferred stock and common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Green Energy I Private Equity Limited Partnership acquired all of the preferential shares issued by Bei Chen Yi Hau.

In July 2023, the Company participated in the cash capital increase of Hao Tian Electric Power and obtained 99.08% equity. In 2022, the shareholders' meeting of Hao Tian Electric Power passed the issuance conditions of preferential shares A in the articles of association of the company, with a total of 10,150 thousand shares, with a par value of \$10, and a total amount of \$101,500 thousand.

- 1) Maturity: Perpetual for the preferential shares A.
- 2) Dividend: The annual interest rate is 6% per annum for the preferential shares A, based on the price per share.
- 3) Dividend payment: Where Hao Tian Electric Power makes a profit in a fiscal year, apart from paying income tax, the earnings shall first be used to offset the deficit in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to the Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Hao Tian Electric Power has the sole discretion on the distribution of dividends of preferential shares, including but not limited the distribution of dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full may be accumulated, and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued in the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- 4) Distribution of dividends in excess: Preferential shares A, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.
- 5) Redemption of preferential shares A: After 3 years from the issue date, Hao Tian Electric Power may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares A be resolved in the board meeting of Hao Tian Electric Power in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year. Or if Hao Tian Electric Power wants to recover all or part of the special shares due to business adjustments, although the issuance has not expired for three years, it shall obtain the consent of more than half of the shareholders of the special shares, and pay compensation at an annual interest rate of 6% according to the original actual issue price plus the actual number of issuance days from the date of issuance.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders.
- 7) Liquidation priority: Holders of preferential shares A are entitled to a higher priority than holders of common shares in the distribution of Hao Tian Electric Power's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Hao Tian Electric Power, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares A are not entitled to vote or elect, except for the meeting of holders of preferential shares or the meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to voting rights.

- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Hao Tian Electric Power to recover their preference shares held.
- 10) When Hao Tian Electric Power issues new shares in cash, the shareholders of preferred stock and common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Green Energy I Private Equity Limited Partnership acquired all of the preferential shares issued by Hao Tian Electric Power.

In July 2023, the Company participated in the cash capital increase of Feng Tai Electric Power and obtained 99.08% equity. In 2022, the shareholders' meeting of Feng Tai Electric Power passed the issuance conditions of preferential shares A in the articles of association of the company, with a total of 10,150 thousand shares, with a par value of \$10 per share, and a total amount of \$101,500 thousand.

- 1) Maturity: Perpetual for the preferential shares A.
- 2) Dividend: The annual interest rate is 6% per annum for the preferential shares A, based on the price per share.
- 3) Dividend payment: Where Feng Tai Electric Power makes a profit in a fiscal year, apart from paying income tax, the earnings shall first be used to offset the deficit in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to the Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Feng Tai Electric Power has the sole discretion on the distribution of dividends of preferential shares, including but not limited to the distribution of dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full may be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued in the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- 4) Distribution of dividends in excess: Preferential shares A, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.
- 5) Redemption of preferential shares A: After 3 years from the issue date, Feng Tai Electric Power may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares A be resolved in the board meeting of Feng Tai Electric Power in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year. Or if Feng Tai Electric Power wants to recover all or part of the special shares due to business adjustments, although the issuance has not expired for three years, it shall obtain the consent of more than half of the shareholders of the special shares, and pay compensation at an annual interest rate of 6% according to the original actual issue price plus the actual number of issuance days from the date of issuance.

- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders.
- 7) Liquidation priority: Holders of preferential shares A are entitled to a higher priority than holders of common shares in the distribution of Feng Tai Electric Power's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Feng Tai Electric Power, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares A are not entitled to vote or elect, except for the meeting of holders of preferential shares or the meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to voting rights.
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Feng Tai Electric Power to recover their preference shares held.
- 10) When Feng Tai Electric Power issues new shares in cash, the shareholders of preferred stock and common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Green Energy I Private Equity Limited Partnership acquired all of the preferential shares issued by Feng Tai Electric Power.

### 37. NET INTEREST

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Interest revenue</u>		
Discounts and loans	\$ 15,008,525	\$ 11,125,615
Financial assets at fair value through other comprehensive income	1,341,220	1,310,949
Investments in debt instruments at amortized cost	1,618,761	1,284,053
Credit card	864,984	799,974
Securities purchased under resell agreements	596,263	201,623
Due from the Central Bank and call loans to other banks	263,905	109,649
Others	<u>276,384</u>	<u>130,727</u>
	<u>19,970,042</u>	<u>14,962,590</u>
<u>Interest expense</u>		
Deposits	9,107,560	3,987,461
Bank debentures	1,983,583	771,818
Securities sold under repurchase agreements	81,550	100,924
Due to Chunghwa Post Co., Ltd.	59,884	42,039
Others	<u>385,478</u>	<u>218,613</u>
	<u>11,618,055</u>	<u>5,120,855</u>
	<u>\$ 8,351,987</u>	<u>\$ 9,841,735</u>



**38. COMMISSION AND FEE REVENUE, NET**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Commission and fee revenue		
Credit cards and debit cards	\$ 3,131,484	\$ 2,704,559
Insurance commission	984,300	930,726
Trust business	673,848	521,096
Loan business	511,208	482,787
Underwriting business	175,374	147,113
Guarantee business	145,554	132,856
Interbank service fee	66,614	68,368
Others	<u>364,867</u>	<u>419,593</u>
	<u>6,053,249</u>	<u>5,407,098</u>
Commission and fee expense		
Acquiring liquidation deal	1,298,038	1,081,830
Credit card	1,211,303	797,456
Verification of credit	50,714	39,466
Interbank service fee	36,839	30,745
Others	<u>146,044</u>	<u>135,917</u>
	<u>2,742,938</u>	<u>2,085,414</u>
	<u>\$ 3,310,311</u>	<u>\$ 3,321,684</u>

**39. GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Realized gain or loss on financial assets at fair value through profit or loss		
Currency swap contracts	\$ 1,814,340	\$ 310,718
Foreign exchange forward contracts	(63,255)	(113,550)
Commercial papers	18,924	7,618
Beneficiary securities and shares	168,971	(751,059)
Option contracts	6,446	3,781
Government bonds	20,582	-
Dividend revenue	74,978	43,701
Interest revenue	715,878	344,395
Principal guaranteed notes	16,693	17,290
Futures exchange margins	<u>(947)</u>	<u>6,573</u>
	<u>2,772,610</u>	<u>(130,533)</u>
Unrealized gain or loss on financial assets at fair value through profit or loss		
Derivative financial assets and liabilities	(983,949)	(133,962)
Beneficiary securities and shares	280,292	61,747
Commercial paper	(9,906)	6,709
Government bonds and corporate bonds	18,421	(7,489)
Futures exchange margins	<u>(206)</u>	<u>206</u>
	<u>(695,348)</u>	<u>(72,789)</u>
	<u>\$ 2,077,262</u>	<u>\$ (203,322)</u>

#### 40. REALIZED GAIN ON FINANCIAL ASSETS AT FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividend revenue	\$ 467,911	\$ 708,173
Net income on disposal - debt instruments	<u>(248,840)</u>	<u>80,305</u>
	<u>\$ 219,071</u>	<u>\$ 788,478</u>

#### 41. IMPAIRMENT LOSS (REVERSAL OF LOSS)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Debt instruments at FVTOCI	\$ (29,553)	\$ (1,279,572)
Financial assets at amortized cost	(45,939)	8,219
Foreclosed collateral	1,434	2,108
Investments accounted for using the equity method	<u>(3,081)</u>	<u>-</u>
	<u>\$ (77,139)</u>	<u>\$ (1,269,245)</u>

#### 42. SALARY AND BENEFITS OF EMPLOYEES

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries and wages	\$ 2,717,033	\$ 2,609,948
Bonus	1,271,397	1,056,425
Pension		
Defined contribution plans	179,187	161,397
Defined benefit plans	6,448	9,414
Labor insurance and national health insurance	382,026	354,050
Others	<u>125,944</u>	<u>107,461</u>
	<u>\$ 4,682,035</u>	<u>\$ 4,298,695</u>

The Company accrued compensation of employees and remuneration of directors at the rates of between 1% and 5% and no higher than 0.1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, respectively, were as follows:

##### Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	1.84%	1.84%
Remuneration of directors	0.09%	0.09%

Amount

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Cash</b>	<b>Share</b>	<b>Cash</b>	<b>Share</b>
Compensation of employees	\$ -	\$ 96,927	\$ -	\$ 84,308
Remuneration of directors and supervisors	4,741	-	4,124	-

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The number of shares of the compensation of employees, which was determined by dividing the amount of the compensation of employees resolved for 2023 and 2022 by \$14.70 and \$16.20, respectively, which is the closing price per share on the day immediately preceding the meeting of the Company's board of directors was 6,594 thousand shares and 5,204 thousand shares for 2023 and 2022, respectively.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

#### 43. DEPRECIATION AND AMORTIZATION

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Assets leased	\$ 1,648,244	\$ 1,706,281
Right-of-use assets	495,062	484,907
Property and equipment	382,570	387,074
Intangible assets	96,861	92,883
Investment properties	<u>43,928</u>	<u>42,735</u>
	<u>\$ 2,666,665</u>	<u>\$ 2,713,880</u>

#### 44. OTHER OPERATING EXPENSES

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Advertisement	\$ 1,184,321	\$ 910,902
Taxation and government fee	1,111,738	890,504
Outsourcing service	393,399	414,523
Postage/cable charge	283,453	258,932
Computer operating	247,153	198,379
Maintenance charge	199,667	176,064
Deposit insurance	180,639	168,972
Rental	190,663	167,498
Others	<u>931,104</u>	<u>737,839</u>
	<u>\$ 4,722,137</u>	<u>\$ 3,923,613</u>

## 45. INCOME TAX

### a. Income tax recognized in profit or loss

The main components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
Current year	\$ 939,684	\$ 1,006,051
Income tax on unappropriated earnings	42	-
Prior year's adjustments	<u>(13,289)</u>	<u>(2,754)</u>
	<u>926,437</u>	<u>1,003,297</u>
Deferred tax		
Current year	<u>(11,720)</u>	<u>4,943</u>
Income tax expense recognized in profit or loss	<u>\$ 914,717</u>	<u>\$ 1,008,240</u>

A reconciliation of accounting profit and current income tax expense for the years ended December 31, 2023 and 2022 is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Income before tax	<u>\$ 5,235,397</u>	<u>\$ 4,549,774</u>
Income tax expense at the 20% statutory rate	\$ 1,051,407	\$ 919,405
Tax-exempt income	(207,769)	(48,593)
Nondeductible expenses in determining taxable income	34,367	44,116
Additional income tax under the Alternative Minimum Tax Act	14,059	-
Unrecognized deductible temporary differences	32,872	30,063
Other permanent differences	696	66,003
Income tax on unappropriated earnings	42	-
Income from controlled foreign enterprises recognized by profit-making enterprises	2,332	-
Adjustments for prior year's tax	<u>(13,289)</u>	<u>(2,754)</u>
Income tax expense recognized in profit or loss	<u>\$ 914,717</u>	<u>\$ 1,008,240</u>

For the subsidiaries, the income tax rate in Hong Kong is 16.5%; in Japan 30%, and in Singapore 17%.

UFLIC repatriates investment income in accordance with the "Repatriated off share funds Act". According to the rules, UFLIC should pay income tax.

b. Income tax recognized in other comprehensive income

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<u>Deferred tax</u>		
Recognized in other comprehensive income:		
Translation of foreign operations	\$ 25,129	\$ (281,964)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(303,282)	(65,376)
Remeasurement on defined benefit plans	<u>11,896</u>	<u>15,500</u>
Total income tax expenses recognized in other comprehensive income	<u>\$ (266,257)</u>	<u>\$ (331,840)</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Exchange difference on translation of foreign operations	\$ 127,299	\$ -	\$ 25,195	\$ -	\$ 152,494
Employee benefit plan	178,969	(1,157)	39	-	177,851
Allowance for possible losses and reserve for losses on guarantees	163,265	41,067	-	-	204,332
Investment properties	131,533	(1,928)	-	-	129,605
Others	<u>131,900</u>	<u>147,783</u>	<u>-</u>	<u>-</u>	<u>279,683</u>
	<u>\$ 732,966</u>	<u>\$ 185,765</u>	<u>\$ 25,234</u>	<u>\$ -</u>	<u>\$ 943,965</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at fair value through other comprehensive income	\$ (1,134,076)	\$ -	\$ (303,282)	\$ -	\$ (1,437,358)
Amortization of goodwill impairment loss	(397,061)	-	-	-	(397,061)
Others	<u>(288,124)</u>	<u>(174,045)</u>	<u>11,791</u>	<u>435</u>	<u>(449,943)</u>
	<u>\$ (1,819,261)</u>	<u>\$ (174,045)</u>	<u>\$ (291,491)</u>	<u>\$ 435</u>	<u>\$ (2,284,362)</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchange difference on translation of foreign operations	\$ 406,231	\$ -	\$ (278,932)	\$ -	\$ 127,299
Employee benefit plan	178,544	(60)	485	-	178,969
Allowance for possible losses and reserve for losses on guarantees	92,323	70,942	-	-	163,265
Investment properties	133,461	(1,928)	-	-	131,533
Others	<u>115,273</u>	<u>16,627</u>	<u>-</u>	<u>-</u>	<u>131,900</u>
	<u>\$ 925,832</u>	<u>\$ 85,581</u>	<u>\$ (278,447)</u>	<u>\$ -</u>	<u>\$ 732,966</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at fair value through other comprehensive income	\$ (1,068,700)	\$ -	\$ (65,376)	\$ -	\$ (1,134,076)
Amortization of goodwill impairment loss	(397,061)	-	-	-	(397,061)
Others	<u>(209,665)</u>	<u>(90,524)</u>	<u>11,983</u>	<u>82</u>	<u>(288,124)</u>
	<u>\$ (1,675,426)</u>	<u>\$ (90,524)</u>	<u>\$ (53,393)</u>	<u>\$ 82</u>	<u>\$ (1,819,261)</u>

d. Information on loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

	Unused Amount	Expiry Year
Union Venture Capital Co., Ltd.	<u>\$ 6,731</u>	2033
Union Information Technology	<u>\$ 7,856</u>	2033
Na He Yi Hau Electric Power Inc.	<u>\$ 14,274</u>	2033
Tin Jie Electric Power	<u>\$ 53,274</u>	2033
Union Energy	<u>\$ 56,186</u>	2033
Bei Chen Yi Hau Electric Power Inc.	<u>\$ 5,095</u>	2033
Hao Tian Electric Power Inc.	<u>\$ 448</u>	2033
Feng Tai Electric Power Inc.	<u>\$ 259</u>	2033

e. Income tax assessments

	<u>Examined and Cleared</u>
Union Bank of Taiwan	Through 2020
Union Finance and Leasing International	Through 2021
Union Information Technology	Through 2021
Union Securities Investment Trust Corporation	Through 2021
Na He Yi Hau Electric Power Inc.	Through 2021
Tin Jie Electric Power Inc.	Through 2021
Union Securities Investment Trust Co., Ltd	Through 2021
Union Venture Capital Co., Ltd.	Through 2021

#### 46. EARNINGS PER SHARE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	<u>\$ 1.02</u>	<u>\$ 0.81</u>
Diluted earnings per share	<u>\$ 1.01</u>	<u>\$ 0.81</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

##### Net Profit for the Period

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net profit	\$ 4,317,286	\$ 3,539,070
Less: Dividends on preference shares	<u>(480,000)</u>	<u>(480,000)</u>
Earnings used in the computation of basic earnings per share	<u>\$ 3,837,286</u>	<u>\$ 3,059,070</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,837,286</u>	<u>\$ 3,059,070</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	3,777,940	3,772,466
Effect of potentially dilutive ordinary shares Compensation or bonuses of employees	<u>7,743</u>	<u>6,551</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>3,785,683</u>	<u>3,779,017</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 26, 2023. The basic and diluted earnings per share were both adjusted from \$0.85 to \$0.81 for the year ended December 31, 2022.

## 47. RELATED-PARTY TRANSACTIONS

In addition to those disclosed in other footnotes, significant transactions between the Company and related parties are summarized as follows:

a. Related parties and their relationships with the Company

<u>Related Party</u>	<u>Relationship with the Company</u>
Union Real-Estate Management Corporation (Union Real-Estate Management)	Associates
LINE Pay Taiwan, Ltd. (LINE PAY)	Associates
iPASS Corporation	Associates
Blue Borders Medical and Health Management Consulting Co., Ltd. (Blue Borders)	Associates
Hong Gow Construction Inc., Ltd. (Hung-Gow)	Related party in substance
The Liberty Times Co., Ltd. (Liberty Times)	Related party in substance
Long Shan Lin Corporation (Long Shan Lin)	Related party in substance
Yung Hsuan Co., Ltd (Yung Hsuan)	Related party in substance
Union Enterprise Construction Co., Ltd. (UECC)	Related party in substance
Yu-Bon Limited Co. (Yu-Bon)	Related party in substance
Lianhe Investment Co., Ltd. (Lianhe Investment)	Related party in substance
Union Recreation Enterprise Corporation (Union Recreation Enterprise)	Related party in substance
Union Optronics Co., Ltd. (Union Optronics)	Related party in substance
Hi-Life International Co., Ltd. (Hi-Life International)	Issued by Union Securities Investment Trust
RFD Micro Electricity Co., Ltd. (RFD Micro Electricity)	Related party in substance (nonrelated party after June 28, 2023, and has no significant influence because the Company does not serve as a director)
Xinrong Energy Technology Co., Ltd. (Xinrong Energy)	Related party in substance
Hope Vision Co., Ltd. (Hope Vision)	Related party in substance
Securities Investment Trust Funds	Issued by Union Securities Investment Trust
Union Green Energy Private Equity Limited Partnership (Union Green Energy)	Union Private Equity Co., Ltd. and UFLIC are general partner and limited partner, respectively
Union Green Energy I Private Equity Limited Partnership (Union I)	Union Private Equity Co., Ltd. and UFLIC are general partner and limited partner, respectively
Union Green Energy II Private Equity Limited Partnership (Union II)	Union Private Equity Co., Ltd. and UFLIC are general partner and limited partner, respectively
Others	Directors, managers, and their relatives and affiliates



b. Significant transactions with related parties:

1) Loans

December 31, 2023

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2023	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	25	\$ 30,243	\$ 11,647	\$ 11,647	\$ -	Land, buildings and securities	None
Self-used housing mortgage loans	38	203,730	95,818	95,818	-	Real estate	None
Others	14	50,666	36,403	36,403	-	Land, buildings and securities	None
Others	Hope Vision	26,000	22,750	22,750	-	Small and medium enterprise credit guarantee fund of Taiwan	None

December 31, 2022

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2022	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	23	\$ 18,880	\$ 12,925	\$ 12,925	\$ -	Land, buildings and cars	None
Self-used housing mortgage loans	44	136,035	90,041	90,041	-	Real estate	None
Others	11	43,875	33,299	33,299	-	Land and buildings	None

	December 31		Rate	Interest Revenue	
	Amount	%		Amount	%
2023	\$ 166,618	0.03	1.44%-3.20%	\$ 4,142	0.02
2022	136,265	0.03	1.11%-2.99%	2,299	0.02

2) Deposits

	December 31		Rate (Note)	Interest Expense	
	Amount	%		Amount	%
2023	\$ 6,140,755	0.81	0%-5.00%	\$ 29,555	0.25
2022	7,421,618	1.05	0%-8.00%	33,363	0.65

### 3) Guarantees and letters of credit

#### December 31, 2023

Name	Highest Balance in the Year Ended December 31, 2023	Ending Balance	Balance of Guarantees and Letters of Credit (Note)	Rate	Collateral
Union Recreation Enterprise Corporation	\$ 7,265	\$ 7,265	\$ -	1%	Time deposits
The Liberty Times Co., Ltd.	2,766	-	-	0.05%	Time deposits
Long Shan Lin Corporation	71,040	71,040	-	0.5%	Time deposits
Hi-Life International Co., Ltd.	26,022	26,022	-	0.4%	Time deposits
iPASS Corporation	25,378	25,378	-	0.50%	Time deposits

#### December 31, 2022

Name	Highest Balance in the Year Ended December 31, 2022	Ending Balance	Balance of Guarantees and Letters of Credit (Note)	Rate	Collateral
Union Recreation Enterprise Corporation	\$ 14,350	\$ 7,265	\$ -	1%	Time deposits
The Liberty Times Co., Ltd.	2,793	-	-	0.05%	Time deposits
Long Shan Lin Corporation	71,040	71,040	-	0.5%	Time deposits
Hi-Life International Co., Ltd.	19,830	19,830	-	0.4%	Time deposits

Note: Reserve for guarantee loss is provided on the basis of the estimated unrecoverable amount.

### 4) Leases arrangement

#### a) The Company is lessee

Under operating lease agreements with terms of one year to five years, the Company rents office spaces from related parties for use by the Company's Head Office, Trust, International Banking Department, Wealth Management, Information Technology Department, Consumer Banking Department, Insurance Agency Department, Credit Card Department, Northern Collaterals Appraisal Center, five branches, USITC, UFLIC and UIT. Rentals are paid quarterly or are taken from lease deposits. Rental expenses and lease deposits were as follows:

	Lease Deposit (Part of Other Assets)		Lease Liabilities	
	Amount	%	Amount	%
<u>2023</u>				
Yu-Pang	\$ 461,140	16.30	\$ 67,573	3.75
Horng Gow	219,464	7.76	154,090	8.56
Yong-Xuan	21,228	0.75	366,511	20.36
UECC	5,286	0.19	29,116	1.62
<u>2022</u>				
Yu-Pang	460,890	13.09	63,982	3.85
Horng Gow	219,464	6.23	236,514	14.23
Yong-Xuan	20,690	0.59	100,784	6.06
UECC	5,286	0.15	32,232	1.94

The Company rented space to install an ATM of Hi-life International Corporation, the rent expense was \$772 thousand in 2023 and \$60 thousand in 2022.

b) The Company is lessor

The Company has leased the properties at Zhongxiao Rd., Taichung City to Hi-Life from March 2020 to April 2030. For the years ended December 31, 2023 and 2022, the rental income was both \$914 thousand, and the rentals were received on a monthly basis. In addition, the deposits received for both years were \$80 thousand (accounted for as other liabilities - guarantee deposits received).

The Company has leased the properties at Dunhua S. Rd., Taipei City to Blue Border from January 2022 to January 2032. For the year ended December 31, 2023 and 2022, the rental income was both \$13,669 thousand, and the rentals were received on a monthly basis. In addition, the deposits received was both \$5,980 thousand (accounted for as other liabilities - guarantee deposits received).

The long-term car rental of the subsidiary, Union Finance and Leasing (Int'l) Corp was leased to Hi-Life from January 2022 to June 2026. The rental income from January 1 to December 31, 2023 and 2022 were \$953 thousand and NT\$1,171 thousand, respectively. The rent is collected on a monthly basis.

5) Financial assets at fair value through profit or loss

The Company wants to applied the fund more efficiency and participate in the investment of green energy development. Therefore, Union Private Equity Co., Ltd. has established Union Green Energy Private Equity Limited Partnership on December 2020, and invested \$20 thousand as a general partner and the other general partner is UFLIC. The total investment is \$556,334 thousand on December 31, 2023.

In June 2021, as general partner, Union Private Equity Co., Ltd. raised Union Green Energy I Private Equity Limited Partnership; the total investment was \$4,940 thousand as of December 31, 2023.

In October 2021, as general partner, Union Private Equity Co., Ltd. raised Union Green Energy II Private Equity Limited Partnership; the total investment was \$20 thousand as of December 31, 2023.

Union Private Equity Co., Ltd. charged management fee from Union Green Energy Private Equity Limited Partnership pursuant to the limited partnership agreement; during January 1 to December 31, 2023 and 2022, the amount was \$13,221 thousand and \$7,276 thousand, respectively.

Union Private Equity Co., Ltd. charged Union Green Energy I Private Equity Limited Partnership management fees pursuant to the limited partnership agreement; from January 1 to December 31, 2023 and 2022, the amount was \$3,037 thousand and \$1,288 thousand, respectively.

As of December 31, 2023 and 2022, the UFLIC had purchased 8,804 thousand and 8,082 thousand units of beneficiary certificates issued by USITC, which amounted to \$118,730 thousand and \$103,681 thousand, respectively.

6) Since July 2019, LINE PAY provided the use of its consumer platform to the Company. The maintenance fees of the platform were \$54,648 thousand and \$34,075 thousand, respectively in 2023 and 2022.

- 7) LINE PAY provided the credit card bonus points and cooperative marketing activities to the Company. The advertising fees were \$853,403 thousand and \$716,981 thousand, respectively in 2023 and 2022.
- 8) Hi-Life provided the commodity bonus exchange and marketing activities to the Company. The advertising fees were \$9,016 thousand and \$617 thousand in 2023 and 2022, respectively.
- 9) RFD Micro Electricity Co., Ltd. provided the Company with credit card marketing of sustainable development and eco-consumption; from January 1 to June 28, 2023 and as of December 31, 2022, the rebate income was \$7,977 thousand and \$38,095 thousand, respectively.
- 10) Ting Jie Electric Power and RFD Micro Electricity entered into a solar power generation system installation contract in the neighborhood of Madou District and Xuejia District in Tainan City. The total planned capacity was changed to 160 megawatts, and the expected total price before tax is NT\$8,936,000 thousand. The final total capacity shall comply with the total approved capacity of the permission letter for the construction. In March 2023, this project is in the stage of being connected to the grid of the Taipower system with about 32 million watts. The project is still in progress and has not yet been officially launched for power generation. In order to support the construction of the project, Ting Jie Electric Power signed a contract with a syndicate of 11 financial Institutions with the limit of NT\$7,500,000 thousand. The joint guarantors are the parent company UVC, Union Energy, and RFD Micro Electricity. Union Energy Co., Ltd. pledged 1,890 thousand shares to Ting Jie Electric Power Inc. as collateral for the loan.

In order to build the solar power plant, Na He Yi Hau Electric Power Inc. has signed commercial paper commitment agreement for recurring issuance with International Bills Finance Corporation as guarantor in December 2020. The total credit was \$1,130,000 thousand with endorsement and guarantee from UVC and Union Energy. As of December 31, 2023 and 2022, the commercial paper payables were both \$242,100 thousand, with interest rates of 1.6947% and 1.4114%, respectively.

RFD Micro Electricity Co., Ltd provided the Company with solar power plant construction and solar power plant maintenance services. As of December 31, 2022, the prepayments for the construction was \$2,400,044 thousand (accounted for property, equipment, and plant); as of December 31, 2022, the operation and maintenance expenses payable to the plant (accounted for as accounts payable) was \$17,919 thousand.

#### 11) Installment payment

The subsidiary, Union Finance and Leasing (Int'l) Corp., undertakes the installment payment for Blue Frontier, with machinery and equipment as collateral. It is repaid in one instalment each month from July 2023 to July 2030, with the Chairman of Blue Frontier as the joint guarantor; for the year ended December 31, 2023, the interest income was \$720 thousand, and the lease receivables as of December 31, 2023 were \$74,007 thousand.

## 12) Financial leases

The subsidiary, Union Finance and Leasing (Int'l) Corp., has undertaken a financial lease with machinery and equipment as collateral for Hi-Life. From September 2020 to September 2028, the repayment is made in one installment each month, and the Chairman of Hi-Life serves as the joint guarantor. The interest income for the years ended December 31, 2023 and 2022, was \$538 thousand and \$633 thousand, respectively, and the lease receivables as of December 31, 2023 and 2022 were \$22,134 thousand and \$26,506 thousand, respectively.

Under Articles 32 and 33 of the Banking Act, no unsecured loan may be provided to the stakeholders except for within the consumer loan limits and government loans, credits extended by the Company to any related party should be fully secured, and the credit terms for related parties should not be favorable to those for unrelated parties.

### c. Compensation of directors, supervisors and management personnel:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employment benefits		
Salaries	\$ 49,960	\$ 54,574
Transportation expenses	1,266	1,293
Other	<u>516</u>	<u>191</u>
	51,742	56,058
Post-employment benefits	<u>6,632</u>	<u>1,228</u>
	<u>\$ 58,374</u>	<u>\$ 57,286</u>

Compensation of directors and management personnel is determined by the remuneration committee on the basis of individual performance and market trends.

## 48. PLEDGED ASSETS

### a. The Company

As of December 31, 2023 and 2022, government bonds and bank debentures, which amounted to \$394,005 thousand and \$349,305 thousand (accounted for other financial assets), respectively, had been provided to the courts and the Company of Taiwan as guarantee deposits on provisional seizures against the debtors' properties, as reserve for credit card receivables, as guarantee deposits on bills finance operations, brokering life insurance, property and casualty insurance, and as trust reserve.

As of December 31, 2023 and 2022, the Company pledged a time deposit of both \$1,100,000 thousand (accounted for other financial assets) to Mega International Commercial Bank and Mizuho Bank to be part of the latter's online bank-to-bank payment system.

- b. The following assets of the Company had been used as collaterals to apply for loans, issue commercial papers and apply for provisional seizure of certain assets:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Other financial assets		
Pledge assets	<u>\$ 147,661</u>	<u>\$ 187,152</u>
Investment property	<u>\$ 2,240,077</u>	<u>\$ 2,342,251</u>

As of December 31, 2023 and 2022, notes receivable (not expired) amounting to \$628,474 thousand and \$564,418 thousand had been used as collaterals to apply for loans and issue commercial papers, respectively.

#### 49. CONTINGENCIES AND COMMITMENTS

- a. As of December 31, 2023 and 2022, the Company's commitments consisted of the following:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Irrevocable standby loan commitment	\$ 163,321,584	\$ 145,119,660
Unused credit card commitment	334,521,816	303,890,640
Unused letters of credit	1,386,725	2,769,934
Other guarantees	20,087,873	19,222,176
Collections for customers	17,362,381	20,173,503
Guarantee notes payable	1,359,800	1,363,300
Trust assets	105,006,846	99,416,079
Marketable securities under custody	3,996,782	3,907,911

- b. The duration of leasing cars (included in other assets) is about 1 to 3 years.

Minimum future annual rentals are as follows:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Within 1 year	\$ 1,877,467	\$ 1,889,355
Over 1 year to 5 years	<u>1,996,747</u>	<u>1,924,965</u>
	<u>\$ 3,874,214</u>	<u>\$ 3,814,320</u>

- c. Computer equipment purchase contracts

As of December 31, 2023 and 2022, the Company had contracts to buy computer equipment and software for \$887,647 thousand and \$844,134 thousand, respectively, of which \$443,959 thousand and \$265,376 thousand had been paid as of December 31, 2023 and 2022, respectively.

d. Union Securities Investment Trust Corporation (USITC)

The private equity funds managed by USITC, a subsidiary of the Company, were mainly invested in the Fairfield Sentry Funds (F Funds) of the Madoff Investment Securities' (Madoff Company) Fairfield Company (Fairfield). On January 10, 2011, the liquidator of the F Funds sued USITC, the private equity funds managed by USITC and the beneficiaries who bought USITC's private equity funds to demand the return of the redemption proceeds of US\$17,206 thousand received by USITC's private equity funds from the F Funds. This case remained pending before the Bankruptcy Court for the Southern District of New York.

Madoff Company's liquidation trustee claimed that F Funds' redemption proceeds from Madoff Company constituted unjust enrichment and thus sued USITC and F Funds on March 23, 2012 to demand the return of the redemption proceeds of US\$17,206 thousand received by USITC's private equity funds from F Funds. This case remained pending before the Bankruptcy Court for the Southern District of New York.

The plaintiff has asked the US court to deliver the complaint to the Taiwan Taipei District Court through mutual legal assistance. In accordance with the provisions of Article 402, paragraph 1, paragraph 2 of the Code of Civil Procedure and the relevant practical opinions of the court, the legal documents have been legally delivered to USITC. In order to avoid the unfavorable judgment of the court, USITC appointed American lawyers to deal with the litigation. The defendant in the case (that is, the non-US foreign investor who was a party in the Fairfield series of funds) disputed the application of the US bankruptcy law and the jurisdiction of the US court. The US Court recognized the law does not apply to such defendants, therefore, rejected the plaintiff's request for the reason of international comity. The plaintiff has appealed to the Federal Second Circuit Court of Appeal. In August 2019, the plaintiff has appealed to the Supreme court of the US. The Supreme court of the US rejected the appeal and considered it as a protest; therefore, the case is back to Bankruptcy Court to hear the case. According to information reported by the U.S. attorneys engaged by the Company, there are legal deficiencies in the claim recorded in the plaintiff's complaint. The U.S. attorneys requested the court to reject the plaintiff's complaint on April 4, 2022. However, the US bankruptcy court rejected our claim on August 19 of the same year, and we have agreed to file our defense by November 1 of the same year. On February 22, 2023, the Company's lawyers and the plaintiff's attorneys completed the signing of the trial plan and submitted it to the US bankruptcy court. On April 10, 2023, both parties submitted the relevant information for the initial disclosure, and the Company has begun to collect and discover relevant evidence. The Company has served a response to the plaintiff's discovery briefs to the US bankruptcy court on November 27, 2023.

The private equity funds managed by USITC and mainly invested in the F Funds of Fairfield had become a loss for USITC. Thus, on June 26, 2013, USITC joined Fairfield Greenwich, Citco and PwC in a class action litigation on this investment loss. Regarding the class action suit against Fairfield Greenwich, United States District Court of the Southern District of New York approved the settlement of the two parties on December 19, 2014. The settlement fee was distributed among the settling parties in February 2015. Regarding the class action suit against Citco, the two parties had already come to a settlement on August 12, 2015; the court also approved the settlement of Citco on November 20, 2015. The settlement fee is going to be distributed among the settling parties. Regarding the class action suit against PwC, the court gave a preliminary verdict of settlement to the two parties and opened a court session on May 6, 2016, for a hearing on the fairness of the settlement and the granting of permission; there has been no further appeals since then. The settlement fee would be distributed to the settling parties after deducting the approved amount of counselor fees and disbursement fees. The private equity funds managed by USITC received the check of settlement fee from Rust Consulting Inc. on January 3, 2017 and redeemed for cash on February 6, 2017.

## 50. OTHER

Since the start of the Russia-Ukraine War in February 2022, the credit rating agencies lowered the sovereign rating of Russia, and thus the credit risks of the financial instruments of the Company in investment positions in Russia increased. The Company has considered the related impact, please refer to Notes 11 and 41.

## 51. TRUST BUSINESS UNDER THE TRUST LAW

### Balance Sheet of Trust Accounts December 31, 2023

Trust Assets	Amount	Trust Liabilities and Capital	Amount
Bank deposits	\$ 16,642,391	Management fee payable	\$ -
Investments		Income tax payable	3,472
Mutual funds	62,632,574	Marketable securities payable	15,105,961
Bond	9,216	Trust capital	89,643,432
Common stock	427,477	Reserve and deficit	<u>253,981</u>
Accounts receivable	36,940		
Stock in custody	15,105,961		
Real estate - land and building	<u>10,152,287</u>		
Total	<u>\$ 105,006,846</u>	Total	<u>\$ 105,006,846</u>

### Balance Sheet of Trust Accounts December 31, 2022

Trust Assets	Amount	Trust Liabilities and Capital	Amount
Bank deposits	\$ 12,828,231	Management fee payable	\$ 89
Investments		Income tax payable	951
Mutual funds	58,256,451	Marketable securities payable	15,470,010
Bond	8,948	Trust capital	83,740,302
Common stock	388,917	Reserve and deficit	<u>204,727</u>
Accounts receivable	12,145		
Stock in custody	15,470,010		
Real estate - land and building	<u>12,451,377</u>		
Total	<u>\$ 99,416,079</u>	Total	<u>\$ 99,416,079</u>



**Income Statement of Trust Accounts  
Year Ended December 31, 2023**

	<b>Amount</b>
Trust income	
Interest revenue - demand accounts	\$ 25,156
Interest revenue - time deposits	61,083
Interest revenue - bond	470
Income from beneficiary certificates	586
Cash dividends - common stock	3,418
Realized capital gain - fund	18
Unrealized capital gain - fund	75
Unrealized capital gain - bond	4
Unrealized capital gain - common stock at stock exchange market	<u>120,250</u>
Total trust income	<u>211,060</u>
Trust expense	
Management expense	13,721
Unrealized capital loss - common stock at stock exchange market	524
Unrealized capital loss - bond	2,704
Realized capital loss - fund	1,248
Unrealized capital loss - fund	501
Others	<u>901</u>
Total trust expense	<u>19,599</u>
Gain before tax	191,461
Income tax expense	<u>(7,813)</u>
Net gain	<u>\$ 183,648</u>

Note: The above trust income statements were not included in the Company's income statements.

**Income Statement of Trust Accounts  
Year Ended December 31, 2022**

	<b>Amount</b>
Trust income	
Interest revenue - demand accounts	\$ 4,870
Interest revenue - time deposits	28,985
Interest revenue - bond	424
Income from beneficiary certificates	1,285
Cash dividends - common stock	3,951
Realized capital gain - fund	1
Unrealized capital gain - fund	9
Unrealized capital gain - common stock at stock exchange market	<u>129,789</u>
Total trust income	<u>169,314</u>
Trust expense	
Management expense	15,486
Unrealized capital loss - common stock at stock exchange market	530
Unrealized capital loss - bond	2,957
Realized capital loss - fund	203
Unrealized capital loss - fund	4,496
Others	<u>790</u>
Total trust expense	<u>24,462</u>
Gain before tax	144,852
Income tax expense	<u>(2,706)</u>
Net gain	<u>\$ 142,146</u>

Note: The above trust income statements were not included in the Company's income statements.

**Trust Property and Equipment Accounts  
December 31, 2023**

<b>Investment Portfolio</b>	<b>Amount</b>
Bank deposits	\$ 16,642,391
Investments	
Mutual funds	62,632,574
Bond	9,216
Common stock	427,477
Accounts receivable	36,940
Stock in custody	15,105,961
Real estate - land and buildings	<u>10,152,287</u>
	<u>\$ 105,006,846</u>

**Trust Property and Equipment Accounts  
December 31, 2022**

<b>Investment Portfolio</b>	<b>Amount</b>
Bank deposits	\$ 12,828,231
Investments	
Mutual funds	58,256,451
Bond	8,948
Common stock	388,917
Accounts receivable	12,145
Stock in custody	15,470,010
Real estate - land and buildings	<u>12,451,377</u>
	<u>\$ 99,416,079</u>

**52. FINANCIAL INSTRUMENTS**

a. Fair value information

1) Overview

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When initially recognizing a financial instrument, its fair value is accounted for; in many cases, it usually refers to the transaction price. Other than some financial instruments that are measured at amortized cost, the subsequent measurements are at fair values. The best estimations of fair values are the public quotations in active markets. Where the market of a financial instrument is not active, the Company applies the valuation models, or the quotations from Bloomberg, Reuters, or transaction counterparties when measuring the fair values of the financial instruments.

2) The definitions of each level of the fair value hierarchy are shown below:

a) Level 1

Level 1 financial instruments are traded in an active market in which there are quoted prices for identical assets and liabilities. An active market has the following characteristics:

- i. All financial instruments in the market are homogeneous.
- ii. There are willing buyers and sellers in the market all the time.
- iii. The public can access the price information easily.

The products in this level, such as listed stocks and beneficiary securities, usually have high liquidity or are traded in futures market or exchanges.

b) Level 2

The products in this level have fair values that can be inferred from either directly or indirectly observable inputs other than quoted prices in an active market. Examples of these inputs are:

- i. Quoted prices from the similar products in an active market. This means the fair value can be derived from the current trading prices of similar products, and whether they are similar products should be judged on the characteristics and trading rules. The fair price valuation in this circumstance may be adjusted due to time differences, trading rule's differences, interested parties' prices, and the correlation of price between itself and the similar goods;
- ii. Quoted prices for identical or similar financial instruments in inactive markets;
- iii. For the marking-to-model method, the inputs to this model should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be obtained from the market and can reflect the expectation of market participants;
- iv. Inputs that are derived from observable market data through correlation or other means.

The fair values of products categorized in this level are usually calculated using a valuation model generally accepted by the market. Examples are forward contracts, cross-currency swap, simple interest bearing bonds, convertible bonds and commercial paper.

c) Level 3

The fair values of the products in this level are typically based on management assumptions or expectations other than the direct market data. For example, historical volatility used in valuing options is an unobservable input because it cannot represent the entire market participants' expectation on future volatility.

The products in this level are complex derivate financial instruments or products with prices that are provided by brokers. Examples are complex foreign exchange options.

3) Measured at fair value on a recurring basis

a) Information of the fair value hierarchies

The Company's financial instruments measured at fair value are all measured at fair value on a recurring basis. The fair value hierarchies of the Company's financial instruments are as follows:

(In Thousands of New Taiwan Dollars)				
<b>December 31, 2023</b>				
<u>Measured at fair value on a recurring basis</u>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Nonderivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss (FVTPL)				
Financial assets mandatorily classified as at FVTPL				
Stock	\$ 2,513,748	\$ 1,887,638	\$ -	\$ 626,110
Beneficiary certificates and fund	1,221,325	635,609	-	585,716
Commercial paper	47,158,569	-	47,158,569	-
Asset-based securities	20,258	-	20,258	-
Futures exchange margins	61,390	61,390	-	-
Debt instruments	1,369,226	-	1,369,226	-
Financial assets at fair value through other comprehensive income				
Stock	15,517,752	12,796,127	-	2,721,625
Debt instruments	42,941,330	-	42,941,330	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	511,050	-	389,784	121,266
Liabilities				
Financial liabilities at FVTPL	1,824,034	-	1,702,464	121,570
<b>December 31, 2022</b>				
<u>Measured at fair value on a recurring basis</u>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Nonderivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss (FVTPL)				
Financial assets mandatorily classified as at FVTPL				
Stock	\$ 972,895	\$ 94,377	\$ -	\$ 878,518
Beneficiary certificates and fund	824,895	258,006	-	566,889
Commercial paper	26,558,195	-	26,558,195	-
Asset-based securities	26,637	-	26,637	-
Futures exchange margins	62,175	62,175	-	-
Financial assets at fair value through other comprehensive income				
Stock	11,021,381	8,545,651	-	2,475,730
Debt instruments	48,491,788	-	48,491,788	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	602,545	-	440,271	162,274
Liabilities				
Financial liabilities at FVTPL	931,500	-	769,235	162,265

b) The financial instruments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants with full understanding of the sale or transfer transaction. The fair values of financial instruments at fair value, financial assets at fair value through other comprehensive income, available-for-sale financial assets and hedging derivative financial instruments with quoted price in an active market are based on their market prices; financial instruments with no quoted prices in an active market are estimated by valuation methods.

i. Marking to market

This method should be used first to determine fair value. Following are the principles to follow in marking to market:

- i) Ensure the consistency and integrity of market data.
- ii) The source of market data should be transparent and easy to access and can be referred to by independent resources.
- iii) Listed securities with tradable prices should be valued at closing prices.
- iv) Evaluating unlisted securities that lack tradable closing prices should use quoted prices from independent brokers.

ii. Marking to model

The use of marking to model is suggested if marking to market is infeasible. This valuation methodology is based upon model inputs that are used to derive the value of the trading positions. The Company uses the same estimations and assumptions as those used by market participants to determine the fair value.

The Company uses the forward rates provided by Reuters to estimate the fair values of forward contracts, foreign exchange swap contracts, interest rate swap and cross-currency swap contracts and the discounted cash flow method to calculate the fair values of each contract. For foreign exchange option transactions, the Company uses the option pricing models which are generally used by other market participants (e.g., the Black-Scholes model) to calculate the fair value of the contracts.

For debt instruments with no active market, the Company estimates fair values based on prices quoted by counterparties and adjusted in accordance with the results of the evaluation of a debtor's credit.

c) Fair value adjustment

Credit risk assessment adjustment refers to the fair value of the Over the counter (OTC) derivative financial commodity contracts, which also reflects the credit risk of both parties. It can be mainly divided into “credit evaluation adjustment” and “debit evaluation adjustment”:

- i. Credit value adjustments (CVA): A transaction in a non-concentrated trading market, that is, the adjustment of the derivatives contract evaluation in the OTC transaction, which reflects the possibility of the Company may not be able to collect the full market value or the counterparty may default on the repayment on the fair value.
- ii. Debit value adjustments (DVA): It refers to the transactions of the non-concentrated trading market, that is, the adjustment of the derivatives contract evaluation in the OTC transaction, which reflects the possibility that the Company may not be able to collect the full market value or the counterparty may default on the repayment of the fair value.

Both CVA and DVA are concepts of estimated loss, calculated as the probability of default (PD) multiplied by the loss given default (LGD) and multiplied by the exposure at default (EAD).

For customers with external credit ratings, the default probability is based on the default probability corresponding to the external rating; for customers without external credit ratings, the impairment rate calculated according to the Company’s loan and receivable impairment assessment and the average incidence of impairment is taken as the default probability.

The Company uses the fair value of OTC derivatives to calculate the amount of default risk (EAD).

The Company uses 60% as the default loss rate based on the recommendation of “IFRS 13 CVA and DVA Related Disclosure Guidelines” of the Stock Exchange.

The Company incorporates the credit risk assessment adjustment into the fair value calculation of financial instruments to reflect the counterparty’s credit risk and the Company’s credit quality.

d) Transfers between Level 1 and Level 2

There was no material transfer between Level 1 and Level 2 for 2023 and 2022.

e) Reconciliation of Level 3 items of financial instruments

i. Reconciliation of Level 3 items of financial assets

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial assets at fair value through profit or loss								
Derivative financial assets	\$ 162,274	\$ (15,329)	\$ -	\$ 94,957	\$ -	\$ (120,636)	\$ -	\$ 121,266
Beneficiary certificates	566,889	18,827	-	-	-	-	-	585,716
Equity instruments	878,518	41,592	-	-	-	(294,000)	-	626,110
Financial assets at fair value through other comprehensive income								
Equity instruments	2,475,730	-	234,849	14,676	-	(3,630)	-	2,721,625

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial assets at fair value through profit or loss								
Derivative financial assets	\$ 94,064	\$ 39,931	\$ -	\$ 118,529	\$ -	\$ (90,250)	\$ -	\$ 162,274
Beneficiary certificates	546,950	2,563	-	17,436	-	(60)	-	566,889
Equity instruments	35,022	125,821	-	750,000	-	(32,325)	-	878,518
Financial assets at fair value through other comprehensive income								
Equity instruments	2,369,241	-	(268,702)	375,191	-	-	-	2,475,730

The valuation profit and loss above are listed under current profit and loss, and attributed to the amount of profit and loss of the assets held in the accounts as of December 31, 2023 and 2022; the profits are \$45,090 thousand and \$168,315 thousand, respectively.

ii. Reconciliation of Level 3 items of financial liabilities

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	\$ 162,265	\$ (60,550)	\$ -	\$ 121,532	\$ -	\$ (101,677)	\$ -	\$ 121,570

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	\$ 94,042	\$ 98,618	\$ -	\$ 92,486	\$ -	\$ (122,881)	\$ -	\$ 162,265

The valuation profit and loss above are listed under current profit and loss, and attributed to the amount of profit and loss of the assets held in the accounts as of December 31, 2023 and 2022; the profits are \$60,550 thousand and losses \$98,618 thousand, respectively.

f) Quantitative information of significant unobservable inputs - Level 3 fair value measurement

Item	Product	2023/12/31 Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
Financial assets at fair value through profit or loss						
Derivative financial instruments	Foreign exchange options	\$ 121,266	Option pricing model	Ratio	GBP/AUD 7.17%-7.67% AUD/USD 9.51%-9.60% USD/TWD 7.42%-8.36% USD/ZAR 14.71%-15.26% USD/JPY 10.51% EUR/GBP 4.95%-5.79%	The higher the ratio is, the higher the fair value
Non-derivative financial instruments	Stock	626,110	Assets value model	Allowance of minority interest	5%-10%	The higher the equity dispersion is, the lower the fair value
	Beneficiary certificates	585,716	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
Financial assets at fair value through other comprehensive income						
Non-derivative financial instruments	Stock	2,194,187	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
	Stock	527,438	Market method	Allowance of minority interest	20%	The higher the equity dispersion is, the lower the fair value
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	Foreign exchange options	121,570	Option pricing model	Ratio	GBP/AUD 7.17%-7.67% AUD/USD 9.51%-9.60% USD/TWD 7.42%-8.36% USD/ZAR 14.71%-15.26% USD/JPY 10.51% EUR/GBP 4.95%-5.79%	The higher the ratio is, the higher the fair value



Item	Product	2022/12/31 Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
Financial assets at fair value through profit or loss						
Derivative financial instruments	Foreign exchange options	\$ 162,274	Option pricing model	Ratio	AUD/JPY 14.36%-14.85% AUD/USD 12.21%-12.47% EUR/GBP 7.81%-7.82% EUR/USD 8.53% USD/TWD 5.98%-7.09% USD/ZAR 15.67%-15.68%	The higher the ratio is, the higher the fair value
Non-derivative financial instruments	Stock	878,518	Assets value model	Allowance of minority interest	5%-10%	The higher the equity dispersion is, the lower the fair value
	Beneficiary certificates	566,889	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
Financial assets at fair value through other comprehensive income						
Non-derivative financial instruments	Stock	2,214,298	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
	Stock	261,432	Market method	Allowance of minority interest	10%	The higher the equity dispersion is, the lower the fair value
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	Foreign exchange options	162,265	Option pricing model	Ratio	AUD/JPY 14.36%-14.85% AUD/USD 12.21%-12.47% EUR/GBP 7.81%-7.82% EUR/USD 8.53% USD/TWD 5.98%-7.09% USD/ZAR 15.67%-15.68%	The higher the ratio is, the higher the fair value

g) The assessment process of Level 3 fair value measurement

To ensure that the product assessment results can be close to the market, the risk management department of the Company is responsible for the verification of the independent fair value. For products assessed by the model, before daily assessment, the information required for the assessment will be verified as correct and consistent with each other and the department will calibrate the model to the market quotation and update the input value required for the assessment model. In addition to regular checking of the accuracy of the assessment model, the reasonableness of the prices provided by third parties will also be checked.

- h) Sensitivity analysis of Level 3 fair value if reasonably possible alternative assumptions were used

The Company's Level 3 financial instruments are foreign exchange options. When engaging in foreign exchange option transactions, the Company makes a match for other banks and customers. Thus, the Company does not hold positions, and its source of profit and loss is from receiving and paying premiums. The sensitivity analysis has no effect on profit and loss since the Company does back-to-back transactions and the assets offset the liabilities.

The fair value measurement of financial instrument is reasonable although the use of different valuation models or parameters may lead to different results. For financial instruments classified in Level 3, if the parameter changes by 10%, the effects on profit or loss or other comprehensive income for the current periods are as follows:

December 31, 2023

	<b>Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 272,163	\$ (272,163)

December 31, 2022

	<b>Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 247,573	\$ (247,573)

b. Fair value of financial instruments that are not measured at fair value

1) Information of fair value

For the Company's financial assets not measured at fair values, other than the items listed in the following table, the carrying amounts of cash and cash equivalents, dues from the Central Bank and other banks, investments of notes under reverse repurchase agreements and bonds, accounts receivable, discounts and loans, some of other financial assets, deposits from the Central Bank and other banks, dues to the Central Bank and other banks, liabilities of notes under repurchase agreement and bonds, accounts payable, deposits and remittances, corporate bonds payable, and other financial liabilities are reasonable approximations of their fair values, so their fair values are not disclosed.

	<b>December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>
<u>Financial assets</u>				
Financial assets measured at amortized cost	\$ 81,648,341	\$ 77,918,378	\$ 82,519,002	\$ 78,524,889
<u>Financial liabilities</u>				
Bank debentures	5,000,000	4,948,379	5,000,000	4,922,683

2) Fair value hierarchy

<b>Items</b>	<b>December 31, 2023</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Financial assets measured at amortized cost	\$ 77,918,378	\$ -	\$ 77,918,378	\$ -
<u>Financial liabilities</u>				
Bank debentures	4,948,379	-	4,948,379	-

<b>Items</b>	<b>December 31, 2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Financial assets measured at amortized cost	\$ 78,524,889	\$ -	\$ 78,524,889	\$ -
<u>Financial liabilities</u>				
Bank debentures	4,922,683	-	4,922,683	-

## 53. FINANCIAL RISK MANAGEMENT

### a. Overview

To deal with any expected or unexpected business risk, the Company has established a comprehensive risk management system to allocate resources effectively and efficiently, strengthen business competitiveness, mitigate operational risk to a tolerable or acceptable level, and maintain the capital adequacy ratio to meet the minimum requirements of the authorities and the Basel Accord framework.

### b. Risk management framework

The board of directors, which occupies the highest level in the Company's risk management framework, reviews risk management policies, the overall risk management framework and organization structure for carrying out responsibilities and exercising accountability. The Asset/Liability Management Committee inspects management reports or information provided by business units and the Risk Management Division. The Risk Management Division is an independent unit that is in charge of reviewing the risk management system designed by business units and the compliance with risk management requirements; this division also submits risk management reports to the authorities and develops a series of risk management tools to assess the risks identified. Business units establish risk control procedures, manage and monitor the implementation of those controls in operation units. Operation units perform daily risk management work and internal controls to ensure the accuracy and completeness of the risk management information generated.

### c. Credit risk

#### 1) Credit risk definitions and sources

Credit risk refers to the risk of losses caused by borrowers, debtors, or counterparties' failure to fulfill their contractual obligations due to deteriorating financial position or other factors. It arises principally from transactions involving discounts, loans, credit cards, due from or call loans to banks, debt investments and derivatives etc., and also from off-balance sheet products such as guarantees, acceptance, letters of credit and commitments.

#### 2) Strategy/objectives/policies and processes

- a) Credit risk management strategy: The Company has established the "Credit Risk Management Standards of Union Bank of Taiwan" as the basis of planning, implementing, and managing credit risk management system.
- b) Credit risk management objective: The objectives are to establish and implement an effective credit risk management mechanism to mitigate credit risk, archive operational and management goals, and balance business development and risk control.
- c) Credit risk management policy: The policies are meant to ensure that credit risk falls within an acceptable range and that adequate capital is maintained to meet credit risk management objectives and create maximum risk-adjusted returns.
- d) Credit risk management process: The Company carries out credit risk identification, credit risk measurement, credit risk mitigation, credit risk monitoring and control and credit risk reporting process as part of its credit risk management mechanism.

### 3) Credit risk management framework

- a) The board of directors: The board of directors, the top risk supervisor of the Company, reviews risk management policies, operational risk limits and the design and change of credit risk management framework.
- b) Asset/Liability Management Committee: This committee inspects management reports or information provided by business units and the Risk Management Division.
- c) Risk Management Division: The Risk Management Division is an independent unit that is in charge of the work related to three pillars of Basel and reviews the risk management system designed by business units and the compliance with risk management requirements; the division also submits risk management reports to the authorities and develops risk management tools to assess the risk identified.
- d) Business units: Business units are responsible for establishing risk management regulations and risk control procedures and managing and monitoring the implementation of those controls in operation units.
- e) Operation units: Under the risk management regulations and procedures set by business units, operation units perform daily risk management work and internal controls and prepares reports on these tasks.

### 4) Credit risk measurement, control and reporting

- a) The range of credit risk reporting:
  - i. Each business unit will regularly report the promotion of the business and the allocation of risk assets to the Assets/Liability Management Committee (ALMC).
  - ii. The Company's risk management department regularly monitors the credit limit control situations and reports to the ALMC the credit concentration and the status of each business' achieving BIS (Bank for International Settlements) goals. The department also presents the volume of business NPL situation, credit concentration and the execution of credit risk control to the board of directors.

#### b) Measurement system:

The Company's credit risk management adopts the use of the standardized approach to calculate capital charge and regularly submits related reports to the government. The risk management division and business units implement the Company's management system and monitors the credit exposure of the business, industry, and countries as well as the concentration of credit and collateral to effectively measure and manage investment portfolio.

### 5) Mitigation of risks or hedging of credit risk

The Company is exposed to loss on each credit risk faced by its business. Thus, depending on the nature of the business and the cost considerations, the Company will take appropriate measures to control risk. The Company's information systems provide information that can be used in managing risk control procedures, and the risk management division reports to the board every six months the business risk management status.

6) Maximum exposure to credit risk

The maximum credit exposures of assets in the consolidated balance sheets are almost equivalent to their carrying values. These off-balance sheet maximum credit exposures (excluding collaterals and other credit enhancement instruments) are shown as follows:

Off-Balance Sheet Items	The Maximum Credit Exposure	
	December 31, 2023	December 31, 2022
Irrevocable standby loan commitment	\$ 9,083,323	\$ 5,839,357
Unused letters of credit	1,386,725	2,769,934
Other guarantees	20,087,873	19,222,176
Unused credit card commitments	334,521,816	303,890,640

December 31, 2023	Collateral	Netting Arrangements	Other Credit Enhancement	Total
<u>In-balance sheet items</u>				
Discount and loans	\$ 524,288,591	\$ -	\$ -	\$ 524,288,591

December 31, 2022	Collateral	Netting Arrangements	Other Credit Enhancement	Total
<u>In-balance sheet items</u>				
Discount and loans	\$ 475,720,356	\$ -	\$ -	\$ 475,720,356

7) Concentrations of credit risk exposure

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

There can be credit risk concentrations in a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. These exposures can cover credits, loans and deposits, call loans to banks, investments, receivables and derivatives. To minimize its credit risk, the Company maintains a diversified portfolio; limits its exposure to any one geographic region, country or individual creditor; and closely monitors its exposures. The Company's most significant concentrations of credit risk are summarized as follows:

a) By industry

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Private enterprises	\$ 182,848,424	30.93	\$ 168,018,996	30.30
Public enterprises	313,497	0.05	417,628	0.08
Government organizations	4,620,881	0.78	16,154,967	2.91
Nonprofit organizations	654,493	0.11	642,258	0.12
Private organizations	400,688,946	67.79	367,101,004	66.20
Financial institutions	757,510	0.12	250,307	0.05
Foreign enterprises	1,324,012	0.22	1,890,825	0.34
Total	\$ 591,207,763	100.00	\$ 554,475,985	100.00

b) By geographical area

The Company's operations are mainly in Taiwan.

c) By collaterals

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Unsecured	\$ 55,205,544	9.34	\$ 68,053,401	12.27
Secured				
Financial instruments	14,544,341	2.46	11,799,400	2.13
Stocks	19,409,196	3.28	18,308,121	3.30
Properties	459,054,811	77.65	418,523,058	75.78
Movables	24,823,293	4.20	21,999,813	3.97
Guarantees	15,185,214	2.57	12,535,616	2.26
Others	2,985,364	0.50	3,256,576	0.29
Total	\$ 591,207,763	100.00	\$ 554,475,985	100.00

8) Analysis of impairment for financial assets

On the basis of the result of a credit evaluation, the Company may require collaterals before the credit facilities are granted. To minimize credit risk, appropriate collaterals are required on the basis of the borrowers' financials and debt service capabilities. All guarantees and appraisal procedures follow the authorities' relevant regulations and the Company's internal rules. The Company's internal rules describe the acceptable types of collaterals, appraisal methods, appraisal process, and post-approval collateral management, which require close monitoring of the value of collaterals to ensure repayment. The main collateral types are summarized as follows:

- a) Real estate
- b) Other property
- c) Securities/stock
- d) Deposits/certificates of deposits
- e) Credit guarantee fund or government guarantee

The Company observes the value of collateral for financial instruments and takes into consideration the impairment loss that should be recognized for financial assets that are credit-impaired. The values of the credit-impaired financial assets and the values of collateral to mitigate potential losses are as follows:

December 31, 2023

Credit-impaired Financial Assets	Carrying Amount	Allowance for Impairment Loss	Exposure Amount (Amortized Cost)	Fair Value of Collateral
Receivables				
Credit cards	\$ 800,018	\$ 96,329	\$ 703,689	\$ -
Other	14,935	4,470	10,465	23,105
Discounts and loans	<u>2,236,465</u>	<u>265,770</u>	<u>1,970,695</u>	<u>3,351,341</u>
	<u>\$ 3,051,418</u>	<u>\$ 366,569</u>	<u>\$ 2,684,849</u>	<u>\$ 3,374,446</u>

December 31, 2022

<b>Credit-impaired Financial Assets</b>	<b>Carrying Amount</b>	<b>Allowance for Impairment Loss</b>	<b>Exposure Amount (Amortized Cost)</b>	<b>Fair Value of Collateral</b>
Receivables				
Credit cards	\$ 844,187	\$ 32,797	\$ 811,390	\$ -
Other	40,318	14,346	25,972	34,826
Discounts and loans	<u>1,941,707</u>	<u>351,831</u>	<u>1,589,876</u>	<u>5,260,897</u>
	<u>\$ 2,826,212</u>	<u>\$ 398,974</u>	<u>\$ 2,427,238</u>	<u>\$ 5,295,723</u>

9) Judgment that credit risk has increased significantly since the initial recognition

On each reporting date, the Company assesses the change in the default risk of financial assets, as well as considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, to determine whether the credit risk has increased significantly. The main considerations include:

Quantitative indicators

- a) The borrower pays the amount for contracts overdue for at least one month (more than or equal to 30 days for the credit card business), or the amounts for other contracts that are overdue for at least one month (more than or equal to 30 days for the credit card business).
- b) Debt instruments whose prices on the reporting date have fallen more than 40% from the original price since the acquisition date.
- c) Debt instruments that have non-investment grades based on the debt (priority), issuer, and guarantor's credit rating and that have fallen by more than two grades and whose prices have fallen by more than 15% on the reporting date.

Qualitative indicators

- a) The borrower's check bounced due to insufficient funds in the Company's checking account, or announced as a rejected account.
- b) The borrower's collateral was seized.
- c) The borrower's debt has been recognized as a non-accrual loan or transferred to bad debt by other financial institutions.
- d) The borrower has been reorganized.
- e) An auditors' report on the borrower has been released where it was stated that a material uncertainty exists that may cast significant doubt on the borrower's ability to continue as a going concern.
- f) The borrower has other bad debts that indicate that the borrower's ability to perform its debt obligations is weak or has signs of impairment, which has been assessed to affect its operations or repayment ability.



## 10) Definition of default and credit impaired financial assets

The Company uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions below are met, the Company determines that the financial assets have defaulted and are credit impaired. The main considerations include:

- a) The borrower pays the amount for contracts overdue for at least 3 months (90 days and above for the credit card business).
- b) The debtor has significant financial difficulties (e.g., the debtor has ceased operations, is bankrupt, or has liquidated).
- c) Economic or legal considerations, concessions to borrowers with financial difficulties (such as debt negotiations).

If the financial assets no longer meet the definition of default and credit impairment, they are judged as regaining their status of meeting performance obligations and are no longer regarded as financial assets that have defaulted and are credit impaired.

## 11) Reversal policy

When the Company is not reasonably expected to recover all or part of the financial assets, the indicators that all or part of the financial assets that cannot be reasonably expected to be recovered include the following:

- a) Recourse activities have stopped.
- b) The borrower is assessed to have insufficient assets or sources of income to pay the outstanding amount.

The financial assets that have been written off by the Company may still have ongoing recourse activities in accordance with the relevant policies.

## 12) Contractual cash flow modification of financial assets

The Company may modify the contractual cash flow of financial assets due to the borrower's financial difficulties, increase in the recovery rate of the doubtful borrowers, or to maintain customer relationships. The modification of the contractual terms of the financial assets may include extending the contract period, modifying the interest payment time, and modifying the agreed interest rate or the exemption of some of the outstanding debts. The modification of contractual cash flows of financial assets may result in the delisting of existing financial assets in accordance with the Company's financial assets delisting policy and recognition of new financial assets at fair value.

If the contractual cash flow modification of a financial asset does not result in a derecognition, the Company assesses whether the credit risk of the financial asset has increased significantly by comparing the following:

- a) Risk of default on the reporting date (based on modified contract terms).
- b) The risk of default at the time of original recognition (based on the original unmodified contract terms).

The Company considers the borrower’s subsequent payment in accordance with the revised terms and several relevant behavioral indicators to assess the probability of default of the revised financial assets and confirm whether the contract modification improves or restores the ability of the Company to recover the relevant contract payments. If the borrower pays the contract amount according to the revised terms and shows good payment behavior, it can be determined that the credit risk is reduced and the loss allowance will be measured by the 12-month expected credit loss.

The Company regularly reviews the changes in credit risk of the revised financial assets in accordance with relevant policies, and evaluates whether there is a significant increase in credit risk following the revised financial assets based on a specific model.

### 13) Measurement of expected credit losses

For the purpose of assessing expected credit losses, credit assets are classified into the following groups based on the credit risk characteristics of the borrower’s industry, credit risk rating, collateral type and remaining maturity period:

<b>Business</b>	<b>Group</b>	<b>Definition</b>
Corporate banking	Corporate banking	Corporate banking business
Consumer banking	Mortgages	Mortgage business
	Financial loans	Financial loan business
	Credit card	Credit card business
	Others	Other business

The Company adopts the 12-month ECL model to evaluate the loss allowance of financial instruments whose credit risk have not increased significantly since initial recognition, and adopt the lifetime ECL model to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Company considers both the 12-month and lifetime probability of default (“PD”) of the borrower with the loss given default (“LGD”), multiplied by the exposure at default (“EAD”), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

“PD” refers to the borrower’s probability to default and “LGD” refers to losses caused by the default. The Company calculates the “PD” and “LGD” used in the impairment assessment of the credit business according to each group’s historical information (such as credit loss experience) from internal statistical data, and after adjustment of the historical data based on current observable and forward-looking macroeconomic information.

	<b>Account Receivable</b>				<b>Total</b>
	<b>December 31, 2023</b>				
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Additional Impairment Loss Required under Regulations</b>	
Gross carrying amount	\$ 37,097,858	\$ 177,426	\$ 814,953	\$ -	\$ 38,090,237
Less: Allowance for impairment loss	124,800	16,986	100,799	-	242,585
Less: Additional impairment loss required under regulations	-	-	-	39,263	39,263
	<u>\$ 36,973,058</u>	<u>\$ 160,440</u>	<u>\$ 714,154</u>	<u>\$ 39,263</u>	<u>\$ 37,808,389</u>

<b>Account Receivable</b>					
<b>December 31, 2022</b>					
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Additional Impairment Loss Required under Regulations</b>	<b>Total</b>
Gross carrying amount	\$ 28,366,326	\$ 142,768	\$ 884,505	\$ -	\$ 29,393,599
Less: Allowance for impairment loss	129,372	12,241	47,143	-	188,756
Less: Additional impairment loss required under regulations	-	-	-	<u>23,860</u>	<u>23,860</u>
	<u>\$ 28,236,954</u>	<u>\$ 130,527</u>	<u>\$ 837,362</u>	<u>\$ 23,860</u>	<u>\$ 29,180,983</u>

<b>Discounts and Loans</b>					
<b>December 31, 2023</b>					
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Additional Impairment Loss Required under Regulations</b>	<b>Total</b>
Gross carrying amount	\$ 566,033,237	\$ 2,711,467	\$ 2,236,465	\$ -	\$ 570,981,169
Less: Allowance for impairment loss	697,689	158,499	265,770	-	1,121,958
Less: Additional impairment loss required under regulations	-	-	-	<u>5,751,587</u>	<u>5,751,587</u>
	<u>\$ 565,335,548</u>	<u>\$ 2,552,968</u>	<u>\$ 1,970,695</u>	<u>\$ 5,751,587</u>	<u>\$ 564,107,624</u>

<b>Discounts and Loans</b>					
<b>December 31, 2022</b>					
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Additional Impairment Loss Required under Regulations</b>	<b>Total</b>
Gross carrying amount	\$ 529,977,755	\$ 2,423,258	\$ 1,941,707	\$ -	\$ 534,342,720
Less: Allowance for impairment loss	690,741	202,615	351,831	-	1,245,187
Less: Additional impairment loss required under regulations	-	-	-	<u>4,978,932</u>	<u>4,978,932</u>
	<u>\$ 529,287,014</u>	<u>\$ 2,220,643</u>	<u>\$ 1,589,876</u>	<u>\$ 4,978,932</u>	<u>\$ 528,118,601</u>

When the Company estimates the 12-month and lifetime expected credit losses for its loan commitments, it will give different credit conversion factors according to the characteristics of each product. The Company will also take into consideration the amount that is expected to be utilized within 12 months from the reporting date and the expected lifetime of each commitment in determining the default risk amount that is used to calculate the expected credit loss.

The estimation techniques or material assumptions used to assess expected credit losses have not changed significantly during the current period.

#### 14) Consideration of forward-looking information

The Company's credit (including credit card) segments are based on different loan properties, such as corporate banking, consumer finance, credit, car loans and credit cards, and forward-looking model estimates are carried out, based on actual default rates and overall economic variables of each segment in the past quarters. The default rate for the next year is estimated using the credit risk chain model, by estimating the relationship between the default rate and the overall economic variables. The investment function makes reference to external credit ratings in their consideration of forward-looking information.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity risk means banks cannot provide sufficient funding for asset size growth and for meeting obligations on matured liabilities or have to make late payments to counterparties or raise emergency funding to cover funding gaps.

2) Liquidity risk management strategy and principles

- a) The board of directors, the top risk supervisor of the Company, regularly reviews liquidity risk management policies. The Asset/Liability Management Committee, the top liquidity risk executive of the Company, supervises the implementation of liquidity risk monitoring and control procedures and is responsible for taking any needed remedial measures.
  - b) In making internal transfer pricing, performance evaluation and new product development decisions, the operation units take liquidity cost and product effectiveness and risks into consideration and align their decisions with the Company's overall liquidity risk management policies.
  - c) The fund procurement department implements funding strategies in accordance with the conservatism principle to diversify the funding sources and negotiate reasonable repayment periods to ensure continuing participation in the lending market, and maintains a close relationship with fund providers to strengthen financing channels and ensure the stability and reliability of fund sources.
  - d) To strengthen liquidity risk management, the Company has regulations requiring the daily execution of risk management procedures and the monitoring of implementation to maintain sufficient liquidity.
  - e) The risk management units report the Company's liquidity position to the Asset/Liability Management Committee monthly and report the Company's liquidity risk management to the board of directors regularly.
- 3) The liquidity risk analysis of the cash inflow and outflow of assets and liabilities held for liquidity risk refers to the amounts of the obligations for the remaining maturity periods, i.e., from the reporting date to the contract maturity dates. The maturity analysis of financial assets and financial liabilities:
- a) For maintaining solvency and meeting the needs of emergency assistance arrangements, the Company holds cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in debt instruments at amortized cost, and discounts and loans, etc.

- b) The Company disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those that shown in the consolidated balance sheets.

i. The maturity analysis of financial liabilities

December 31, 2023						
	Due in One Month	Due Between after One Month and Three Months	Due Between after Three Months and Six Months	Due Between after Six Months and One Year	Due after One Year	Total
Deposits from the Central Bank and other banks	\$ 7,473,747	\$ 780,303	\$ 1,520,000	\$ 2,655,000	\$ 415,179	\$ 12,844,229
Due to the Central Bank and other banks	1,403,184	-	-	-	-	1,403,184
Securities sold under agreements to repurchase	42,104,182	19,399,594	-	-	-	61,503,776
Accounts payables	6,090,266	1,210,449	1,498,217	293,611	74,387	9,166,930
Deposits and remittance	53,777,514	87,099,936	118,238,216	223,763,868	273,283,125	756,162,659
Bank debentures	-	-	-	-	5,000,000	5,000,000
Preferred stock liabilities	-	-	-	-	375,000	375,000
Bonds payable	-	-	-	-	927,202	927,202
Other liabilities	11,545,876	114,275	180,435	334,195	1,701,257	13,876,038

December 31, 2022						
	Due in One Month	Due Between after One Month and Three Months	Due Between after Three Months and Six Months	Due Between after Six Months and One Year	Due after One Year	Total
Deposits from the Central Bank and other banks	\$ 292,806	\$ 435,984	\$ 2,093,430	\$ 2,608,430	\$ 386,549	\$ 5,817,199
Due to the Central Bank and other banks	904,865	-	-	-	-	904,865
Securities sold under agreements to repurchase	28,232,346	6,066,261	-	-	-	34,298,607
Accounts payables	4,672,265	996,471	1,349,913	195,648	42,576	7,256,873
Deposits and remittance	56,263,885	90,647,028	93,245,487	202,878,439	264,879,495	707,914,334
Preferred stock liabilities	-	-	-	-	375,000	375,000
Bank debentures	-	-	-	-	5,000,000	5,000,000
Bonds payable	-	1,001,523	-	-	-	1,001,523
Other liabilities	6,567,041	4,138,548	191,147	499,955	1,568,985	12,965,676

Further information on the maturity analysis of lease liabilities is as follows:

December 31, 2023							
	Due in One Year	Due Between after One Year and Five Years	Due Between after Five Years and Ten Years	Due Between after Ten Years and Fifteen Years	Due Between after Fifteen Years and Twenty Years	Due after Twenty Years	Total
Lease liability	<u>\$ 482,004</u>	<u>\$ 1,002,563</u>	<u>\$ 249,330</u>	<u>\$ 103,443</u>	<u>\$ 19,206</u>	<u>\$ -</u>	<u>\$ 1,856,546</u>

December 31, 2022							
	Due in One Year	Due Between after One Year and Five Years	Due Between after Five Years and Ten Years	Due Between after Ten Years and Fifteen Years	Due Between after Fifteen Years and Twenty Years	Due after Twenty Years	Total
Lease liability	<u>\$ 444,377</u>	<u>\$ 827,160</u>	<u>\$ 263,486</u>	<u>\$ 141,129</u>	<u>\$ 50,481</u>	<u>\$ -</u>	<u>\$ 1,726,633</u>

ii. The maturity analysis of derivatives financial liabilities - forward exchange contracts and currency swap contracts

December 31, 2023						
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at gross amounts						
Cash outflow	\$ 17,918,857	\$ 41,067,318	\$ 5,598,382	\$ 3,409,953	\$ 30,735	\$ 68,025,245
Cash inflow	<u>17,437,895</u>	<u>39,944,906</u>	<u>5,520,076</u>	<u>3,389,211</u>	<u>30,693</u>	<u>66,322,781</u>
	480,962	1,122,412	78,306	20,742	42	1,702,464
Derivative financial liabilities to be settled at net amounts						
Forward exchange contracts	-	-	-	-	-	-
	<u>\$ 480,962</u>	<u>\$ 1,122,412</u>	<u>\$ 78,306</u>	<u>\$ 20,742</u>	<u>\$ 42</u>	<u>\$ 1,702,464</u>

	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at gross amounts						
Cash outflow	\$ 9,735,191	\$ 29,818,552	\$ 1,033,696	\$ 977,209	\$ -	\$ 41,564,648
Cash inflow	<u>9,544,469</u>	<u>29,297,427</u>	<u>990,960</u>	<u>959,277</u>	<u>-</u>	<u>40,792,133</u>
	190,722	521,125	42,736	17,932	-	772,515
Derivative financial liabilities to be settled at net amounts						
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 190,722</u>	<u>\$ 521,125</u>	<u>\$ 42,736</u>	<u>\$ 17,932</u>	<u>\$ -</u>	<u>\$ 772,515</u>

iii. The maturity analysis of derivatives financial liabilities-option contracts

	December 31, 2023					
	0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at net amounts	<u>\$ 7,621</u>	<u>\$ 12,584</u>	<u>\$ 11,079</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ 48,784</u>

	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at net amounts	<u>\$ 7,030</u>	<u>\$ 13,257</u>	<u>\$ 27,728</u>	<u>\$ 16,879</u>	<u>\$ -</u>	<u>\$ 64,894</u>

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices and commodity prices), which may cause financial instruments classified in the trading book to give rise to a potential loss on or off the balance sheet items.

2) Market risk management strategy and processes

The Company implements the “Market Risk Management Standards of Union Bank of Taiwan”, which had been approved by the board of directors, as the basis of market risk management.

The market risk management processes are risk identification, risk measurement, risk monitoring and control, risk reporting and risk mitigation.

- a) Risk identification: For balance sheet and off-balance sheet items, the Company identifies and assesses market risk factors of products and the investment business and subjects them to risk management, monitoring and control procedures.
- b) Risk measurement: In principle, each investment or transaction has at least one risk measurement tool - such as sensitivity analysis, value at risk and stress testing, which can be applied to variables, such as fair market value and notional amounts, to quantify market risk.
- c) Risk monitoring and control: Each operation unit observes the risk limit regulation stated in its operating manual and regularly monitors risk control. The department of risk management is responsible for summarizing and reporting the Company’s overall market risk monitoring.

- d) Risk reporting: The risk management reports are classified as regular report, over-limit report and exception report. Regular reports are the management statements sent to the appropriate level in accordance with certain requirements. Over-limit reports are about situations in which risk limits are exceeded. Exception reports contain operation units' recommendations on how to meet temporary business needs.
- e) Risk mitigation: An operation unit may take certain action to reduce risk, such as hedging, investment combination adjustment, position adjustment, setting a break-even point, halting new transactions, etc.

### 3) Market risk management framework

- a) The board of directors: The board of directors, the Company's top market risk supervisor, reviews risk management policies, operational risk limits and the design and change of the credit risk management framework.
- b) Asset/Liability Management Committee: The Asset/Liability Management Committee inspects management reports or information provided by business units and the Risk Management Division.
- c) Risk Management Division: The Risk Management Division is an independent unit in charge of the work related to three pillars of Basel and of the development of market risk management tools to assess and control the risk identified through setting risk limits.
- d) Operation units: Operation units perform daily market risk management work and report the market risk of investment positions and related information to the authorities.

### 4) Market risk measurement, control and reporting

- a) The market risk of the trading book financial instruments is measured in accordance with the fair market value or evaluation model and the profit and loss situation is evaluated regularly.
- b) The business units and the risk management division prepares management reports periodically and report to the appropriate level.
- c) The market risk management system combines the evaluation of the front and middle offices to generate information that will assist management in risk monitoring. Moreover, the system supports the capital accrual method being used by the Company through generating internal and external reports for management's decision, making.

### 5) Market risk measurement of trading book

The Company assesses the market risk exposure of the trading book in conformity with an assessment model using publicly quoted market prices or other measurement methods, including interest rate sensitivity analysis (DV01 value) and stress tests. The interest rate sensitivity analysis (DV01 value) refers to changes in market interest by 1 basis point (0.01%); the abnormal stress test system deals with market volatility and involves the regular estimation of possible losses (stress loss) and of the impact of stress test scenarios on major asset portfolios and the Company's profit and loss.

6) Banking book market risk

a) Interest rate risk

The loans and deposits and other interest rate-related items in the Company's balance sheet, including interest rate sensitive assets and interest rate sensitive liabilities, are measured from the viewpoint of earnings because there is a risk of decrease in earnings due to adverse changes in interest rates for loans and deposits.

The loans and deposits and other interest rate-related items in the Company's balance sheet, including interest rate sensitive assets and interest rate sensitive liabilities, are assessed as a result of interest rate changes on the Company's earnings assuming that other factors of change remain unchanged. For 2023 and 2022, assuming all market risk indicators, except interest rates, remained constant, an interest rate increase or decrease by 100bps would result in an increase or decrease in profit before tax by \$557,251 thousand and \$450,642 thousand, respectively.

b) Exchange rate risk

The exchange rate risk of the banking book refers to the business operation of the International Banking Department of the Company's Head Office and the operating funds in foreign currencies required by the ROC or local regulations; if there are adverse exchange rate changes, the income statement or cumulative translation adjustments in equity would be negatively affected.

The International Banking Department (IBD) of the Company's Head Office is a going concern, and its operating funds are foreign currencies for business needs. However, the exchange rate risk on these funds is not significant because the percentage of the operating funds to the Company's total assets is small, as shown by the immaterial ratio of the IBD's cumulative translation adjustment to the Companies' net worth.

7) Foreign currency rate risk information

The information of significant foreign financial assets and liabilities is as follows:

**Unit: Each Foreign Currency (In Thousands)/NT\$ (In Thousands)**

	<b>December 31, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
USD	\$ 4,023,190	30.7350	\$ 123,468,792
JPY	36,443,602	0.2173	7,920,864
GBP	7,308	39.1779	286,318
AUD	79,117	21.0043	1,663,065
HKD	100,994	3.9339	397,298
CAD	12,473	23.2155	289,561
CNY	609,334	4.3310	2,639,032
SGD	4,690	23.3088	109,313
ZAR	904,451	1.6594	1,500,826
CHF	616	36.5327	22,511
NZD	17,110	19.4952	333,558
EUR	35,899	34.0083	1,220,852

(Continued)



	<b>December 31, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial liabilities</u>			
USD	\$ 3,704,062	30.7350	\$ 113,844,358
JPY	36,483,733	0.2173	7,919,849
GBP	7,307	39.1779	286,278
AUD	79,123	21.0043	1,661,933
HKD	101,172	3.9339	397,999
CAD	12,441	23.2155	288,815
CNY	609,347	4.3310	2,639,088
SGD	4,755	23.3088	110,829
ZAR	904,908	1.6594	1,501,584
CHF	644	36.5327	23,513
NZD	17,088	19.4952	333,143
EUR	35,937	34.0083	1,222,150
			(Concluded)

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
USD	\$ 3,535,696	30.7080	\$ 108,574,147
JPY	24,281,404	0.2324	5,642,318
GBP	12,282	37.0553	455,110
AUD	104,672	20.8292	2,180,239
HKD	158,807	3.9383	625,426
CAD	15,962	22.6611	361,714
CNY	621,067	4.4079	2,737,594
SGD	4,743	22.8686	108,458
ZAR	885,860	1.8118	1,605,019
CHF	874	33.2086	29,038
NZD	18,767	19.4351	364,745
EUR	47,451	32.7132	1,552,288

<u>Financial liabilities</u>			
USD	3,176,744	30.7080	97,551,454
JPY	28,777,059	0.2324	6,686,983
GBP	12,264	37.0553	454,464
AUD	104,688	20.8292	2,180,577
HKD	118,551	3.9383	466,888
CAD	15,961	22.6611	361,689
CNY	621,431	4.4079	2,739,197
SGD	4,696	22.8686	107,380
ZAR	886,269	1.8118	1,605,760
CHF	900	33.2086	29,879
NZD	18,778	19.4351	364,952
EUR	47,815	32.7132	1,564,196

8) Effect of interest rate benchmark reform

The Company is exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. Therefore, when existing contracts and agreements that reference USD LIBOR transfer to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Company’s counterparties are not successfully concluded before the cessation of USD LIBOR, the case will bring significant uncertainties to the future interest rate basis applied to financial instruments, and give rise to additional interest rate risk that was not anticipated when the contracts were entered into. If a hedged financial instrument and the related hedging derivative instruments are transitioned to alternative benchmark rates at different times, it could result in hedge ineffectiveness.

The following table contains details of non-derivative financial instruments held by the Company as of December 31, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	<b>Carrying Amount</b>
<u>Non-derivative financial assets which are subject to the reform</u>	
Financial assets linked to USD LIBOR	
Financial assets at FVTPL	\$ 4,133
Financial assets at FVTOCI	537,863
Discounts and loans	<u>134,260</u>
	<u>\$ 676,256</u>

f. Transfers of financial assets

Most of the transferred financial assets of the Company that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right on cash flow of the transferred financial assets would be transferred to other entities and the associated liabilities of the Company's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Company is restricted to use, sell or pledge the transferred financial assets throughout the term of transaction, and is still exposed to interest rate risks and credit risks on these instruments, the transferred financial assets are not derecognized in their entirety. The details of financial assets that are not derecognized in their entirety and the associated financial liabilities are as follows:

<b>December 31, 2023</b>					
<b>Category of Financial Assets</b>	<b>Carrying Amount of Transferred Financial Asset</b>	<b>Carrying Amount of Associated Financial Liability</b>	<b>Fair Value of Transferred Financial Asset</b>	<b>Fair Value of Associated Financial Liability</b>	<b>Fair Value of Net Position</b>
Financial instruments at fair value through profit or loss Securities sold under repurchase agreements	\$ 28,966,602	\$ 28,993,136	\$ 28,966,602	\$ 28,993,136	\$ (26,534)
Financial assets at fair value through other comprehensive income Securities sold under repurchase agreements	19,314,950	17,764,816	19,314,950	17,764,815	1,550,134
Financial assets at amortized cost Securities sold under repurchase agreements	28,481,320	14,321,243	24,788,398	14,321,243	10,467,155

<b>December 31, 2022</b>					
<b>Category of Financial Assets</b>	<b>Carrying Amount of Transferred Financial Asset</b>	<b>Carrying Amount of Associated Financial Liability</b>	<b>Fair Value of Transferred Financial Asset</b>	<b>Fair Value of Associated Financial Liability</b>	<b>Fair Value of Net Position</b>
Financial instruments at fair value through profit or loss Securities sold under repurchase agreements	\$ 9,700,254	\$ 9,701,184	\$ 9,700,254	\$ 9,701,184	\$ (930)
Financial assets at fair value through other comprehensive income Securities sold under repurchase agreements	8,999,616	9,150,340	8,999,616	9,150,340	(150,724)
Financial assets at amortized cost Securities sold under repurchase agreements	27,540,026	15,447,083	23,735,845	15,447,083	8,288,762

g. Offsetting financial assets and financial liabilities.

The Company is eligible to present certain derivative assets and derivative liabilities on a net basis on the balance sheets since the offsetting criteria are met. Cash collateral has also been paid by part of counterparties for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be set off against the net amount of the derivative assets and derivative liabilities in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheets or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2023						
Financial Assets	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Net Amount of Financial Assets Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instrument	Cash Collateral Pledged	
Derivatives	\$ 511,050	\$ -	\$ 511,050	\$ 745	\$ -	\$ 510,305

Note: Including the master netting arrangements and non-cash financial collaterals.

December 31, 2023						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Net Amount of Financial Liabilities Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial instrument	Cash Collateral Pledged	
Derivatives	\$ 1,824,034	\$ -	\$ 1,824,034	\$ 745	\$ -	\$ 1,823,289

Note: Including the master netting arrangements and non-cash financial collaterals.

December 31, 2022						
Financial Assets	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Net Amount of Financial Assets Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instrument	Cash Collateral Pledged	
Derivatives	\$ 602,545	\$ -	\$ 602,545	\$ 11,431	\$ -	\$ 591,114

Note: Including the master netting arrangements and non-cash financial collaterals.

December 31, 2022						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Net Amount of Financial Liabilities Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial instrument	Cash Collateral Pledged	
Derivatives	\$ 931,500	\$ -	\$ 931,500	\$ 11,431	\$ -	\$ 920,069

Note: Including the master netting arrangements and non-cash financial collaterals.

## 54. CAPITAL MANAGEMENT

### a. Strategies to maintain capital adequacy

Under the regulations set by the authorities, the Company complies with the requirements set each year for the minimum consolidated capital adequacy ratios, including the common equity Tier I capital ratio; the Company's leverage ratio is also in accordance with the requirements of the relevant authorities. These ratios are applied in accordance with the regulations announced by the authorities.

### b. Capital assessment program

The capital ratios and leverage ratios are applied, analyzed, monitored and reported regularly, and are assigned to each business unit as the target capital adequacy ratios. The business units' compliance with the ratio requirements is tracked regularly, and remedial action is taken if the capital and leverage ratio requirements are not met.

### c. Capital adequacy

(Unit: In Thousands of New Taiwan Dollars, %)

Items (Note 2)		Year	December 31, 2023	
			Own Capital Adequacy Ratio	Capital Adequacy Ratio
Eligible capital	Common equity Tier 1 Ratio		\$ 50,089,913	\$ 48,657,138
	Other Tier 1 capital		13,000,000	13,000,000
	Tier 2 capital		10,138,005	11,563,209
	Eligible capital		73,227,918	73,220,347
Risk-weighted assets	Credit risk	Standard	438,463,100	443,214,728
		Internal rating-based approach	-	-
		Asset securitization	290,776	290,776
	Operational risk	Basic indicator approach	27,562,984	32,615,448
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	30,773,144	32,740,790
		Internal model approach	-	-
Total risk-weighted assets			497,090,004	508,861,742
Capital adequacy rate			14.73%	14.39%
Ratio of common stockholders' equity to risk-weighted assets			10.08%	9.56%
Ratio of Tier 1 capital to risk-weighted assets			12.69%	12.12%
Leverage ratio			6.32%	6.05%

Items (Note 2)		Year	December 31, 2022	
			Own Capital Adequacy Ratio	Capital Adequacy Ratio
Eligible capital	Common equity Tier 1 Ratio		\$ 44,397,652	\$ 43,005,283
	Other Tier 1 capital		13,000,000	13,000,000
	Tier 2 capital		8,973,856	10,370,633
	Eligible capital		66,371,508	66,375,916
Risk-weighted assets	Credit risk	Standard	403,074,632	407,119,232
		Internal rating-based approach	-	-
		Asset securitization	288,276	288,276
	Operational risk	Basic indicator approach	25,243,857	30,213,797
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	15,438,120	17,445,241
		Internal model approach	-	-
Total risk-weighted assets			444,044,885	455,066,546
Capital adequacy rate			14.95%	14.59%
Ratio of common stockholders' equity to risk-weighted assets			10.00%	9.45%
Ratio of Tier 1 capital to risk-weighted assets			12.93%	12.31%
Leverage ratio			6.38%	6.11%

Note 1: Eligible capital and risk-weighted assets are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and the “Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks.”

Note 2: Formulas used were as follows:

- 1) Eligible capital = Common equity Tier 1 capital + Other Tier 1 capital + Tier 2 capital.
- 2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of Common equity Tier 1 capital to risk-weighted assets = Common equity Tier 1 capital ÷ Risk-weighted assets.
- 5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity Tier 1 capital + Other Tier 1 capital) ÷ Risk-weighted assets.
- 6) Leverage ratio = Tier 1 capital ÷ Exposure Measurement.

The Banking Law and related regulations require that the Company maintains its unconsolidated and consolidated CARs at a minimum of 10.5%, the Tier 1 Capital Ratio at a minimum of 8.5% and the Common Equity Tier 1 Ratio at a minimum of 7.0%. In addition, if the Company's CAR falls below the minimum requirement, the authorities may impose certain restrictions on the amount of cash dividends that the Company can declare or, in certain conditions, totally prohibit the Company from declaring cash dividends.

**55. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

**Union Bank of Taiwan**

a. Credit risk

1) Asset quality

See Note 53 and Table 7.

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

December 31, 2023			
Rank (Note 1)	Company Name	Credit Extension Balance	% to Net Asset Value
1	Company H - retail sale of other food, beverages and tobacco in specialized stores	\$ 4,723,000	6.89
2	Group G - other financial service activities	3,348,000	4.89
3	Company I - manufacture of man-made fibers	2,702,000	3.94
4	Company A - real estate development	1,810,347	2.64
5	Company L - metal building materials wholesale industry	1,627,581	2.38
6	Company T - manufacture of grain mill products	1,470,000	2.15
7	Company P - smelting and refining of iron and steel	1,340,166	1.96
8	Company B - financial leasing industry	1,275,179	1.86
9	Company M - real estate development	1,158,600	1.69
10	Company Z - Printing	1,034,215	1.51

(In Thousands of New Taiwan Dollars, %)

December 31, 2022			
Rank (Note 1)	Company Name	Credit Extension Balance	% to Net Asset Value
1	Company H - retail sale of other food, beverages and tobacco in specialized stores	\$ 5,323,000	8.72
2	Group G - other financial service activities	3,299,000	5.40
3	Company J - real estate development	2,681,000	4.39
4	Company I - manufacture of man-made fibers	2,152,000	3.52
5	Company L - metal building materials wholesale industry	1,596,572	2.61
6	Company T - manufacture of grain mill products	1,535,000	2.51
7	Company P - smelting and refining of iron and steel	1,514,983	2.48
8	Company Q - telecommunications	1,499,996	2.46
9	Company A - real estate development	1,452,244	2.38
10	Company S - automotive manufacturing	1,189,935	1.95

b. Market risk

**Interest Rate Sensitivity  
December 31, 2023**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 688,763,184	\$ 12,053,357	\$ 12,270,931	\$ 68,811,480	\$ 781,898,952
Interest rate-sensitive liabilities	404,024,791	272,511,306	73,508,133	16,181,980	766,226,210
Interest rate-sensitive gap	284,738,393	(260,457,949)	(61,237,202)	52,629,500	15,672,742
Net worth					67,421,055
Ratio of interest rate-sensitive assets to liabilities					102.05%
Ratio of interest rate sensitivity gap to net worth					23.25%

**December 31, 2022**

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 613,183,639	\$ 11,169,784	\$ 12,065,406	\$ 67,775,779	\$ 704,194,608
Interest rate-sensitive liabilities	371,747,777	243,243,317	53,617,925	18,557,763	687,166,782
Interest rate-sensitive gap	241,435,862	(232,073,533)	(41,552,519)	49,218,016	17,027,826
Net worth					61,308,681
Ratio of interest rate-sensitive assets to liabilities					102.48%
Ratio of interest rate sensitivity gap to net worth					27.77%

Note 1: The above amounts included only the New Taiwan dollar held by the Company's head office and branches (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

**Interest Rate Sensitivity  
December 31, 2023**

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 1,924,617	\$ 316,216	\$ 140,726	\$ 2,161,765	\$ 4,543,324
Interest rate-sensitive liabilities	1,943,217	643,377	592,760	415,450	3,594,804
Interest rate-sensitive gap	(18,600)	(327,161)	(452,034)	1,746,315	948,520
Net worth					70,265
Ratio of interest rate-sensitive assets to liabilities					126.39%
Ratio of interest rate sensitivity gap to net worth					1,349.92%



December 31, 2022

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 1,794,924	\$ 24,716	\$ 44,901	\$ 2,268,658	\$ 4,133,199
Interest rate-sensitive liabilities	1,645,426	280,881	676,768	555,003	3,158,078
Interest rate-sensitive gap	149,498	(256,165)	(631,867)	1,713,655	975,121
Net worth					34,890
Ratio of interest rate-sensitive assets to liabilities					130.88%
Ratio of interest rate sensitivity gap to net worth					2,794.84%

Note 1: The above amounts included only U.S. dollar amounts held by the Company's head office, domestic branches, OBU and overseas branches and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

c. Liquidity risk

1) Profitability

(%)

Items		Year Ended December 31, 2023	Year Ended December 31, 2022
Return on total assets	Before income tax	0.57	0.54
	After income tax	0.47	0.42
Return on common equity	Before income tax	8.36	7.47
	After income tax	6.75	5.62
Net income ratio		24.09	22.15

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = [Income before (after) income tax - Preferred stock dividend] ÷ Average equity.

Note 3: Net income ratio = Income after income tax ÷ Total net revenues.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2023 and 2022.

2) Maturity analysis of assets and liabilities

**Maturity Analysis of Assets and Liabilities  
December 31, 2023**

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 858,746,536	\$ 207,587,239	\$ 44,854,960	\$ 68,863,110	\$ 114,052,180	\$ 423,389,047
Main capital outflow on maturity	1,002,749,566	112,987,732	132,689,955	140,151,712	270,378,110	346,542,057
Gap	(144,003,030)	94,599,507	(87,834,995)	(71,288,602)	(156,325,930)	76,846,990

**December 31, 2022**

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 770,357,952	\$ 159,256,515	\$ 44,770,724	\$ 55,928,310	\$ 112,283,998	\$ 398,118,405
Main capital outflow on maturity	897,396,073	76,643,872	139,164,174	120,152,690	237,103,483	324,331,854
Gap	(127,038,121)	82,612,643	(94,393,450)	(64,224,380)	(124,819,485)	73,786,551

Note: The above amounts are book value held by the onshore branches and offshore banking unit of the Company in U.S. dollars, without off-balance sheet amounts (for example, the issuance of negotiable certificate of deposits, bonds or stocks).

**Maturity Analysis of Assets and Liabilities  
December 31, 2023**

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 4,703,941	\$ 653,921	\$ 1,316,215	\$ 208,641	\$ 269,500	\$ 2,255,664
Main capital outflow on maturity	4,691,874	1,268,324	1,315,891	674,352	619,216	814,091
Gap	12,067	(614,403)	324	(465,711)	(349,716)	1,441,573

**December 31, 2022**

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 4,297,854	\$ 303,879	\$ 1,485,455	\$ 65,002	\$ 47,222	\$ 2,396,296
Main capital outflow on maturity	4,288,316	1,015,543	1,206,915	327,433	819,677	918,748
Gap	9,538	(711,664)	278,540	(262,431)	(772,455)	1,477,548

Note: The above amounts are book value of the assets and liabilities held by the onshore branches and offshore banking unit of the Company in U.S. dollars, without off-balance amounts (for example, the issuance of negotiable certificate of deposits, bonds or stocks).

## 56. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau for the Company and its investees:

- a. Related information of significant transactions and investees and b. proportionate share in investees:
  - 1) Financing provided: The Company - not applicable; investee - Table 1 (attached)
  - 2) Endorsement/guarantee provided: Table 2 (attached)
  - 3) Marketable securities held: The Company - not applicable; other investee - Table 3 (attached)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least \$300 million or 10% of the paid-in capital: Table 4 (attached)
  - 5) Acquisition of individual real estate at costs of at least \$300 million or 10% of the paid-in capital: Table 5 (attached)
  - 6) Disposal of individual real estate at costs of at least \$300 million or 10% of the paid-in capital: None
  - 7) Allowance of service fees to related parties amounting to at least \$5 million: None
  - 8) Receivables from related parties amounting to at least \$300 million or 10% of the paid-in capital: Table 6 (attached)
  - 9) Sale of nonperforming loans: None
  - 10) Asset securitization under the "Regulations for Financial Asset Securitization": None
  - 11) Other significant transactions which may affect the decisions of users of financial reports: Table 7 (attached)
  - 12) Names, locations and other information of investees on which the Company exercises significant influence: Table 8 (attached)
  - 13) Derivative transactions: Note 8
- c. Investment in Mainland China: None
- d. Intercompany relationships and significant intercompany transactions.

The detailed information of intercompany relationships and significant intercompany transactions are referred to Table 9 (attached).
- e. Information of major shareholders which hold ownership of 5% or greater: Table 10 (attached)

## 57. OPERATING SEGMENTS

The information reported to the Company's chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company's reportable segments are as follows:

- Corporate banking unit: Corporate banking, foreign exchange business, debt management and public treasury business, etc.
- Consumer banking unit: Consumer banking, financial management and loan business, credit card business and car-loan business, etc.
- Wealth management and trust unit: Wealth management and trust business, etc.
- Investing unit: Investing business in the financial market, etc.
- Leasing unit: Leasing of vehicles, buildings, etc.

The analysis of the Company's operating revenue and results by reportable segment was as follows:

	For the Year Ended December 31, 2023						Total
	Corporate Banking	Consumer Banking	Wealth Management	Investing	Leasing	Others	
Net interest (Note)	\$ 2,635,544	\$ 4,923,575	\$ (527)	(\$ 1,001,646)	\$ (65,939)	\$ 2,576,858	\$ 9,067,865
Net commissions and fees revenues	284,067	1,012,955	1,428,522	239,837	40,031	304,899	3,310,311
Net revenues other than interest	<u>339,042</u>	<u>(5,290)</u>	<u>2,343</u>	<u>925,438</u>	<u>2,423,319</u>	<u>1,871,599</u>	<u>5,556,451</u>
Total net revenues	3,258,653	5,931,240	1,430,338	163,629	2,397,411	4,753,356	17,934,627
Provisions (reversal)	93,830	154,705	-	65,325	21,995	292,538	628,393
Operating expenses	<u>1,065,251</u>	<u>3,890,223</u>	<u>727,799</u>	<u>201,863</u>	<u>2,267,723</u>	<u>3,917,978</u>	<u>12,070,837</u>
Income before income tax	<u>\$ 2,099,572</u>	<u>\$ 1,886,312</u>	<u>\$ 702,539</u>	<u>\$ (103,559)</u>	<u>\$ 107,693</u>	<u>\$ 542,840</u>	<u>\$ 5,235,397</u>
	For the Year Ended December 31, 2022						Total
	Corporate Banking	Consumer Banking	Wealth Management	Investing	Leasing	Others	
Net interest (Note)	\$ 2,146,374	\$ 4,432,508	\$ (342)	\$ 667,774	\$ (26,351)	\$ 2,966,167	\$ 10,186,130
Net commissions and fees revenues	274,673	1,240,822	1,151,758	209,042	3,898	441,491	3,321,684
Net revenues other than interest	<u>365,519</u>	<u>(4,429)</u>	<u>5,220</u>	<u>(811,223)</u>	<u>2,476,258</u>	<u>446,180</u>	<u>2,477,525</u>
Total net revenues	2,786,566	5,668,901	1,156,636	65,593	2,453,805	3,853,838	15,985,339
Provisions (reversal)	(33,960)	15,638	-	22,764	17,623	477,312	499,377
Operating expenses	<u>994,782</u>	<u>3,251,273</u>	<u>718,910</u>	<u>200,706</u>	<u>2,282,582</u>	<u>3,487,935</u>	<u>10,936,188</u>
Income before income tax	<u>\$ 1,825,744</u>	<u>\$ 2,401,990</u>	<u>\$ 437,726</u>	<u>\$ (157,877)</u>	<u>\$ 153,600</u>	<u>\$ (111,409)</u>	<u>\$ 4,549,774</u>

Note: Include interest revenue of financial assets at fair value through profit or loss.

## UNION BANK OF TAIWAN AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Highest Balance for the Period (Note 1)	Ending Balance (Note 2)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount (Note 3)	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 5)
												Item	Value		
1	Union Finance and Leasing International Corporation	Union Capital (Singapore) Holding PTE. Ltd.	Receivables of affiliates	\$ 804,184 (JPY 3,700,000)	\$ 804,184 (JPY 3,700,000)	\$ 571,019 (JPY 2,627,225)	1.97-2.06	Business transaction	\$ 804,184 (JPY 3,700,000)	-	\$ -	-	\$ -	\$ 3,289,158	\$ 3,289,158
		Uflc Capital (Singapore) Holding PTE. Ltd.	Receivables of affiliates	1,412,756 (JPY 6,500,000)	1,412,756 (JPY 6,500,000)	1,200,583 (JPY 5,523,808)	1.97-2.06	Business transaction	1,412,756 (JPY 6,500,000)	-	-	-	-	3,289,158	3,289,158
		Junwei Development and Construction Co., Ltd.	Account receivable	9,578	9,269	9,269	5-8	Short-term financing	-	Business financing	93	Real estate	12,447	328,915	1,315,663
		Lihua Interior Decoration Ltd.	Account receivable	47,840	44,458	44,458	5-8	Short-term financing	-	Borrowing repayment and business financing	445	Real estate	165,218	328,915	1,315,663
		JOTTA ENTERPRISE CO., LTD.	Account receivable	149,178	139,109	139,109	3-6	Short-term financing	-	Equity of investment relationship enterprises	1,391	Real estate	150,380	328,915	1,315,663
		Sing Hong Yang Construction Co., Ltd.	Account receivable	26,000	24,435	24,435	3-6	Short-term financing	-	Business financing	244	Real estate	29,593	328,915	1,315,663
		Shanyue Development Co., Ltd.	Account receivable	100,000	98,004	98,004	5-8	Short-term financing	-	Purchase of real estate	980	Real estate	366,933	328,915	1,315,663
		NFC I Renewable Power Co., Ltd. NFC II Renewable Power Co., Ltd.	Account receivable Account receivable	100,000 100,000	100,000 100,000	100,000 -	3-6 3-6	Short-term financing Short-term financing	- -	Business financing Business financing	1,000 -	- -	- -	328,915 328,915	1,315,663 1,315,663
2	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Receivables of affiliates	412,959 (JPY 1,900,000)	412,959 (JPY 1,900,000)	318,601 (JPY 1,465,865)	2.75	Business transaction	412,959 (JPY 1,900,000)	-	-	-	-	3,289,158	3,289,158
3	Uflc Capital (Singapore) Holding PTE. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Receivables of affiliates	717,245 (JPY 3,300,000)	717,245 (JPY 3,300,000)	620,635 (JPY 2,855,504)	2.75	Business transaction	717,245 (JPY 3,300,000)	-	-	-	-	3,289,158	3,289,158
4	Union Energy Co., Ltd.	Union Green Energy I Private Equity Limited Partnership	Account receivable	8,000	8,000	-	3	Short-term financing	-	Business financing	-	-	-	138,650	346,626
5	Union Venture Capital Co., Ltd.	Bei Chen Yi Hau Electric Power Inc.	Account receivable	150,000	150,000	109,000	3	Short-term financing	-	Business financing	-	-	-	747,260	1,868,040
		Hao Tian Electric Power Inc.	Account receivable	150,000	150,000	136,000	3	Short-term financing	-	Business financing	-	-	-	747,260	1,868,040
		Feng Tai Electric Power Inc.	Account receivable	150,000	150,000	134,000	3	Short-term financing	-	Business financing	-	-	-	747,260	1,868,040

Note 1: Highest balance of loans provided to others in the current year.

Note 2: Where the public companies submit the loaning of funds individually to the board of directors for resolution pursuant to Paragraph 1, Article 14 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," even though the fund is not disbursed, the amount resolved by the board shall be listed in the announced balance to disclose the risk assumed; provided, when the fund is repaid, the balance after the repayment shall be disclosed to reflect the risk adjustment. Where the public companies have the board of directors to resolve a limit to be loaned for several times or drafted on the revolving basis within the limit during the period of one year pursuant to Paragraph 2, Article 14 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," the resolved limit of loans shall still be announced as the reported balance. Although repayments may be made later, such limit may be used again, and thus the limit approved by the board shall be the announced and reported balance.

Note 3: Where loaning of funds is in the nature of business transactions, the amount of such transaction shall be disclosed; the business transaction amounts within a year between the lender and the borrower.

Note 4: For the transactions with the subsidiaries where 100% of the voting rights are held directly and indirectly by the lender, and the loaning of funds for short-term financing, the limit is the net worth of UFLIC, UVC and Union Energy; in terms of loaning of funds for short-term financing to the non-subsidiaries, the limit is 10% of the net worth of UFLIC. For the loan with business transactions are limited to 100% of the net worth of Union Venture Capital Co., Ltd and Union Energy Co., Ltd., respectively; For the loans with short-term financing were limited to 40% of the net worth of Union Venture Capital Co., Ltd and Union Energy Co., Ltd., respectively.

Note 5: For the transactions with the subsidiaries where 100% of the voting rights are held directly and indirectly by the lender, and the loaning of funds for short-term financing, the limit is the net worth of UFLIC, UVC and Union Energy; in terms of loaning of funds for short-term financing to the non-subsidiaries, the limit is 40% of the net worth of UFLIC. For intercompany transactions with firms and short-term financing needs, the amount is limited to 100% of the net worth of Union Venture Capital Co., Ltd and Union Energy Co., Ltd., respectively.

Note 6: All the "balance" and "amount" mentioned in the statement, other than the actual amount borrowed, business transaction amount, and amount of allowance for doubtful accounts provided, are the limits or amounts loaned to others on the date of occurrence (the earliest of the date of the Board's resolution, date of contract execution, date of payment, or date sufficient to ensure the counterparty and transaction amount) pursuant to Article 7 of the handling standards.

## UNION BANK OF TAIWAN AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars and Foreign Currency, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 5)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 7)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
1	Union Venture Capital Co., Ltd.	Na He Yi Hau Electric Power Inc. Ting Jie Electric Power Inc.	d d	\$ 18,680,400 18,680,400	\$ 1,113,000 7,500,000	\$ 1,113,000 7,500,000	\$ 242,100 1,837,500	\$ - -	1.60 11.00	\$ 56,044,535 56,044,535	Yes Yes	No No	No No	
2	Union Energy Co., Ltd.	Ting Jie Electric Power Inc.	d	8,665,638	7,500,000	7,500,000	1,837,500	-	11.00	17,331,276	Yes	No	No	

Note 1: The number column indicates the following:

- Issuer: 0.
- The investees are numbered starting from 1.

Note 2: There are seven relationships between the endorser/guarantor and endorsee/guarantee, only the type needs to be indicated:

- Companies with business relationships with each other.
- Companies in which the Company holds more than 50% of the voting rights, directly or indirectly.
- Companies that hold more than 50% of the voting rights, directly or indirectly.
- Group of companies in which the Company holds more than 90% of the voting rights, directly or indirectly.
- Companies guarantee each other as peers or joint constructors under contracts based on the requirements of construction contracts.
- All the shareholders to the companies they endorse and guarantee due to the joint investment in proportion to their shareholdings.

Note 3: The maximum balance of the endorsement/guarantee provided to others in the current year.

Note 4: The endorsement/guarantee limit was approved by the board of directors.

Note 5: The total amount of endorsement or guarantee provided by UVC and Union Energy to a single company shall not exceed 10 and 25 times of UVC's and Union Energy's net worth, respectively.

Note 6: The actual amount drafted within the balance of endorsement/guarantee by the endorsee/guarantee.

Note 7: The total amount of endorsement or guarantee provided by UVC and Union Energy to others shall not exceed 30 times of UVC's net worth and 50 times of Union Energy's net worth.

Note 8: Ting Jie Electric Power signed a contract with a syndicate of 11 financial Institutions with the limit of NT\$7,500,000 thousand. The joint guarantors are the parent company, UVC and Union Energy.

## UNION BANK OF TAIWAN AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars and Foreign Currency, Unless Stated Otherwise)

Holding Company	Type and Issuer/Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Piece/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Union Finance and Leasing International Corporation	<u>Stock</u> Hey-Song Corporation	-	Financial assets at fair value through other comprehensive income	4,551	\$ 184,316	1.13	\$ 184,316	
	<u>Beneficiary certificates</u> Union Golden Balanced Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	517	20,558	-	20,558	
	Union Taiwan Select Income Multi-asset Fund A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	3,893	41,499	-	41,499	
	Union APEC Balanced Fund A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,102	21,422	-	21,422	
	Union Low Carbon Target Multiple Asset Fund A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	2,000	20,539	-	20,539	
	Union Utilities and Infrastructure Equity Income Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,292	14,711	-	14,711	
	Union Green Energy Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	552,676	25.98	552,676	
Union Information Technology Corporation	<u>Stock</u> ELTA Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	3,537	60,474	14.13	60,474	
Union Securities Investment Trust (USITC)	<u>Stock</u> FundRich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	566	7,697	0.94	7,697	
	<u>Beneficiary certificates</u> Union Advantage Global Fixed Income Portfolio Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,068	15,520	-	15,520	
	Union Money Market Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,378	18,712	-	18,712	
	Union Golden Balanced Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	172	6,841	-	6,841	
	Union China Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	189	10,158	-	10,158	
	Union Taiwan Select Income Multi-Asset Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	703	7,489	-	7,489	

(Continued)

Holding Company	Type and Issuer/Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Piece/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Union Venture Capital Co., Ltd.	Union APEC Balanced A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	658	\$ 12,786	-	\$ 12,786	
	Union Asian High Yield Bond A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,983	13,126	-	13,126	
	Union Technology Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	347	10,428	-	10,428	
	<u>Stock</u> Greenway Environmental Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,100	1,054	2.39	1,054	
	RFD Micro Electricity Co., Ltd.	-	Financial assets at fair value through other comprehensive income	10,377	527,438	14.59	527,438	
	Hope Vision Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,132	3,569	2.44	3,569	
	Xinrong Energy Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	Preferred stock 42,368	603,197	-	603,197	
Corner Ventures DAG I-U, LLC (Delaware, US)	<u>Stock</u> Dantari Pharmaceuticals, LLC	-	Financial assets at fair value through other comprehensive income	385	US\$ 522	-	US\$ 522	
	Get Fabric Ltd.	-	Financial assets at fair value through other comprehensive income	1,536	US\$ 1,430	-	US\$ 1,430	
	Healthy.io Limited	-	Financial assets at fair value through other comprehensive income	11	US\$ 319	-	US\$ 319	
	Prismo Systems Inc.	-	Financial assets at fair value through profit or loss	26	US\$ 745	-	US\$ 745	
		-	Financial assets at fair value through other comprehensive income	39	US\$ 17	-	US\$ 17	
	Nexar Ltd.	-	Financial assets at fair value through other comprehensive income	73	US\$ 336	-	US\$ 336	
	Latigo Biotherapeutics, Inc.	-	Financial assets at fair value through other comprehensive income	202	US\$ 181	-	US\$ 181	
	Suvalent Therapeutics Inc.	-	Financial assets at fair value through other comprehensive income	80	US\$ 83	-	US\$ 83	
	Oncovalent Therapeutics Inc.	-	Financial assets at fair value through other comprehensive income	15	US\$ 15	-	US\$ 15	
	Twin Health, Inc.	-	Financial assets at fair value through other comprehensive income	158	US\$ 1,281	-	US\$ 1,281	
Meilo Ltd.	-	Financial assets at fair value through other comprehensive income	1,213	US\$ 948	-	US\$ 948		

(Continued)



Holding Company	Type and Issuer/Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Piece/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Pivalent Therapeutics Inc.	-	Financial assets at fair value through other comprehensive income	32	US\$ 16	-	US\$ 16	
	Boldend, Inc.	-	Financial assets at fair value through other comprehensive income	315	US\$ 397	-	US\$ 397	
	Bookaway Ltd.	-	Financial assets at fair value through other comprehensive income	53	US\$ 615	-	US\$ 615	
	Cargomatic, Inc.	-	Financial assets at fair value through other comprehensive income	19	US\$ 142	-	US\$ 142	
	Engageli, Inc.	-	Financial assets at fair value through other comprehensive income	170	US\$ 369	-	US\$ 369	
	Garuda Labs, Inc.	-	Financial assets at fair value through other comprehensive income	14	US\$ 343	-	US\$ 343	
	AnyRoad Inc.	-	Financial assets at fair value through other comprehensive income	7	US\$ 37	-	US\$ 37	
	Assemble Stream, Inc.	-	Financial assets at fair value through other comprehensive income	32	US\$ 89	-	US\$ 89	
	FINDEM, Inc.	-	Financial assets at fair value through other comprehensive income	4	US\$ 37	-	US\$ 37	
	Solv Health, Inc.	-	Financial assets at fair value through other comprehensive income	111	US\$ 483	-	US\$ 483	
	Underdog Sport	-	Financial assets at fair value through other comprehensive income	1	US\$ 40	-	US\$ 40	
	Halcyon Tech Inc.	-	Financial assets at fair value through other comprehensive income	5,209	US\$ 695	-	US\$ 695	
	ParaFi Digital Opportunities International LP	-	Financial assets at fair value through other comprehensive income	-	US\$ 30	-	US\$ 30	
	ParaFi Private Opportunities LLC	-	Financial assets at fair value through other comprehensive income	-	US\$ 36	-	US\$ 36	
	Sybil Capital Fund I-B Feeder LP	-	Financial assets at fair value through other comprehensive income	-	US\$ 218	-	US\$ 218	
	Folius Digital Opportunities Offshore, LTD.	-	Financial assets at fair value through other comprehensive income	-	US\$ 83	-	US\$ 83	
	Corner Ventures (Cayman) I LP	-	Financial assets at fair value through other comprehensive income	-	US\$ 82	-	US\$ 82	
Corner Union LLC (Delaware, US)	<u>Stock</u> Healthy.io Limited	-	Financial assets at fair value through other comprehensive income	30	US\$ 917	-	US\$ 917	
Union Private Equity Co., Ltd.	<u>Beneficiary certificates</u> Union Green Energy Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	26,858	1.07	26,858	
	Union Green Energy I Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	6,167	1.34	6,167	
	Union Green Energy II Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	15	16.67	15	

(Concluded)

## UNION BANK OF TAIWAN AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF PROPORTION SHARE INVESTMENT OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
 FOR THE YEARS END DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Union Venture Capital Co., Ltd.	Stock Xinrong Energy Technology Co., Ltd.	Financial assets measured at fair value through profit or loss	Ark International Co., Ltd.	-	71,768	\$ 839,680	-	\$ -	29,400	\$ 421,723	\$ 294,000	\$ 127,723	42,368	\$ 603,197

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: Investors who use the equity method in their securities accounts must fill in these two columns, the rest are not.

Note 3: The accumulated buying and selling amount should be calculated separately at market price whether it reaches \$300 million or 10% of the paid-in capital.

**UNION BANK OF TAIWAN AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Union Bank of Taiwan	Lands and buildings	2023.1.12	\$ 354,019	Note 1	6 natural persons	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Refer to the professional appraisal report	Used as self-owned property	None

Note 1: In January 2023, with the approval of the Board of Directors, the Bank purchased the land and buildings in Taoyuan District, Taoyuan City, out of considerations of business sustainability and to provide a good working environment for branches. The total transaction price for the land and buildings was \$354,019 thousand. Since January 2023, the Bank has successively signed contracts with landowners for payment, Payment was made as of December 31, 2023.

Note 2: If the transaction counterparty is a natural person who is not a related party of the Company, the name may be exempted.

## UNION BANK OF TAIWAN AND SUBSIDIARIES

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Union Finance and Leasing International Corporation	Union Capital (Singapore) Holding Pte. Ltd.	Subsidiary	\$ 571,019 (JPY 2,627,225)	-	\$ -	-	\$ -	\$ -
	Uflc Capital (Singapore) Holding Pte. Ltd.	Subsidiary	1,200,583 (JPY 5,523,808)	-	-	-	-	-
	Tianji Smart Energy Co., Ltd.	Subsidiary	1,582,185	-	-	-	19,529	15,822
Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Subsidiary	318,601 (JPY 1,465,865)	-	-	-	-	-
Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Subsidiary	620,635 (JPY 2,855,504)	-	-	-	-	-

## UNION BANK OF TAIWAN AND SUBSIDIARIES

ASSET QUALITY - NONPERFORMING LOANS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, %)

Period		December 31, 2023					December 31, 2022					
		Nonperforming Loan (Note 1)	Loan	Ratio of Nonperforming Loan (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
Corporate banking	Secured	\$ 796,275	\$ 179,148,117	0.44%	\$ 2,648,696	271.31%	\$ 765,665	\$ 159,487,416	0.48%	\$ 2,360,635	297.75%	
	Unsecured	179,990	42,033,142	0.43%			27,166	56,853,293	0.05%			
Consumer banking	Housing mortgage (Note 4)	368,916	255,524,530	0.14%	3,198,238	866.93%	337,436	237,428,540	0.14%	2,982,470	883.86%	
	Cash card	40	3,827	1.05%	79	197.50%	2	6,625	0.03%	166	8,300.00%	
	Small-scale credit loans (Note 5)	15,645	491,103	3.19%	60,300	385.42%	11,782	500,319	2.35%	55,067	467.38%	
	Other (Note 6)	Secured	133,843	73,872,243	0.18%	966,232	479.78%	87,362	61,755,767	0.14%	825,781	547.36%
		Unsecured	67,548	21,183,386	0.32%			63,504	18,953,879	0.34%		
Loan		1,562,257	572,256,348	0.27%	6,873,545	439.98%	1,292,917	534,985,839	0.24%	6,224,119	481.40%	
		Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
Credit cards		\$ 35,251	\$ 25,216,533	0.14%	\$ 165,651	469.92%	\$ 23,337	\$ 19,330,615	0.12%	\$ 117,993	505.60%	
Accounts receivable factored without recourse		-	-	-	-	-	-	799,996	-	8,000	-	

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.  
Ratio of nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.  
Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, in small amounts and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

Not reported as nonperforming loans or nonperforming receivables

Types \ Items	December 31, 2023		December 31, 2022	
	Not Reported as Nonperforming Loan	Not Reported as Nonperforming Receivable	Not Reported as Nonperforming Loan	Not Reported as Nonperforming Receivable
Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)	\$ 4,083	\$ 21,673	\$ 6,648	\$ 33,395
Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)	247,359	580,815	249,489	644,006
Total	251,442	602,488	256,137	677,401

Note 1: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: Amounts of discharged and executed contracts on clearance of consumer debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

(Concluded)

## UNION BANK OF TAIWAN AND SUBSIDIARIES

## INFORMATION ON AND PROPORTIONATE SHARE IN INVESTEEES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Proportionate Share of the Bank and Its Subsidiaries in Investees				Note	
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total			
									Shares (Thousands)	Percentage of Ownership (%)		
Union Bank of Taiwan	<u>Financial - related</u> Union Finance and Leasing International Corporation	Taipei	Installment, leasing and accounts receivable factoring	100.00	\$ 3,289,158	\$ 71,676	211,000	-	211,000	100.00		
	Union Finance International (HK) Limited	Hong Kong	Import and export accommodation	100.00	164,418	3,730	30,000	-	30,000	100.00		
	Union Securities Investment Trust Corporation	Taipei	Securities investment trust	99.60	433,457	30,487	31,014	-	31,014	99.60		
	Union Information Technology Corporation	Taipei	Software and hardware product retail and distribution, system programming development, system development outsourcing, website design, e-commerce, etc.	99.99	123,428	5,844	9,999	-	9,999	99.99		
	Union Venture Capital Corporation	Taipei	Venture investment	100.00	1,868,040	47,534	140,000	-	140,000	100.00		
	Ipass Corporation	Kaohsiung	IC card	33.94	224,384	(37,194)	38,697	-	38,697	33.94		
	Taiwan Asset Management Corporation	Taipei	Purchase, sale and management of nonperforming loans from financial institutions	0.57	82,005	-	6,000	-	6,000	0.57		
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94	48,730	-	5,000	-	5,000	2.94		
	Sunshine Asset Management Corporation Limited	Taipei	Purchase, sell and manage nonperforming loans from financial institution	6.44	4,413	-	386	-	386	6.44		
	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81	7,485	-	160	-	160	0.81		
	Financial Information Service Co., Ltd.	Taipei	Information service	2.61	445,568	-	13,599	-	13,599	2.61		
	Taiwan Depository & Clearing Corporation	Taipei	Financial service	0.25	90,591	-	1,628	-	1,628	0.25		
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	2.04	582,305	-	11,118	-	11,118	2.04		
	Taiwan Mobile Payment Corporation	Taipei	International trade, data processing service	1.00	3,315	-	600	-	600	1.00		
	LINE Pay Taiwan., Ltd.	Taipei	Data processing, digital information supply and third party payment services	9.76	1,550,935	38,642	5,857	-	5,857	9.76	Note 3	
	LINE Bank Taiwan Limited	Taipei	Banking	5.00	550,511	-	75,000	-	75,000	5.00		
	Li Yu Venture Corporation	Taipei	Venture investment	4.76	3,866	-	558	-	558	4.76		
	<u>Nonfinancial - related</u>	Union Construction Management Corporation	Taipei	Construction plan review and consulting	40.00	51,902	(64)	2,000	-	2,000	40.00	
		Lan An Co., Ltd.	Taipei	Security service	5.00	1,558	-	125	-	125	5.00	
		Taiwan Power Corporation	Taipei	Electricity - related business	0.0008	994	-	395	-	395	0.0008	
	Union Finance and Leasing International Corporation	<u>Nonfinancial - related</u> Union Capital (Cayman) Corp.	Cayman	Investments, overseas financing, equipment leasing, installment selling, acquisition of account receivable	100.00	60,213	4,650	50	-	50	100.00	
		Union Capital (Singapore) Holding PTE. Ltd.	Singapore	Investments, overseas financing, equipment leasing, installment selling, acquisition of account receivable	100.00	(JPY 277,037)	(JPY 21,072)	-	-	-	100.00	Note 4
Uflc Capital (Singapore) Holding PTE. Ltd.		Singapore	Investments, overseas financing, equipment leasing, installment selling, acquisition of account receivable	100.00	(JPY 445,376)	(JPY 22,340)	-	-	-	100.00	Note 4	
Union Capital (Singapore) Holding PTE. Ltd.	<u>Nonfinancial - related</u> Kabushiki Kaisha UCJ1	Japan	Buy, sell and lease real estate	30.55	99,735	(6,787)	9	-	9	30.55	Note 4	
	Tokutei Mokuteki Kaisha SSG15	Japan	Real estate securitization	49.00	(JPY 458,875)	(JPY -30,755)	Note 6	-	Note 6	49.00	Note 4	
					(JPY 770,714)	(JPY 69,964)						

(Continued)

Investor Company	Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Proportionate Share of the Bank and Its Subsidiaries in Investees				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership (%)	
Kabushiki Kaisha UCJ1	<u>Nonfinancial - related</u> Tokutei Mokuteki Kaisha SSG15	Japan	Real estate securitization	51.00	\$ 174,338 (JPY 802,120)	\$ 16,071 (JPY 72,820)	Preferred stock 15	-	Preferred stock 15	51.00	Note 4
	Tokutei Mokuteki Kaisha SSG12	Japan	Real estate securitization	51.00	226,394 (JPY 1,041,624)	12,651 (JPY 57,324)	Preferred stock 20	-	Preferred stock 20	51.00	Note 4
	Tokutei Mokuteki Kaisha SSG16	Japan	Real estate securitization	51.00	131,321 (JPY 604,200)	(12,977) (JPY -58,800)	Preferred stock 13	-	Preferred stock 13	51.00	Note 4
Uflc Capital (Singapore) Holding Pte. Ltd.	<u>Nonfinancial - related</u> Kabushiki Kaisha UCJ1	Japan	Buy, sell and lease real estate	69.45	226,744 (JPY 1,043,235)	(15,431) (JPY -69,921)	21	-	21	69.45	Note 4
	Tokutei Mokuteki Kaisha SSG12	Japan	Real estate securitization	49.00	217,526 (JPY 1,000,826)	12,155 (JPY 55,076)	Note 7	-	Note 7	49.00	Note 4
	Tokutei Mokuteki Kaisha SSG16	Japan	Real estate securitization	49.00	126,182 (JPY 580,556)	(12,468) (JPY -56,494)	Note 5	-	Note 5	49.00	Note 4
Union Securities Investment Trust Co., Ltd.	<u>Financial - related</u> Union Private Equity Co., Ltd.	Taiwan	Investment services	100.00	51,950	14,526	3,586	-	3,586	100.00	
Union Venture Capital Co., Ltd.	<u>Nonfinancial - related</u> Na He Yi Hau Electric Power Inc.	Taiwan	Electricity - related business	89.70	136,118	(1,893)	148,900	-	148,900	89.70	
	Corner Union Venture Capital, LLC.	United States of America	Investment	100.00	339,672 (US\$ 11,052)	(24,077) (US\$ -773)	-	-	-	100.00	
	Union Energy Co., Ltd.	Taiwan	Investment advisory services and energy related business	100.00	(28,374)	(45,111)	1,673	-	1,673	100.00	
	Blue Borders Medical and Heal Management Consulting Co., Ltd.	Taiwan	Biotechnology Services	35.80	115,310	(17,255)	14,500	-	14,500	35.80	Note 3
	Ting Syu Energy Co., Ltd.	Taiwan	Electricity - related business	60.00	596	(198)	60	-	60	60.00	
	Bei Chen Yi Hau Electric Power Inc.	Taiwan	Electricity - related business	99.08	102,370	(5,630)	108,000	-	108,000	99.08	
	Hao Tian Electric Power Inc.	Taiwan	Electricity - related business	99.08	106,797	(1,203)	108,000	-	108,000	99.08	
	Feng Tai Electric Power Inc.	Taiwan	Electricity - related business	99.08	107,263	(737)	108,000	-	108,000	99.08	
Union Energy Co., Ltd.	<u>Nonfinancial - related</u> Ting Jie Electric Power Inc.	Taiwan	Electricity - related business	90.00	(29,047)	(34,843)	1,890	-	1,890	90.00	Note 8
	Na He Yi Hau Electric Power Inc.	Taiwan	Electricity - related business	0.30	457	(6)	50	-	50	0.30	
	Tianji Smart Energy Co., Ltd.	Taiwan	Electricity - related business	90.00	364,149	17,673	33,904	-	33,904	90.00	
Corner Union Venture Capital, LLC.	<u>Nonfinancial - related</u> Corner Ventures DAG I-U, LLC.	United States of America	Venture investment	100.00	316,555 (US\$ 10,300)	(23,528) (US\$ -729)	-	-	-	100.00	
	Corner Union, LLC.	United States of America	Venture investment	100.00	22,955 (US\$ 747)	(1,428) (US\$ -44)	-	-	-	100.00	

Note 1: Except for LINE BIZ+ Taiwan., Ltd., the investees' information shown above is based on audited financial reports as of December 31, 2023.

Note 2: Pro forma shares are considered if equity securities - convertible bonds, warrants, etc. - or derivative contracts such as stock options, are converted to shares.

Note 3: Management of the Bank considers that numbers quoted from the unaudited financial statements and other comprehensive income would not have material effect on the Bank's financial statements.

Note 4: Union Capital (Singapore) Holding Pte. Ltd., Uflc Capital (Singapore) Holding Pte. Ltd. and Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 - the audited statements of stockholders' equity as of September 30, 2023. Kabushiki Kaisha UCJ1 - unaudited statements of stockholders' equity as of September 30, 2023.

Note 5: Refers to 1 share of common stock and 13 thousand shares of preferred stock.

Note 6: Refers to 1 share of common stock and 14 thousand shares of preferred stock.

Note 7: Refers to 1 share of common stock and 19 thousand shares of preferred stock.

Note 8: UECL pledged 1,890 thousand shares of Ting Jie Electric Power Inc. as collateral for the syndicated loan.

(Concluded)



## UNION BANK OF TAIWAN AND SUBSIDIARIES

## BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transacting Corporation	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amount	Trading Terms	Percentage of Total Revenue or Total Assets (Note 3)
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - demand deposits	\$ 400,840	Note 4	0.04
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - checking deposits	19,511	Note 4	0.00
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - time deposits	695,115	Note 4	0.07
1	UFLIC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	1,115,466	Note 4	0.12
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - time deposits	51,158	Note 4	0.01
1	UFLIC and its subsidiaries	The Bank	b	Other financial assets	51,158	Note 4	0.01
0	The Bank	UFLIC and its subsidiaries	a	Discounts and loans	1,275,179	Note 4	0.14
1	UFLIC and its subsidiaries	The Bank	b	Due from banks	1,275,179	Note 4	0.14
0	The Bank	UFLIC and its subsidiaries	a	Other operating expenses	15,138	Note 4	0.08
1	UFLIC and its subsidiaries	The Bank	b	Rental revenue	15,138	Note 4	0.08
0	The Bank	UFLIC and its subsidiaries	a	Interest revenue	19,939	Note 4	0.11
1	UFLIC and its subsidiaries	The Bank	b	Interest expense	19,939	Note 4	0.11
0	The Bank	Union Finance International (HK) Limited	a	Deposits and remittances - demand deposits	127,900	Note 4	0.01
2	Union Finance International (HK) Limited	The Bank	b	Call loans and due to other banks - call loans from banks	127,900	Note 4	0.01
0	The Bank	UIT	a	Deposits and remittances - demand deposits	65,365	Note 4	0.01
3	UIT	The Bank	b	Call loans and due to other banks - call loans from banks	65,365	Note 4	0.01
0	The Bank	UIT	a	Deposits and remittances - time deposits	18,000	Note 4	0.00
3	UIT	The Bank	b	Other financial assets	18,000	Note 4	0.00
0	The Bank	UIT	a	Other assets	44,912	Note 4	0.00
3	UIT	The Bank	b	Other liabilities	44,912	Note 4	0.00
0	The Bank	UIT	a	Other operating expenses	231,496	Note 4	1.29
3	UIT	The Bank	b	Other non-interest net gains and losses	231,496	Note 4	1.29
0	The Bank	UIT	a	Deposits and remittances - time deposits	35,650	Note 4	0.00
3	UIT	The Bank	b	Other financial assets	35,650	Note 4	0.00
0	The Bank	UVC and its subsidiaries	a	Deposits and remittances - demand deposits	509,566	Note 4	0.05
0	The Bank	UVC and its subsidiaries	a	Deposits and remittances - checking deposits	721	Note 4	0.00
4	UVC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	510,287	Note 4	0.05
0	The Bank	UVC and its subsidiaries	a	Deposits and remittances - time deposits	18,624	Note 4	0.00
4	UVC and its subsidiaries	The Bank	b	Other financial assets	18,624	Note 4	0.00
0	The Bank	USITC and its subsidiaries	a	Deposits and remittances - demand deposits	83,876	Note 4	0.01
5	USITC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	83,876	Note 4	0.01
0	The Bank	USITC and its subsidiaries	a	Deposits and remittances - time deposits	187,780	Note 4	0.02
5	USITC and its subsidiaries	The Bank	b	Other financial assets	187,780	Note 4	0.02
0	The Bank	USITC and its subsidiaries	a	Handling fee revenue	27,494	Note 4	0.15
5	USITC and its subsidiaries	The Bank	b	Handling fee expense	27,494	Note 4	0.15

(Continued)

No. (Note 1)	Transacting Corporation	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amount	Trading Terms	Percentage of Total Revenue or Total Assets (Note 3)
1	UFLIC and its subsidiaries	UVC and its subsidiaries	c	Interest revenue	\$ 34,063	Note 4	0.19
4	UVC and its subsidiaries	UFLIC and its subsidiaries	c	Interest expense	34,063	Note 4	0.19
6	UFLIC	Tianji Smart Energy Co., Ltd.	c	Receivables - receivables from related parties	1,582,185	Note 4	0.17
7	Tianji Smart Energy Co., Ltd.	UFLIC	c	Payables - payables to related parties	1,582,185	Note 4	0.17
6	UFLIC	Tianji Smart Energy Co., Ltd.	c	Suspense accounts	27,801	Note 4	0.00
7	Tianji Smart Energy Co., Ltd.	UFLIC	c	Deposit of guarantee	27,801	Note 4	0.00
6	UFLIC	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Interest revenue	9,843	Note 4	0.05
8	Uflc Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Interest expense	9,843	Note 4	0.05
9	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Receivables - receivables from related parties	318,889	Note 4	0.03
10	Kabushiki Kaisha UCJ1	Union Capital (Singapore) Holding Pte. Ltd.	c	Payables - payables to related parties	318,889	Note 4	0.03
8	Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Receivables - receivables from related parties	630,829	Note 4	0.07
10	Kabushiki Kaisha UCJ1	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Payables - payables to related parties	630,829	Note 4	0.07
9	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Interest revenue	8,896	Note 4	0.05
10	Kabushiki Kaisha UCJ1	Union Capital (Singapore) Holding Pte. Ltd.	c	Interest expense	8,896	Note 4	0.05
8	Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Interest revenue	17,318	Note 4	0.10
10	Kabushiki Kaisha UCJ1	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Interest expense	17,318	Note 4	0.10
11	UVC	Bei Chen Yi Hau	c	Receivables - accounts receivables	109,000	Note 4	0.01
12	Bei Chen Yi Hau	UVC	c	Payables - accounts payables	109,000	Note 4	0.01
11	UVC	Feng Tai Electric Power	c	Receivables - accounts receivables	134,000	Note 4	0.01
13	Feng Tai Electric Power	UVC	c	Payables - accounts payables	134,000	Note 4	0.01
11	UVC	Hao Tian Electric Power	c	Receivables - accounts receivables	136,000	Note 4	0.01
14	Hao Tian Electric Power	UVC	c	Payables - accounts payables	136,000	Note 4	0.01

Note 1: The transacting corporation is identified in the No. column as follows:

- a. 0 for parent company.
- b. Sequentially from 1 for subsidiaries.

Note 2: The flow of transactions is as follows:

- a. From parent company to subsidiary.
- b. From subsidiary to parent company.
- c. Between subsidiaries.

Note 3: The percentage is calculated as follows:

- a. Assets and liabilities: Ending balance divided by total consolidated assets.
- b. Income and expenses: The amount at the end of the year divided by consolidated net income

Note 4: The terms of the transactions between the Bank and related parties were similar to those for unrelated parties.

Note 5: Referring to transactions exceeding \$5,000 thousand.

(Concluded)

**UNION BANK OF TAIWAN AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of Shares)**

Name of Major Shareholder	Shares			Percentage of Ownership (%)
	Number of Shares			
	Ordinary Shares	Preferred Shares	Total	
Tsong-Li Investment Co., Ltd.	299,087	-	299,087	7.51

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Bank as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

# **Union Bank of Taiwan**

**Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **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, 2023 and 2022, 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 material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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, 2023. 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 matter of the Bank's financial statements for the year ended December 31, 2023 is described as follows:

### Assessment of the Impairment of Discounts and Loans

As of December 31, 2023, the net amount of discounts and loans of the Bank was approximately 61% of its 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 that involves making critical judgments 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, 2023.

The Bank's management periodically performs loan impairment assessments that require making judgments to measure loss allowances at an amount equal to expected credit losses. Besides assessing the expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the Bank's management complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations when assessing the classification of credit assets and recognizing allowances for possible losses.

For accounting policies and relevant information about loan impairment assessment, please 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 are as follows:

1. We obtained an understanding of the relevant internal controls in respect of the Bank's loan impairment assessment and tested the operating effectiveness of such controls.
2. We tested the classification of credit assets in accordance with relevant regulations issued by management and authorities. In addition, we calculated the required allowance for possible losses on loans in order to assess whether the recognized amount complied with the regulations.
3. We assessed the reasonableness and consistency of the methodology applied by management in the calculation of expected credit losses; we tested the completeness of the loans and the accuracy of the calculation of expected credit losses for selected loans.

### **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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 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 audits resulting in this independent auditors' report are Kuan-Hao Lee and Jiun-Hung Shih.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*



# UNION BANK OF TAIWAN

## BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 10,867,826	1	\$ 11,806,105	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7)	31,773,751	4	24,624,316	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	51,429,948	6	27,316,180	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9 and 11)	57,374,480	6	58,665,959	7
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 10 and 11)	81,648,341	9	82,519,002	10
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Notes 4 and 12)	62,727,638	7	43,731,932	5
RECEIVABLES, NET (Notes 4, 5 and 13)	33,068,592	4	26,655,389	3
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 41)	565,382,803	61	528,761,720	64
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 16)	7,705,722	1	7,044,344	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 17 and 42)	1,764,109	-	1,520,811	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	8,905,278	1	8,155,271	1
RIGHT-OF-USE ASSETS (Notes 4 and 19)	1,461,416	-	1,341,040	-
GOODWILL (Notes 4 and 20)	1,985,307	-	1,985,307	-
COMPUTER SOFTWARE (Note 4)	164,355	-	186,741	-
DEFERRED TAX ASSETS (Notes 4 and 39)	692,339	-	504,970	-
OTHER ASSETS, NET (Notes 4, 21, 42 and 43)	<u>3,067,465</u>	<u>-</u>	<u>3,871,175</u>	<u>1</u>
TOTAL	<u>\$ 920,019,370</u>	<u>100</u>	<u>\$ 828,690,262</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 22)	\$ 11,264,229	1	\$ 4,790,895	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	1,824,034	-	931,500	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4 and 23)	61,079,195	7	34,298,607	4
PAYABLES (Notes 24 and 41)	8,877,037	1	7,033,812	1
CURRENT TAX LIABILITIES (Note 4)	199,453	-	637,420	-
DEPOSITS AND REMITTANCES (Notes 25 and 41)	758,260,020	83	710,745,127	86
BANK DEBENTURES (Notes 4 and 26)	5,000,000	1	5,000,000	1
OTHER FINANCIAL LIABILITIES	8,033	-	-	-
PROVISIONS (Notes 4, 5 and 27)	344,617	-	327,115	-
LEASE LIABILITIES (Notes 4, 19 and 41)	1,449,389	-	1,325,495	-
DEFERRED TAX LIABILITIES (Notes 4 and 39)	2,195,530	-	1,735,860	-
OTHER LIABILITIES (Notes 29, 41 and 43)	<u>1,083,881</u>	<u>-</u>	<u>794,009</u>	<u>-</u>
Total liabilities	<u>851,585,418</u>	<u>93</u>	<u>767,619,840</u>	<u>93</u>
<b>EQUITY</b>				
Share capital				
Ordinary shares	37,789,525	4	35,940,460	4
Preference shares	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Total share capital	<u>39,789,525</u>	<u>4</u>	<u>37,940,460</u>	<u>4</u>
Capital surplus	<u>8,125,732</u>	<u>1</u>	<u>8,076,826</u>	<u>1</u>
Retained earnings				
Legal reserve	11,518,843	1	10,589,878	1
Special reserve	757,036	-	627,440	-
Unappropriated earnings	<u>5,623,241</u>	<u>1</u>	<u>4,473,399</u>	<u>1</u>
Total retained earnings	<u>17,899,120</u>	<u>2</u>	<u>15,690,717</u>	<u>2</u>
Other equity	<u>2,619,575</u>	<u>-</u>	<u>(637,581)</u>	<u>-</u>
Total equity	<u>68,433,952</u>	<u>7</u>	<u>61,070,422</u>	<u>7</u>
TOTAL	<u>\$ 920,019,370</u>	<u>100</u>	<u>\$ 828,690,262</u>	<u>100</u>

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST (Notes 4, 31 and 41)					
Interest revenue	\$ 19,831,906	129	\$ 14,885,912	111	33
Interest expense	<u>11,372,158</u>	<u>74</u>	<u>4,978,798</u>	<u>37</u>	128
Net interest	<u>8,459,748</u>	<u>55</u>	<u>9,907,114</u>	<u>74</u>	(15)
NET REVENUES OTHER THAN INTEREST					
Service fee income, net (Notes 4 and 32)	3,291,783	22	3,327,946	25	(1)
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 4 and 33)	1,844,707	12	(296,501)	(2)	722
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 34)	186,920	1	772,231	6	(76)
Share of profit of subsidiaries and associates (Notes 4 and 16)	160,655	1	155,959	1	3
Foreign exchange gains, net (Note 4)	1,225,100	8	537,072	4	128
Impairment losses on assets (Notes 4, 5 and 35)	(74,059)	-	(1,269,245)	(9)	(94)
Securities brokerage fee revenue, net	212,156	1	190,882	1	11
Loss on disposal of properties and equipment, net (Note 4)	(3,922)	-	(4,563)	-	(14)
Other noninterest gains, net	<u>23,677</u>	<u>-</u>	<u>26,150</u>	<u>-</u>	(9)
TOTAL NET REVENUES	<u>15,326,765</u>	<u>100</u>	<u>13,347,045</u>	<u>100</u>	15
BAD-DEBT EXPENSE AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4, 5 and 15)	<u>606,398</u>	<u>4</u>	<u>481,754</u>	<u>4</u>	26

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
<b>OPERATING EXPENSES</b>					
Employee benefit (Notes 4, 28, 36 and 41)	\$ 4,338,691	28	\$ 3,971,685	30	9
Depreciation and amortization (Notes 4, 19 and 37)	785,006	5	780,288	6	1
General and administrative (Notes 4, 38 and 41)	<u>4,430,548</u>	<u>29</u>	<u>3,619,814</u>	<u>27</u>	22
Total operating expenses	<u>9,554,245</u>	<u>62</u>	<u>8,371,787</u>	<u>63</u>	14
INCOME BEFORE INCOME TAX	5,166,122	34	4,493,504	33	15
INCOME TAX EXPENSE (Notes 4 and 39)	<u>848,836</u>	<u>6</u>	<u>954,434</u>	<u>7</u>	(11)
NET INCOME	<u>4,317,286</u>	<u>28</u>	<u>3,539,070</u>	<u>26</u>	22
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(57,427)	-	(79,907)	-	(28)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	2,848,167	19	(1,684,799)	(13)	269
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	219,518	1	(271,454)	(2)	181
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 39)	<u>(291,797)</u>	<u>(2)</u>	<u>(49,395)</u>	<u>-</u>	491
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>2,718,461</u>	<u>18</u>	<u>(2,085,555)</u>	<u>(15)</u>	230

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# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	\$ 14,187	-	\$ 1,453,521	11	(99)
Share of other comprehensive losses of subsidiaries and associates accounted for using the equity method	(111,863)	(1)	(34,963)	(1)	220
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	1,166,753	8	(5,768,822)	(43)	120
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 39)	<u>(2,837)</u>	<u>-</u>	<u>(290,704)</u>	<u>(2)</u>	<u>(99)</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>1,066,240</u>	<u>7</u>	<u>(4,640,968)</u>	<u>(35)</u>	123
Other comprehensive income for the year, net of income tax	<u>3,784,701</u>	<u>25</u>	<u>(6,726,523)</u>	<u>(50)</u>	156
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 8,101,987</u>	<u>53</u>	<u>\$ (3,187,453)</u>	<u>(24)</u>	354
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 40)					
Basic	<u>\$1.02</u>		<u>\$0.81</u>		
Diluted	<u>\$1.01</u>		<u>\$0.81</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital (Notes 30 and 36)			Capital Surplus (Note 30)	Retained Earnings (Notes 4 and 30)				Other Equity (Notes 4 and 30)			Total Equity
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	
BALANCE AT JANUARY 1, 2022	\$ 32,952,187	\$ 2,000,000	\$ 34,952,187	\$ 8,051,984	\$ 8,924,700	\$ 627,440	\$ 6,932,579	\$ 16,484,719	\$ (1,636,613)	\$ 7,283,034	\$ 5,646,421	\$ 65,135,311
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	-	1,665,178	-	(1,665,178)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(494,282)	(494,282)	-	-	-	(494,282)
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Stock dividends on common shares	2,916,269	-	2,916,269	-	-	-	(2,916,269)	(2,916,269)	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	3,539,070	3,539,070	-	-	-	3,539,070
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	(62,001)	(62,001)	1,127,854	(7,792,376)	(6,664,522)	(6,726,523)
Share-based payment	72,004	-	72,004	24,842	-	-	-	-	-	-	-	96,846
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(380,520)	(380,520)	-	380,520	380,520	-
BALANCE AT DECEMBER 31, 2022	35,940,460	2,000,000	37,940,460	8,076,826	10,589,878	627,440	4,473,399	15,690,717	(508,759)	(128,822)	(637,581)	61,070,422
Appropriation of the 2022 earnings												
Legal reserve	-	-	-	-	928,965	-	(928,965)	-	-	-	-	-
Special reserve	-	-	-	-	-	129,596	(129,596)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(359,405)	(359,405)	-	-	-	(359,405)
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Stock dividends on common shares	1,797,023	-	1,797,023	-	-	-	(1,797,023)	(1,797,023)	-	-	-	-
Other changes in capital surplus												
Changes in capital surplus from investment in associates/and ventures accounted for using the equity method	-	-	-	16,640	-	-	-	-	-	-	-	16,640
Net income for the year ended December 31, 2023	-	-	-	-	-	-	4,317,286	4,317,286	-	-	-	4,317,286
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	(45,595)	(45,595)	(100,513)	3,930,809	3,830,296	3,784,701
Share-based payment	52,042	-	52,042	32,266	-	-	-	-	-	-	-	84,308
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	573,140	573,140	-	(573,140)	(573,140)	-
BALANCE AT DECEMBER 31, 2023	<u>\$ 37,789,525</u>	<u>\$ 2,000,000</u>	<u>\$ 39,789,525</u>	<u>\$ 8,125,732</u>	<u>\$ 11,518,843</u>	<u>\$ 757,036</u>	<u>\$ 5,623,241</u>	<u>\$ 17,899,120</u>	<u>\$ (609,272)</u>	<u>\$ 3,228,847</u>	<u>\$ 2,619,575</u>	<u>\$ 68,433,952</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 5,166,122	\$ 4,493,504
Adjustments for:		
Depreciation expenses	696,513	694,405
Amortization expenses	88,493	85,883
Expected credit losses/bad-debt expenses	606,398	481,754
Gains (losses) on financial assets at fair value through profit or loss	(1,770,649)	339,993
Interest expense	11,372,158	4,978,798
Interest revenue	(19,831,906)	(14,885,912)
Dividend income	(509,818)	(735,418)
Share of profit of subsidiaries and associates	(160,655)	(155,959)
Losses on disposal of properties and equipment	3,936	4,563
(Losses) gains on disposal of investments	248,840	(80,305)
Impairment loss recognized on financial assets	75,493	1,279,572
Reversal of impairment loss on financial assets	-	(8,219)
Reversal of impairment loss on nonfinancial asset	(1,434)	(2,108)
Gains on disposal of collaterals	485	1,008
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(7,149,435)	4,928,795
Financial assets at fair value through profit or loss	(19,413,558)	19,598,792
Financial assets at fair value through other comprehensive income	5,023,466	(6,722,782)
Investments in debt instruments at amortized cost	746,263	(5,181,515)
Receivables	(6,102,502)	(852,188)
Discounts and loans	(37,163,771)	(35,634,450)
Other financial assets	(236,798)	90,959
Deposits from the Central Bank and other banks	6,473,334	(4,505,418)
Financial liabilities at fair value through profit or loss	(2,037,027)	(985,460)
Securities sold under repurchase agreements	26,780,588	(16,981,149)
Payables	1,256,332	(1,247,349)
Deposits and remittances	47,514,893	37,919,522
Other financial liabilities	8,033	(6,446)
Provision for employee benefits	(57,426)	(79,905)
Other liabilities	(500)	-
Cash generated from (used in) operations activities	11,625,868	(13,167,035)
Interest received	19,622,948	14,668,232
Dividend received	533,141	773,079
Interest paid	(10,700,958)	(4,755,768)
Income tax paid	(1,309,136)	(735,554)
Net cash generated from (used in) operating activities	<u>19,771,863</u>	<u>(3,217,046)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of associates	(400,000)	(481,394)
Payments for property and equipment	(1,383,727)	(546,522)
Proceeds from disposal of property and equipment	15	-

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in settlement fund	\$ -	\$ (324)
Decrease in settlement fund	872	-
Increase in refundable deposits	-	(969,725)
Decrease in refundable deposits	633,832	-
Payments for intangible assets	-	(53,488)
Proceeds from disposal of intangible assets	305,072	-
Proceeds from disposal of collaterals	949	1,100
Decrease in other assets	<u>169,006</u>	<u>69,127</u>
Net cash used in investing activities	<u>(673,981)</u>	<u>(1,981,226)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in due to Central Bank and other banks	-	(6,741,390)
Repayments of bank debentures	-	(2,700,000)
Increase in guarantee deposits received	20,339	-
Decrease in guarantee deposits received	-	(30,918)
Repayment of the principal portion of lease liabilities	(434,406)	(432,733)
Increase in other liabilities	194,038	-
Decrease in other liabilities	-	(196,937)
Cash dividends paid	<u>(839,405)</u>	<u>(974,282)</u>
Net cash used in financing activities	<u>(1,059,434)</u>	<u>(11,076,260)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>18,979</u>	<u>1,301,740</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	18,057,427	(14,972,792)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>55,538,037</u>	<u>70,510,829</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 73,595,464</u>	<u>\$ 55,538,037</u>

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2023 and 2022:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents in balance sheets	\$ 10,867,826	\$ 11,806,105
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>62,727,828</u>	<u>43,731,932</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 73,595,654</u>	<u>\$ 55,538,037</u>

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

(Concluded)