

Stock Code : 2838

# Union Bank of Taiwan

2021 General Shareholders

Procedure Manual

9 a.m., 28 May 2021

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

## Table of Contents

<b>I.Meeting Agenda</b> .....	1
<b>1.Reports</b>	
(1)2020 Business Report.....	2
(2)2020 Audit Committee Audit Report.....	2
(3)2020 Report on Employee and Director Remuneration Distribution Status.....	2
<b>2.Approvals</b>	
(1)Approval of 2020 Business Report and Financial.....	3
(2)Approval of 2020 Profit Distribution Proposal.....	3
<b>3.Discussions</b>	
(1) Amending part of the " Rules of Procedure for Shareholders Meetings ".....	4
(2) Amending part of the " Procedures for Election of Directors ".....	4
(3) Discuss the company's surplus to allocate capital to issue new share .....	4
<b>4. Election matters</b>	
Election of the 11th directors (including independent directors).....	5
<b>5. Other matters</b>	
Lifting the 11th directors' non-competition restriction.....	8
<b>6.Provisional motion</b> .....	8
<b>7.Adjournment</b> .....	8
<b>II.Attachment</b>	
1.2020 Business Report.....	9
2.Audit Committee Audit Report.....	16
3.Independent Auditor's Report.....	17
4.2020 Profit Distribution Table.....	41
5.The Bank's " Rules of Procedure for Shareholders Meetings " before and after the revised provisions.....	42
6. The Bank's " Procedures for Election of Directors " before and after the revised provisions...	50
<b>III.Appendix</b>	
1.The Bank's Shareholders Meeting Procedure Rules.....	53
2.The Bank's Articles of Association.....	61
3.The Bank's " Procedures for Election of Directors ".....	70
4.Shareholding by All Directors of the Bank.....	73

# **Union Bank of Taiwan**

## **2021 General Shareholders Meeting Agenda**

Time of Meeting: 9 a.m., 28 May 2021(Friday)

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

CHIANTAN OVERSEAS YOUTH ACTIVITY CENTER

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

1. Announcement to Commence
2. Chairman Takes Stand
3. Chairman's Words
4. Reports
  - (1) 2020 Business Report
  - (2) 2020 Audit Committee Audit Report
  - (3) 2020 Report on Employee and Director Remuneration Distribution Status
5. Approvals
  - (1) Approval of 2020 Business Report and Financial Statements
  - (2) Approval of 2020 Profit Distribution Proposal
6. Discussions
  - (1) Amending part of the " Rules of Procedure for Shareholders Meetings "
  - (2) Amending part of the " Procedures for Election of Directors "
  - (3) Discuss the company's surplus to allocate capital to issue new share.
7. Election matters  
Election of the 11th directors (including independent directors).
8. Other matters  
Lifting the 11th directors' non-competition restriction.
9. Provisional Motions.
10. Adjournment.

## **1. Reports**

### **Proposal No. 1**

Subject: The 2020 Business Report is submitted for review.

Illustration: Please refer to Attachment 1 Business Report (pages 9 to 15 of this manual).

### **Proposal No. 2**

Subject: The 2020 Audit Committee Audit Report is submitted for review.

Illustration: Please refer to Attachment 2 Audit Committee Audit Report (page 16 of this manual).

### **Proposal No. 3**

Subject: The 2020 Report on Employee and Director Remuneration Distribution Status is submitted for review.

Illustration:

- (1) The Bank's 2020 net profit before tax before deduction of distribution of employee and director remuneration is NT\$3,926,236,234. In accordance with the Article of Association of the Bank, it is proposed that NT\$72,242,747 be provided as employee remuneration and NT\$3,533,613 be provided as director remuneration.
- (2) Among them, employees pay NT\$72,242,747. For stocks. According to the Financial Supervisory Committee's Order of January 30, 2016 (Golden Management Certificate No. 1050001900), The number of shares to be issued is calculated based on the closing price of the previous day of the board resolution (March 9, 2021, the closing price of the Bank's common shares is NT\$10.85), A total of 6,658,317 new shares were issued, with a denomination of NT\$10 each, and less than one share of NT\$8, paid in cash. Directors' remuneration is paid in cash. The above amounts are consistent with the annual provision.

## **2. Approvals**

### **Proposal No. 1**

Subject: The 2020 business report and financial statements are submitted for approval. (Proposed by Board of Directors)

Illustration:

1. The 2020 business report and financial statements of the Bank (including consolidated financial statements) have been audited by accountants Huang Jui-Chan and Yang Cheng-Hsiu Yang of Deloitte & Touche and have, together with the business report, been approved by the 2<sup>th</sup> meeting of the 20<sup>th</sup> term of the audit committee and the 10<sup>th</sup> meeting of the 21<sup>th</sup> term of the board of directors of the Bank. They are submitted for approval.
2. Please refer to the above-cited documents in Attachment 1 (pages 9 to 15 of this manual) and Attachment 3 (pages 17 to 40 of this manual).

Resolution:

### **Proposal No. 2**

Subject: The 2020 Profit Distribution Proposal is submitted for approval. (Proposal by Board of Directors)

Illustration:

1. 2020 distributable profit of NT\$3,813,902,087. It is proposed that the distribution be made as shown in Attachment 4 (page 41 of this manual) in accordance with the articles of association of the Bank.
  - (1) Special dividends (NT\$2.4 per share, calculated at a rate of 4.8% per share) total NT\$480,000,000.
  - (2) Dividends on common stocks (NT\$0.631 per share) totaling NT\$1,951,915,717.
  - (3) Undistributed profit: NT\$1,381,986,370.
2. After the profit distribution proposal is approved by the general shareholders meeting, the board of managing directors is authorized to determine the record date for dividend distribution and to handle cash distribution related matters.
3. In accordance with the regulation of the Ministry of Finance Tai-Cao-Shui No. 871941343 date 30 April 1998, in distributing profit, individual identification should be adopted. The 2020 profit should be distributed in priority in this profit distribution.
4. If the total number of outstanding shares is subsequently changed due to buy-back of the Bank's shares or the transfer, exchange or cancellation of treasury shares or any other event, resulting in the change of dividend distribution ratio, the shareholders meeting should authorize the board of directors to carry out the change.

Resolution:

### **3. Discussions**

#### **Proposal No. 1**

Subject: Amending part of the " Rules of Procedure for Shareholders Meetings ".  
(Proposed by Board of Directors)

Illustration:

1. Because the company law was revised and referenced to the "Reference Example of Rules of Procedure for Shareholders' Meetings" revised by the Taiwan Stock Exchange, Revision of the Bank's Rules of Procedure for Shareholders' Meetings: Article 3, Article 5, Article 7, Article 8, Article 9, Article 10, Article 13, Article 15, etc.
2. In this revision, in addition to some provisions based on the reference example, the relevant text is revised, and the remaining key points are as follows:
  - (1). In line with the amendments to Articles 172 and 172-1 of the Company Law, additional items such as capital reduction, application for suspension of public offerings, directors' competition license, capital increase from surplus, capital increase from public reserves, etc. should be listed and explained in the reason for the convening. Do not use temporary motions and shareholders to urge the company to promote public interest or fulfill social responsibilities.
  - (2). Cooperate with the work, revise the scope of the whole process of recording and video recording of the shareholders' meeting, and adopt the procedures of voting on a case-by-case basis and disclosure of results.
3. Please refer to Attachment 5 (pages 42 to 49 of this manual). for the comparison table before and after the revision of the "Rules of Procedures for Shareholders Meetings" of the Bank.

Resolution:

#### **Proposal No. 2**

Subject: Amending part of the " Procedures for Election of Directors " (Proposed by the Board of Directors)

Illustration:

1. In accordance with the amendment to Article 192-1 of the Judiciary and the director nomination system, some provisions of the Bank's "Director Election Procedure" have been revised. This amendment is as follows:
  - (1) Delete the name, education and experience of the director candidates reviewed by the board of directors, and amend the electors to fill in only the names of the electees on the ballots. If the names of director candidates are the same, the difference shall be noted by the board of directors or other convening persons (Articles 5 and Articles 10).
  - (2) Revise the invalidity of the voting ballot and adjust the text content in accordance with practical operations (Articles 11, Articles 12, and Articles 13).

2. Please refer to Attachment 6 (pages 50 to 52 of this manual).for the comparison table before and after the revision of the "Rules of Procedures for Shareholders Meetings" of the Bank.

Resolution:

### **Proposal No. 3**

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

Illustration:

1. In order to enrich the working capital of the Bank, NT\$1,951,915,717 was allocated from the distributable surplus in 2020, and the surplus was transferred to NT\$1,951,915,710 to issue 195,191,571 shares of common stock. The remaining NT\$ 7 was disbursed by 1 share and was distributed in cash.
2. After the approval of the shareholders' meeting, the board of directors is authorized to set the base date for the capital increase and share allotment. The stock dividends distributed by the shareholders shall be distributed free of charge according to the proportion of the shares held by the ordinary shareholders listed in the register of ordinary shareholders of the Japanese stocks on the basis of allotment, and 63.1 shares shall be distributed for each thousand shares.
3. The new shares issued are ordinary shares, and the rights and obligations are the same as ordinary shares, with a denomination of NT\$10 per share.
4. In the event of a change in the shares of the Bank, or the transfer, conversion or cancellation of the treasury shares or other circumstances, affecting the total number of shares outstanding, the share allotment, and the dividend rate, the shareholders' meeting authorizes the board of directors to handle the change.
5. In the case of the above-mentioned capital increase and issuance of new shares, the shareholders' meeting authorizes the board of directors to deal with changes in the law or when the competent authority approves the amendment.

Resolution:

#### 4、Election matters.

Subject: Election of the 11th directors (including independent directors). Please vote.  
(Proposed by Board of Directors)

Illustration:

1. According to the Bank's Articles of Association, the Bank shall have 9 to 15 directors; the number of independent directors shall be at least 3, and shall not be less than one-fifth of the number of directors; the election of directors (including independent directors) adopts a candidate nomination system and the term of office is For 3 years, they may be re-elected.
2. The tenth term of the Bank's 10th directors expires on June 8, 2021. This year, 9 directors (including 3 independent directors) are proposed to be elected for the 11th term, and they will take office after the end of the general meeting of shareholders on May 28, 2021. Ends May 27, 2024, the term of office is 3 years.

The term of office of the original directors ends when the directors re-elected by the current shareholders' meeting take office.

3. The directors (including independent directors) of this election proposal were reviewed and approved by the 22nd Board of Directors of the 10th term of the Bank on April 14, 2021.
4. List of candidates for the 11th board of directors (including independent directors) of the Bank:

No	Job Title	Name	Gender	Education	Main Experience	Number of shares(Note)
1	Independent director	Li Guo Chang	male	Dept. of Economics, National Taiwan University	Taiwan Business Bank Co., Ltd. vice president. Union Bills Finance Corporation. General manager Union Bills Finance Corporation. Chairman, Site Designed By Laypu Technology Corp. Chairman	0
2	Independent director	Lee Tzung Hang	male	Ph. D., Dept. of Naval Architecture and Marine Engineering, University of Michigan, Ann Arbor, U. S. A.	Examination Institute Test committee, The University of Manchester A visiting scholar, Department of Mechanical & Electro-mechanica	0



					l Engineering, Tamkang University Professor	
3	Independent director	Fan Lin Yu	Female	MBA, City University of Seattle, Washington, U. S. A.	Fuh Hwa Securities Investment Trust Co., Ltd. vice president, Gold Fuh Hwa Securities Investment Trust Co., Ltd. Executive Chairman, UNION INS. director GM, Union Securities Investment Trust Co.	0
4	director	Chuan Cheng Investment Co., Ltd. represented by: Chiang Chen Hsiung	male	National Defense Medical Center	Commissioner, International Rotary Taiwan Rotary Club Association	151,686,786
5	director	Union Investment Ltd. representative : Lin Jeff	male	Master 's Degree, National Taiwan University	GM, Union Bank of Taiwan	11,000,000
6	director	Bai Sheng Investment Co., Ltd. represented by: Lin Si Yong	male	National Taiwan Normal University	Director, Hong-Bung Construction Enterprise Co., Ltd.	164,985,123
7	director	Yo Bang Co., Ltd. represented by: Cao Su Fong	Female	National Taipei College of Business	Director, Tien Sheng Investment Co., Ltd.	44,779,543
8	director	Union Investment Ltd. represented by: Li, Wen Ming	male	Dept. of Industrial and Systems Engineering, Chun g Yuan Christian University	Commissioner, Form osa Chemicals & Fibre Corporation	11,000,000
9	director	Tu Herman	male	Dept. of Business Administration, C ollege of Chinese Culture	Executive Vice President, Union Bank of Taiwan	322,522

Note: The number of shares held by the director candidates (including special shares) is the number of shares held by the company as of the closing date of the shareholders' meeting (March 30, 2021).

Please hold an election:

Election results:

The chairman announced:

## 5、 Other matters.

Subject: Lifting the 11th directors' non-competition restriction. (Proposed by Board of Directors)

Illustration:

1. According to the first paragraph of Article 209 of the Company Law: "The directors, for themselves or others who are within the business scope of the company, shall explain the important content of their actions and obtain their permission to the shareholders' meeting".
2. Newly appointed directors of the Bank, or participating in other business operations of companies with the same or similar business scope as the Bank, in accordance with Article 209 of the Company Law, request the shareholders meeting to dismiss the newly appointed directors and their representatives as directors. The restrictions on the prohibition of competition during the period are as follows:

Job title	NAME	Projects that are permitted to engage in competitive behavior
director	Union Investment Ltd. (representative : Lin Jeff)	Union Investment Ltd. (Hong Kong) director Or a company position that is the same or similar to the company's business scope
director	Tu Herman	Union Securities Investment Trust Co., Ltd. Director, UNION FINANCE & LEASING (INT'L) CORP. Supervisor, Or a company position that is the same or similar to the company's business scope
director	Union Investment Ltd. (represented by: Li, Wen Ming)	Morgan Commonwealth Asset Management Co., Ltd. Chairman Qunyi Securities Investment Trust Co., Ltd. Director, Or a company position that is the same or similar to the company's business scope

Resolution:

## 6、 Provisional Motions.

### Adjournment

## 2020 Business Report

### 1. Domestic and Overseas Financial Status

In 2020, COVID-19 will have an impact on the global economy, and multinational control will have a serious impact on business operations. The Chinese government has provided various rescue and revitalization measures to help companies tide over the difficulties. Most of the credit risks are guaranteed by the government. Bank loans will be released in 2020. The expansion of business quotas, relief of preferential interest rates and loose market funds have affected the profitability of the banking industry.

Looking forward to 2021, my country's banking industry is expected to gradually recover under the control of COVID-19, domestic and foreign lending businesses will have an expanded niche, the domestic market will continue to expand, and the return of Taiwanese businessmen will bring financing, investment and wealth management business opportunities, and financial technology. The economy is expected to improve in 2021 compared to 2020. The uncertainty of credit risks and low interest spreads brought about by the global epidemic and trade wars will also become a long-term problem for the banking industry.

### 2. 2020 Operating Results and Main Business Status

With the joint effort by all employees of the Bank in 2020, good performance has been demonstrated in terms of various operational benchmarks. In terms of profitability, the 2020 net profit after tax is NT\$3.442 Billion. The earnings per share after tax (EPS) is NT\$0.96. Total asset rate of return (ROA) is 0.48%. Net value rate of return (ROE) is 6.14%. In terms of asset quality, the overdue lending ratio is 0.14%. Bad debt coverage ratio is 788.94%. Asset quality is maintained at a good level.

For years, the Bank has continuously developed different businesses with stable growth and under an operational strategy of in-depth local efforts. On 18 December 2020, the long-term and short-term credit of the Bank was rated "twA/twA-1" by Taiwan Ratings Corporation. also expects that the Bank should be able to maintain its solid corporate foundation in consumer finance business, satisfactory asset quality, and reasonable funding sources and liquidity structure during the aforementioned period.

Below is a summary report on the operational status of the Bank's main businesses in 2020:

#### (1) Deposit

The balance of Taiwan's foreign currency deposits at the end of 2020 was 613.9 billion yuan, an increase of 74.5 billion yuan from the 539.6 billion yuan at the end of 2019, with a growth rate of 13.81%. In terms of deposit structure, demand deposit balance was 306.2 billion yuan, accounting for 49.88% of the total deposit ratio, and time deposit balance was 307.7 billion yuan, accounting for 50.12% of the total deposit ratio.

#### (2) Lending

The balance of loans at the end of 2020 was NT \$ 428.7 billion, an increase of RMB38.4 billion from NT \$ 390.3 billion at the end of 2019, with a growth rate of 9.84%. Among them, guaranteed loans amounted to NT \$335 billion, accounting for 78.14% of total loans; unsecured loans amounted to NT \$ 93.7 billion, accounting for 21.86% of total loans.

### (3) Credit Card

1. The marketing strategy focuses on youth, convenience and digitalization. It mainly promotes promotion activities such as online shopping, APP, supermarkets, and supermarkets. In the post-epidemic era, it uses department store strategies to manage high-spending customers, stabilize department store spending, and continue to plan installment ( Such as insurance, APPLE direct store installment, etc.) and Federal Day activities to increase the effective card rate; in 2020 total credit card spending of 98.8 billion yuan, an increase of 8% over 2019. It is one of the four growing companies among the top eight card issuing banks.
2. Continue to promote the point card to strengthen cooperation with transportation tickets and introduce new payment tools, and use LINE POINTS, which is popular among young people, as the main point card for reward activities, to promote the younger generation of card friends, increase brand awareness, and consume The prerequisite is to optimize online card application functions and convenience, and increase the proportion of online card applications, thereby saving input and labor costs. In addition, Breeze Card has reached the goal of 500,000 circulation cards this year, becoming the bank's largest card issuance category. As of December 2020, the number of credit cards in circulation was 2,243,665 cards, an increase of 4% from 2019.

### (4) Fortune Management

The Bank's 2020 wealth management households grew by 5.11% compared with 2019, and the average monthly balance of total management assets grew by 8.04% compared with 2019. The part of operating income affected by the epidemic decreased by 18.66% compared with last year. The Bank provides more financial products, augments specific money trusts and insurance content, and increases overall financial management revenue.

### (5) Operating Performance

In 2020, the net interest income was NT\$ 7.699 billion, the net income other than interest was NT\$4.379 billion, and the total net income was NT\$12.078 billion. After deducting the net debt provision of NT\$267 million and operating expenses of NT\$7.961 billion, the net profit before tax was NT\$3.850 billion. The net profit after tax was NT\$ 3.442 billion.

### (6) Corporate Image

To implement the brand spirit of "Believe in Happiness. Have the courage to undertake", we continued to actively invest in various social welfare actions in the 2020 year, including cooperating with the "Federal Culture and Education Foundation" to launch the "Let's Make Happiness" love donation

platform, and fundraising donations to "Pingtung "Hope Children's Choir Training and Education Funding, Yunlin Community Elderly Care, and Nantou Rural Elderly and Weak Food Delivery Service" and other social welfare organizations with limited resources; In the summer, organize "children's financial management camps" in the northern, central and southern regions of the country to promote children's financial knowledge and nurturing education; long-term adoption of Taiwanese conservation animals "stone tigers and ring-necked pheasants" to care about ecological conservation; sponsor "Pingtung County Books" Cultural and educational promotion activities such as the National Museum, the basketball team of Taitung Middle Mountain High School, Taitung Hot Air Balloon Carnival and Kaohsiung Spring Art Festival Concerts"; Organize the "Children's Charity Drawing Competition", and cooperate with the "Federal Culture and Education Foundation" to organize the "Federal Art Competition and Art Tour Exhibition" to support domestic art promotion and talent cultivation; in addition, in the face of the new crown pneumonia, the bank specially produced " The "Taiwanese Badge" was presented to the public, and the "Federal Support Medical Care Project" was launched to call on the Chinese people to unite, work together to protect their homes, and give back to the medical staff who worked hard on the front line.

### **3. 2021 Operational Plan and Development Guidelines by Business**

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

#### **1. Deposits:**

(1). Evaluate the establishment of new off-bank ATMs, expand service bases, and enhance the expansion of deposit business.

(2). Continue to expand the deposit solicitation and salary transfer business with the bank's vendors.

(3). Business marketing plan (acceptance (subsidy) project of special credit card stores, Anyang trust business) to develop new customer sources and deposits.

(4). Strengthen various deposit preferential interest rate projects, solicit customer deposits, and increase the scale of deposits.

(5) In response to the development trend of digital finance, the Bank added LINE Pay Money payment channel for its agency collection and payment service business, hoping to deepen its old customers and open up new customers.

#### **2. Enterprise and foreign exchange business:**

(1). Actively expand loans for industrial and commercial enterprises, give priority to factory loans (MIT) and self-repayable loans, and strengthen the protection of claims by obtaining high-quality collateral and credit insurance fund guarantees.

- (2). Use the promotion of marketing projects (such as: big data model, cross-business marketing) to find potential customers and strengthen the expansion of SME lending.
  - (3). Strengthen the undertaking of high-quality stock loans.
  - (4). Construction financing cases are undertaken based on the selection of high-performance customers, construction areas and locations with good locations.
  - (5). Under risk control, strive to increase profitability, and through credit business transactions, strive for cash flow and various business transactions to increase overall profitability.
  - (6). In response to complex transactions, high operating costs, or Bridge Loan credit cases, moderately increase the fee income.
  - (7). In response to the revision of the BASEL III capital provision method by the competent authority, the loan-to-lending ratio method (LTV) will be adopted for the real estate risk insurance sector in 2021. In the future, real estate will be provided as a guarantee for credit, and the amount of loans will be controlled and controlled. For higher risks, For weighted cases, a higher interest rate is adopted for pricing.
  - (8). Develop customer sources for foreign exchange business, expand import and export and exchange business to increase the Bank's foreign exchange niche and market share.
  - (9). Actively participate in high-quality leading enterprises and international co-loan projects guaranteed by the state or government agencies, and establish professional and experience in hosting international co-loan management banks.
  - (10). Strengthen foreign exchange credit cases and increase credit protection through overseas credit insurance funds.
3. Consumer Finance:
- (1). Through the establishment and execution of big data models, it analyzes customer groups, and launches project marketing based on data mining potential customer groups, increases new business opportunities, and establishes diversified business channels and complete services.
  - (2) Continue to focus and cultivate high-quality customers, grasp customer demand trends, and consolidate existing customers; provide customized projects for different ethnic groups to open up new customer groups.
  - (3). Actively recruit new or self-trained credit AO personnel to increase business volume.
  - (4). Stabilize the new car loan business, increase the amount of used car purchase loans and original car loans, and continue to expand the business scale.
  - (5). Increase the digital channel loan service, increase the young and

digital customer base, and optimize the physical channel (branch and center) loan service to achieve the full promotion of the virtual and real channel. And link project loan programs for specific ethnic groups and specific seasons.

(6). Increase cross-industry alliances and provide digital loans through life scenarios.

4. Credit Card:

(1). Continue to invest in the promotion of point-of-sale card issuance business, create a basis for cross-selling operations, and invest in micro-credit income, insurance income, etc.

(2). Committed to electronic services, such as automated services such as mobile billing, LINE BC binding, online card issuance business promotion, etc., to improve customer online services and save related costs.

(3). Continue to promote mobile payment loading, optimize self-owned GateWay to expand the online special store acquiring business, and promote the diversified new payment methods of special stores, such as QR code scanning transactions and LINE PAY acquiring, to enhance the competitiveness of the acquiring business.

(4). In response to the post-epidemic era, grasp the market's consumption momentum and key channels, and hold promotion activities for channels (such as department stores, supermarkets, supermarkets, online, etc.) or consumption categories (such as domestic travel, insurance installment, mobile payment, etc.) to increase visas The amount of the account.

5. Wealth management, insurance agency and trust business:

(1). Integrate trust services to expand trust 2.0 business, strengthen core customer relationships and develop second-generation customers.

(2). Expand the scope of Anyang Trust's services, develop cross-industry alliances, integrate relevant channels for the elderly, and meet all their needs.

(3). Promote action science specialization, provide a friendly financial environment, and improve operating efficiency.

(4). Expanded domestic late-collection funds were put on the shelves.

(5). Increase the proportion of ETF and foreign debt business.

(6). The derivative financial product business was launched.

(7). Leverage the sales advantages of existing branches to continue to promote related insurance products such as protection, investment and pension planning, and at the same time actively introduce diversified insurance products that combine death, accident, health, medical and care, etc., to satisfy customers All-round human financial planning.

6. Digital financial business:

(1) Personal e-banking services

Continue to optimize the user interface and transaction process of personal online banking and mobile banking, strengthen the system architecture and system usage efficiency, and enrich various online financial services to enhance the competitiveness of electronic banking services.

(2) Corporate Internet Banking Services

Provide a more convenient corporate gold flow trading platform to facilitate corporate customers to effectively grasp the company's internal capital in and out and various transaction information, and actively promote the autonomy of corporate customer online financial transaction management to improve operational efficiency and create competitive advantages.

(3) New New Bank Digital banking services

A. Accelerate the expansion of service functions, including linking to diversified online financial services such as online loans, credit card application, securities account opening, and fund investment, to meet the needs of customers for fund management and management.

B. Integrate marketing resources across the bank, strengthen business cooperation with strategic partners such as supermarkets, LINE Pay Money, and campus payment, expand service channels and actively develop target customer groups, effectively increasing the market share of digital accounts.

(4) Strengthen the marketing application of the community and various information platforms

Strengthen community management, and enhance the integrated application of various information platforms such as LINE BC, SMS, eDM, etc., combined with new functions including LINE API, and strengthen marketing promotion effectiveness.

(5) New types of digital financial service integration and application

A. Comprehensive application has developed a big data model to improve the effect of business promotion through precise marketing.

B. Combined with the bank's customer service system, intelligent customer service was introduced to improve service efficiency and quality.

C. With video, new-style ID cards, and digital account opening permissions are standardized, we continue to optimize online account opening and identity verification processes.

D. Establish various cross-system services (such as mobile phone number transfer, personalization of My Data digital services, Open Banking, Open Banking API services, etc.) in accordance with the policies of the competent authority

7. Securities Business:



- (1). Establish online securities account opening applications to promote online business.
  - (2). Actively promote the electronic ordering business and increase the proportion of electronic transactions.
  - (3). Deeply cultivate the development and operation of the securities legal person client group, with the goal of increasing the amount of performance.
8. Others:
- (1). In terms of investment business, it actively cultivates financial transaction talents, carefully selects investment targets, implements the disciplinary requirements for risk control related to capital operations, and uses the Bank's surplus to be credited.
  - (2). Improve the profitability of various assets, strengthen risk management, and maintain good asset quality.

(2) Channel Development

1. The Bank has a total of 90 domestic business locations, and continues to actively expand overseas business territory and expand operations. Currently, the Hanoi office has been approved by the Central Bank of Vietnam and opened in April 2020 to provide customers with international financial services.
2. In order to provide customers with more convenient services, the bank has actively expanded out-of-bank ATMs in recent years, hoping to enhance the bank's brand image and popularity through the extension of channels. In 2020, the bank has installed a total of 874 ATMs.

(3) The Bank's 2021 Estimated Operational Targets

1.

Type of Business	2020 Target
Deposit (including foreign currencies)	Average balance of NT\$650.9 Billion at the end of the year
Lending (excluding credit card)	Average balance of NT\$484.4 Billion at the end of the year
Foreign Exchange	Annual transaction of US\$7.929 Billion

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

With the supervision of all shareholders and the effort of all employees, we hope to achieve all operating targets and create even more outstanding performance to answer to the expectations of the shareholders and the society. We hope that all shareholders will continue to encourage and guide the Bank.

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

# **Union Bank of Taiwan**

## **Audit Committee Audit Report**

The Bank's 2020 consolidated financial report is prepared in accordance with the standards for the preparation of financial reports for publicly issued banks, the standards for the preparation of financial reports for securities firms, and the international financial reporting standards, international accounting standards, interpretations and interpretation announcements approved and promulgated by the Financial Regulatory Commission. 2020 The annual individual financial report is prepared in accordance with the financial report preparation standards of publicly issued banks and the financial report preparation standards of securities firms, and has been checked by Deloitte & Touche Huang Jui-Chan and Yang Cheng-Hsiu accountants After the review by the Audit Committee, After review by the Audit Committee, it is deemed that there is no discrepancy. In accordance with the provisions of Articles 14-4 and 36 of the Securities and Exchange Act, a report is prepared, please check .

To

Union Bank of Taiwan 2021 General Shareholder Meeting

Union Bank of Taiwan

Chairman of Audit Committee: Li Guo Chang

**10 March 2021**

**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, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Bank's financial statements for the year ended December 31, 2020 are described as follows:

Assessment of the Impairment of Discounts and Loans

As of December 31, 2020, the net amount of discounts and loans of the Bank was represented approximately 57% of total assets, and was considered material to the financial statements as a whole. Refer to Note 14 to the financial statements. The Bank's management performs loan impairment assessment by making critical judgements on accounting estimates and assumptions; therefore, we determined allowance for possible losses on discounts and loans as a key audit matter for the year ended December 31, 2020.

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

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

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

1. 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 evaluated the reasonableness of the adjustments to the classification.
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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 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 Jui-Chan Huang and Chen-Hsiu Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 29, 2021

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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 8,141,334	1	\$ 10,937,284	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	24,325,798	3	17,344,886	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	33,967,730	5	30,599,774	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	52,807,395	7	40,962,420	6
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	90,697,662	12	104,170,149	15
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	63,872,973	9	51,360,225	8
RECEIVABLES, NET	22,703,290	3	20,432,902	3
CURRENT TAX ASSETS	44,382	-	49,185	-
DISCOUNTS AND LOANS, NET	424,304,969	57	386,383,784	56
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	5,863,071	1	5,375,020	1
OTHER FINANCIAL ASSETS, NET	4,471,836	1	3,520,128	1
PROPERTY AND EQUIPMENT, NET	7,892,451	1	7,945,393	1
RIGHT-OF-USE ASSETS	1,639,260	-	1,361,636	-
INTANGIBLE ASSETS				
Goodwill	1,985,307	-	1,985,307	-
Computer software	170,823	-	142,872	-
Total intangible assets	2,156,130	-	2,128,179	-
DEFERRED TAX ASSETS	636,906	-	540,779	-
OTHER ASSETS, NET	2,751,600	-	3,267,302	-
TOTAL	\$ 746,276,787	100	\$ 686,379,046	100
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS	\$ 11,942,863	2	\$ 11,300,923	2
DUE TO THE CENTRAL BANK AND OTHER BANKS	3,786,720	1	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	206,002	-	650,981	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	44,428,176	6	65,377,436	10
PAYABLES	5,430,396	1	4,519,286	1
CURRENT TAX LIABILITIES	106,676	-	364,806	-
DEPOSITS AND REMITTANCES	608,269,514	81	533,655,963	78
BANK DEBENTURES	7,200,000	1	10,200,000	1
OTHER FINANCIAL LIABILITIES	115,361	-	111	-
PROVISIONS	244,939	-	249,967	-
LEASE LIABILITIES	1,621,207	-	1,338,560	-
DEFERRED TAX LIABILITIES	1,635,842	-	1,569,639	-
OTHER LIABILITIES	1,098,256	-	903,073	-
Total liabilities	686,085,952	92	630,130,745	92
EQUITY				
Share capital				
Ordinary shares	30,933,688	4	28,844,553	4
Preference shares	2,000,000	-	2,000,000	-
Total share capital	32,933,688	4	30,844,553	4
Capital surplus	8,040,035	1	8,035,484	1
Retained earnings				
Legal reserve	7,883,630	1	6,875,793	1
Special reserve	627,440	-	627,440	-
Unappropriated earnings	4,854,972	1	5,180,139	1
Total retained earnings	13,366,042	2	12,683,372	2
Other equity	5,851,070	1	4,684,892	1
Total equity	60,190,835	8	56,248,301	8
TOTAL	\$ 746,276,787	100	\$ 686,379,046	100

# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST					
Interest revenue	\$ 11,858,192	98	\$ 12,023,379	103	(1)
Interest expense	<u>4,158,730</u>	<u>34</u>	<u>5,459,519</u>	<u>47</u>	<u>(24)</u>
Net interest	<u>7,699,462</u>	<u>64</u>	<u>6,563,860</u>	<u>56</u>	<u>17</u>
NET REVENUE OTHER THAN INTEREST					
Commissions and fee revenue, net	2,869,110	24	2,777,365	24	3
Gain on financial assets and liabilities at fair value through profit or loss	1,710,809	14	1,411,067	12	21
Realized gain on financial assets at fair value through other comprehensive income	407,220	3	336,640	3	21
Share of profit of subsidiaries and associates	25,788	-	105,216	1	(75)
Foreign exchange gain (loss), net	(946,549)	(8)	363,269	3	(361)
Reversal of impairment loss (impairment loss) on assets	128,860	1	(42,921)	-	400
Securities brokerage fee revenue, net	171,805	2	98,868	1	74
Loss on disposal of properties and equipment, net	(7,119)	-	(3,427)	-	108
Other noninterest gain, net	<u>19,109</u>	<u>-</u>	<u>50,419</u>	<u>-</u>	<u>(62)</u>
TOTAL NET REVENUE	<u>12,078,495</u>	<u>100</u>	<u>11,660,356</u>	<u>100</u>	<u>4</u>
PROVISIONS					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>267,216</u>	<u>2</u>	<u>235,584</u>	<u>2</u>	<u>13</u>
OPERATING EXPENSES					
Employee benefit expense	3,695,508	31	3,588,081	31	3
Depreciation and amortization	753,311	6	809,417	7	(7)
Others	<u>3,512,000</u>	<u>29</u>	<u>3,052,907</u>	<u>26</u>	<u>15</u>

(Continued)



# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Total operating expenses	<u>7,960,819</u>	<u>66</u>	<u>7,450,405</u>	<u>64</u>	<u>7</u>
INCOME BEFORE INCOME TAX	3,850,460	32	3,974,367	34	(3)
INCOME TAX EXPENSE	<u>408,751</u>	<u>4</u>	<u>614,910</u>	<u>5</u>	<u>(34)</u>
NET INCOME	<u>3,441,709</u>	<u>28</u>	<u>3,359,457</u>	<u>29</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	11,842	-	172,852	2	(93)
Unrealized gain on investments in equity instrument at fair value through other comprehensive income	812,340	7	2,247,568	19	(64)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(39,030)	-	1,000	-	(4,003)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(109,493)</u>	<u>(1)</u>	<u>(334,744)</u>	<u>(3)</u>	<u>(67)</u>
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>675,659</u>	<u>6</u>	<u>2,086,676</u>	<u>18</u>	<u>(68)</u>
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	(625,885)	(5)	(227,061)	(2)	176

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	14,117	-	(9,459)	-	249
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	1,005,636	8	1,604,564	14	(37)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>125,177</u>	<u>1</u>	<u>45,412</u>	<u>-</u>	<u>176</u>
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>519,045</u>	<u>4</u>	<u>1,413,456</u>	<u>12</u>	<u>(63)</u>
Other comprehensive income for the year, net of income tax	<u>1,194,704</u>	<u>10</u>	<u>3,500,132</u>	<u>30</u>	<u>(66)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,636,413</u>	<u>38</u>	<u>\$ 6,859,589</u>	<u>59</u>	<u>(32)</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)					
Basic	<u>\$0.96</u>		<u>\$0.93</u>		
Diluted	<u>\$0.96</u>		<u>\$0.93</u>		

(Concluded)

**UNION BANK OF TAIWAN**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	Share Capital			Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Equity
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	
BALANCE AT JANUARY 1, 2019	\$ 26,900,129	\$ 2,000,000	\$ 28,900,129	\$ 8,032,413	\$ 5,988,776	\$ 612,656	\$ 4,619,232	\$ 11,220,664	\$ (413,524)	\$ 2,073,347	\$ 1,659,823	\$ 49,813,029
Appropriation of the 2018 earnings												
Legal reserve	-	-	-	-	887,017	-	(887,017)	-	-	-	-	-
Special reserve	-	-	-	-	-	14,784	(14,784)	-	-	-	-	-
Stock dividends on common shares	1,883,009	-	1,883,009	-	-	-	(1,883,009)	(1,883,009)	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Net income for the year ended December 31, 2019	-	-	-	-	-	-	3,359,457	3,359,457	-	-	-	3,359,457
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	139,435	139,435	(191,108)	3,551,805	3,360,697	3,500,132
Acquisition of interest in subsidiary	-	-	-	-	-	-	(6,698)	(6,698)	-	(2,105)	(2,105)	(8,803)
Share-based payment	61,415	-	61,415	3,071	-	-	-	-	-	-	-	64,486
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	333,523	333,523	-	(333,523)	(333,523)	-
BALANCE AT DECEMBER 31, 2019	28,844,553	2,000,000	30,844,553	8,035,484	6,875,793	627,440	5,180,139	12,683,372	(604,632)	5,289,524	4,684,892	56,248,301
Appropriation of the 2019 earnings												
Legal reserve	-	-	-	-	1,007,837	-	(1,007,837)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(288,446)	(288,446)	-	-	-	(288,446)
Stock dividends on common shares	2,019,119	-	2,019,119	-	-	-	(2,019,119)	(2,019,119)	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	3,441,709	3,441,709	-	-	-	3,441,709
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	6,144	6,144	(486,591)	1,675,151	1,188,560	1,194,704
Share-based payment	70,016	-	70,016	4,551	-	-	-	-	-	-	-	74,567
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	22,382	22,382	-	(22,382)	(22,382)	-
BALANCE AT DECEMBER 31, 2020	<u>\$ 30,933,688</u>	<u>\$ 2,000,000</u>	<u>\$ 32,933,688</u>	<u>\$ 8,040,035</u>	<u>\$ 7,883,630</u>	<u>\$ 627,440</u>	<u>\$ 4,854,972</u>	<u>\$ 13,366,042</u>	<u>\$ (1,091,223)</u>	<u>\$ 6,942,293</u>	<u>\$ 5,851,070</u>	<u>\$ 60,190,835</u>

**UNION BANK OF TAIWAN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(In Thousands of New Taiwan Dollars)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,850,460	\$ 3,974,367
Adjustments for:		
Depreciation expense	677,907	726,896
Amortization expense	75,404	82,521
Expected credit losses/provision of allowance for doubtful accounts	267,216	235,584
Gain on disposal of financial assets at fair value through profit or loss	(1,656,347)	(1,375,876)
Interest expense	4,158,730	5,459,519
Interest revenue	(11,858,192)	(12,023,379)
Dividend income	(446,311)	(347,509)
Share of profit of subsidiaries and associates	(25,788)	(105,216)
Loss on disposal of properties and equipment	7,119	3,427
Gain on disposal of investments	(15,371)	(24,322)
Impairment loss (reversed) recognized on financial assets	(122,109)	63,106
Reversal of impairment losses on nonfinancial asset	(6,751)	(20,185)
Gain on disposal of collaterals	(256)	(43,640)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(7,457,990)	6,069,171
Financial assets at fair value through profit or loss	(1,372,342)	8,381,253
Financial assets at fair value through other comprehensive income	(9,992,508)	(3,985,154)
Investments in debt instruments at amortized cost	13,628,315	(10,706,007)
Receivables	(2,391,120)	(2,575,866)
Discounts and loans	(38,232,449)	(59,783,147)
Other financial assets	(977,008)	(506,469)
Deposits from the Central Bank and other banks	641,940	(88,918)
Financial liabilities at fair value through profit or loss	(784,246)	(906,274)
Securities sold under repurchase agreements	(20,949,260)	21,043,048
Payables	1,319,242	(2,391,267)
Deposits and remittances	74,613,551	19,269,163
Other financial liabilities	115,250	(11,714)
Provision for employee benefits	9,474	154,120
Other liabilities	100	1,800
Cash generated from (used in) operations	3,076,660	(29,430,968)
Interest received	12,008,785	11,888,433
Dividend received	451,540	348,864
Interest paid	(4,492,295)	(5,397,067)
Income tax paid	(673,949)	(104,519)
Net cash generated from (used in) operating activities	<u>10,370,741</u>	<u>(22,695,257)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of associates	(500,000)	(564,394)
Payments for properties and equipment	(250,161)	(286,869)
Proceeds from disposal of properties and equipment	20	48

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in settlement fund	616	448
Increase in refundable deposits	-	(449,180)
Decrease in refundable deposits	299,631	-
Payments for intangible assets	(34,797)	(44,804)
Proceeds from disposal of collaterals	7,007	63,825
Payments for right-of-use assets	-	(974)
Increase in other assets	-	(355,463)
Decrease in other assets	<u>179,962</u>	<u>-</u>
Net cash used in investing activities	<u>(297,722)</u>	<u>(1,637,363)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to Central Bank and other banks	3,786,720	-
Proceeds from issue of bank debentures	-	2,000,000
Repayments of bank debentures	(3,000,000)	(1,500,000)
Proceeds from guarantee deposits received	11,412	7,390
Repayment of the principal portion of lease liabilities	(409,986)	(412,491)
Increase in other liabilities	170,189	248,855
Dividends paid	<u>(768,446)</u>	<u>(480,000)</u>
Net cash used in financing activities	<u>(210,111)</u>	<u>(136,246)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(623,188)</u>	<u>(227,286)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,239,720	(24,696,152)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>62,774,587</u>	<u>87,470,739</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 72,014,307</u>	<u>\$ 62,774,587</u>

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

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Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2020 and 2019:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents in balance sheets	\$ 8,141,334	\$ 10,937,284
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7 “Cash Flow Statements”	-	477,078
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>63,872,973</u>	<u>51,360,225</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 72,014,307</u>	<u>\$ 62,774,587</u>

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Union Bank of Taiwan

### **Opinion**

We have audited the accompanying consolidated financial statements of Union Bank of Taiwan (the "Bank") and its subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's consolidated financial statements for the year ended December 31, 2020 are described as follows:

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

As of December 31, 2020, the net amount of discounts and loans of the Company was represented approximately 56% of total consolidated assets, and was considered material to the financial statements as a whole. Refer to Note 14 to the consolidated financial statements. The Company's management performs loan impairment assessment by making critical judgements on accounting estimates and assumptions; therefore, we determined allowance for possible losses on discounts and loans a key audit matter for the year ended December 31, 2020.

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

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

The main audit procedures we performed in response to certain aspects of the key audit matter described above were 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 evaluated the reasonableness of the adjustments to the classification.
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 separate financial statements of Union Bank of Taiwan as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as



applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a

manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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 Jui-Chan Huang and Chen-Hsiu Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 29, 2021

#### otice 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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 8,961,438	1	\$ 12,382,445	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	24,325,798	3	17,344,886	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	34,881,848	5	30,917,254	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	53,403,733	7	41,236,965	6
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	90,697,662	12	104,170,149	15
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	63,911,473	9	51,417,825	7
RECEIVABLES, NET	24,936,576	3	21,177,107	3
CURRENT TAX ASSETS	50,085	-	58,716	-
DISCOUNTS AND LOANS, NET	422,845,363	56	384,649,673	55
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	1,536,989	-	1,587,482	-
OTHER FINANCIAL ASSETS, NET	4,549,698	1	3,632,648	1
PROPERTY AND EQUIPMENT, NET	7,925,277	1	7,969,302	1
RIGHT-OF-USE ASSETS	1,741,760	-	1,439,735	-
INVESTMENT PROPERTIES, NET	5,288,112	1	5,369,780	1
INTANGIBLE ASSETS				
Goodwill	1,985,307	-	1,985,307	-
Computer software	181,030	-	152,150	-
Total intangible assets	2,166,337	-	2,137,457	-
DEFERRED TAX ASSETS	792,478	-	698,921	-
OTHER ASSETS, NET	9,543,375	1	8,970,842	1
<b>TOTAL</b>	<b>\$ 757,558,002</b>	<b>100</b>	<b>\$ 695,161,187</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS	\$ 12,481,114	2	\$ 11,860,732	2
DUE TO THE CENTRAL BANK AND OTHER BANKS	3,786,720	1	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	206,002	-	650,981	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	44,428,176	6	65,377,436	9
PAYABLES	5,594,014	1	4,615,289	1
CURRENT TAX LIABILITIES	121,567	-	369,729	-
DEPOSITS AND REMITTANCES	606,860,499	80	532,899,100	77
BANK DEBENTURES	7,200,000	1	10,200,000	1
PREFERRED STOCK LIABILITY	524,000	-	-	-
BONDS PAYABLE	1,464,796	-	1,473,858	-
OTHER FINANCIAL LIABILITIES	7,420,161	1	4,887,786	1
PROVISIONS	268,774	-	258,535	-
LEASE LIABILITIES	1,723,121	-	1,415,180	-
DEFERRED TAX LIABILITIES	1,696,935	-	1,617,201	-
OTHER LIABILITIES	3,589,711	-	3,285,481	1
Total liabilities	697,365,590	92	638,911,308	92
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Share capital				
Ordinary shares	30,933,688	4	28,844,553	4
Preference shares	2,000,000	-	2,000,000	-
Total share capital	32,933,688	4	30,844,553	4
Capital surplus	8,040,035	1	8,035,484	1
Retained earnings				
Legal reserve	7,883,630	1	6,875,793	1
Special reserve	627,440	-	627,440	-
Unappropriated earnings	4,854,972	1	5,180,139	1
Total retained earnings	13,366,042	2	12,683,372	2
Other equity	5,851,070	1	4,684,892	1
Total equity attributable to owners of the Bank	60,190,835	8	56,248,301	8
NON-CONTROLLING INTERESTS	1,577	-	1,578	-
Total equity	60,192,412	8	56,249,879	8
<b>TOTAL</b>	<b>\$ 757,558,002</b>	<b>100</b>	<b>\$ 695,161,187</b>	<b>100</b>

## UNION BANK OF TAIWAN AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST					
Interest revenue	\$ 11,923,484	83	\$ 12,003,109	87	(1)
Interest expense	<u>4,282,424</u>	<u>30</u>	<u>5,525,647</u>	<u>40</u>	(22)
Net interest	7,641,060	53	6,477,462	47	18
NET REVENUE OTHER THAN INTEREST					
Commissions and fee revenue, net	2,820,473	19	2,716,846	19	4
Gain on financial assets and liabilities at fair value through profit or loss	1,771,015	12	1,485,872	11	19
Realized gain on financial assets at fair value through other comprehensive income	418,748	3	346,202	2	21
Share of loss of associates	(50,493)	-	(35,980)	-	40
Foreign exchange gain (loss)	(1,006,456)	(7)	369,470	3	(372)
Reversal of impairment loss (impairment loss) on assets	128,860	1	(42,921)	-	400
Securities brokerage fee revenue, net	320,764	2	235,895	2	36
Rental revenue	2,278,320	16	2,236,624	16	2
Other noninterest gain, net	<u>108,071</u>	<u>1</u>	<u>76,712</u>	<u>-</u>	41
TOTAL NET REVENUE	<u>14,430,362</u>	<u>100</u>	<u>13,866,182</u>	<u>100</u>	4
PROVISIONS					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>290,540</u>	<u>2</u>	<u>240,675</u>	<u>2</u>	21
OPERATING EXPENSES					
Employee benefit expense	3,965,882	28	3,831,242	27	4
Depreciation and amortization	2,492,408	17	2,483,882	18	-
Others	<u>3,739,857</u>	<u>26</u>	<u>3,282,927</u>	<u>24</u>	14

(Continued)

**UNION BANK OF TAIWAN AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Total operating expenses	<u>10,198,147</u>	<u>71</u>	<u>9,598,051</u>	<u>69</u>	6
INCOME BEFORE INCOME TAX	3,941,675	27	4,027,456	29	(2)
INCOME TAX EXPENSE	<u>500,170</u>	<u>3</u>	<u>655,978</u>	<u>4</u>	(24)
CONSOLIDATED NET INCOME	<u>3,441,505</u>	<u>24</u>	<u>3,371,478</u>	<u>25</u>	2
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	7,682	-	174,293	1	(96)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	776,641	6	2,247,353	16	(65)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(108,661)	(1)	(335,033)	(2)	(68)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	(608,239)	(5)	(238,885)	(2)	155
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	1,005,636	7	1,604,564	12	(37)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>121,648</u>	<u>1</u>	<u>47,777</u>	<u>-</u>	155
Other comprehensive income for the year, net of income tax	<u>1,194,707</u>	<u>8</u>	<u>3,500,069</u>	<u>25</u>	(66)
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,636,212</u>	<u>32</u>	<u>\$ 6,871,547</u>	<u>50</u>	(33)
NET INCOME ATTRIBUTABLE TO:					

(Continued)

## UNION BANK OF TAIWAN AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Owners of the Bank	\$ 3,441,709	24	\$ 3,359,457	24	2
Non-controlling interests	<u>(204)</u>	<u>-</u>	<u>12,021</u>	<u>-</u>	(102)
	<u>\$ 3,441,505</u>	<u>24</u>	<u>\$ 3,371,478</u>	<u>24</u>	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 4,636,413	32	\$ 6,859,589	50	(32)
Non-controlling interests	<u>(201)</u>	<u>-</u>	<u>11,958</u>	<u>-</u>	(102)
	<u>\$ 4,636,212</u>	<u>32</u>	<u>\$ 6,871,547</u>	<u>50</u>	(33)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)					
Basic	<u>\$0.96</u>		<u>\$0.93</u>		
Diluted	<u>\$0.96</u>		<u>\$0.93</u>		

(Concluded)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable Owners of the Company								Other Equity		Total	Non-controlling Interests	Total Equity	
	Share Capital			Capital Surplus (	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gains (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2019	\$ 26,900,129	\$ 2,000,000	\$ 28,900,129	\$ 8,032,413	\$ 5,988,776	\$ 612,656	\$ 4,619,232	\$ 11,220,664	\$ (413,524)	\$ 2,073,347	\$ 1,659,823	\$ 49,813,029	\$ 245,726	\$ 50,058,755
Appropriation of the 2018 earnings														
Legal reserve	-	-	-	-	887,017	-	(887,017)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	14,784	(14,784)	-	-	-	-	-	-	-
Stock dividends on common shares	1,883,009	-	1,883,009	-	-	-	(1,883,009)	(1,883,009)	-	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)	-	(480,000)
Net income for the year ended December 31, 2019	-	-	-	-	-	-	3,359,457	3,359,457	-	-	-	3,359,457	12,021	3,371,478
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	139,435	139,435	(191,108)	3,551,805	3,360,697	3,500,132	(63)	3,500,069
Acquisition of interest in subsidiary	-	-	-	-	-	-	(6,698)	(6,698)	-	(2,105)	(2,105)	(8,803)	(256,106)	(264,909)
Share-based payment	61,415	-	61,415	3,071	-	-	-	-	-	-	-	64,486	-	64,486
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	333,523	333,523	-	(333,523)	(333,523)	-	-	-
BALANCE AT DECEMBER 31, 2019	28,844,553	2,000,000	30,844,553	8,035,484	6,875,793	627,440	5,180,139	12,683,372	(604,632)	5,289,524	4,684,892	56,248,301	1,578	56,249,879
Appropriation of the 2019 earnings														
Legal reserve	-	-	-	-	1,007,837	-	(1,007,837)	-	-	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(288,446)	(288,446)	-	-	-	(288,446)	-	(288,446)
Stock dividends on common shares	2,019,119	-	2,019,119	-	-	-	(2,019,119)	(2,019,119)	-	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)	-	(480,000)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	3,441,709	3,441,709	-	-	-	3,441,709	(204)	3,441,505
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	6,144	6,144	(486,591)	1,675,151	1,188,560	1,194,704	3	1,194,707
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	200	200
Share-based payment	70,016	-	70,016	4,551	-	-	-	-	-	-	-	74,567	-	74,567
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	22,382	22,382	-	(22,382)	(22,382)	-	-	-
BALANCE AT DECEMBER 31, 2020	<u>\$ 30,933,688</u>	<u>\$ 2,000,000</u>	<u>\$ 32,933,688</u>	<u>\$ 8,040,035</u>	<u>\$ 7,883,630</u>	<u>\$ 627,440</u>	<u>\$ 4,854,972</u>	<u>\$ 13,366,042</u>	<u>\$ (1,091,223)</u>	<u>\$ 6,942,293</u>	<u>\$ 5,851,070</u>	<u>\$ 60,190,835</u>	<u>\$ 1,577</u>	<u>\$ 60,192,412</u>

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,941,675	\$ 4,027,456
Adjustments for:		
Depreciation expense	2,411,311	2,395,478
Amortization expense	81,097	88,404
Expected credit losses/Provision of allowance for doubtful accounts	290,540	240,675
Gain on disposal of financial assets at fair value through profit or loss	(1,716,214)	(1,449,848)
Interest expense	4,282,424	5,525,647
Interest revenue	(11,923,484)	(12,003,109)
Dividend income	(458,178)	(357,904)
Share of loss of associates	50,493	35,980
Gain on disposal of properties and equipment	(43,194)	(18,089)
Gain on disposal of investments	(15,371)	(24,322)
Reversal of impairment loss on financial assets	(122,109)	-
Impairment loss on financial assets	-	63,106
Reversal of impairment loss on nonfinancial assets	(6,751)	(20,185)
Gain on disposal of collaterals	(256)	(43,640)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(7,457,990)	6,069,171
Financial assets at fair value through profit or loss	(1,909,113)	8,491,975
Financial assets at fair value through other comprehensive income	(10,349,999)	(3,984,881)
Investments in debt instruments at amortized cost	13,628,315	(10,706,007)
Receivables	(3,915,983)	(3,061,438)
Discounts and loans	(38,507,082)	(59,871,253)
Other financial assets	(942,350)	(522,300)
Deposits from the Central Bank and other banks	620,382	(251,163)
Financial liabilities at fair value through profit or loss	(784,246)	(906,274)
Securities sold under repurchase agreements	(20,949,260)	21,043,048
Payables	1,388,354	(2,393,463)
Deposits and remittances	73,961,399	18,981,025
Other financial liabilities	115,251	(11,714)
Provision for employee benefits	11,878	154,596
Other liabilities	11,171	1,800
Cash generated from (used in) operations	1,692,710	(28,507,229)
Interest received	12,072,954	11,865,208
Dividends received	458,178	357,904
Interest paid	(4,603,904)	(5,465,831)
Income tax paid	(740,537)	(152,161)
Net cash generated from (used in) operating activities	<u>8,879,401</u>	<u>(21,902,109)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for properties and equipment	(227,557)	(298,983)
Proceeds from disposal of properties and equipment	20	48

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## UNION BANK OF TAIWAN AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Payments for investment properties	(13,668)	(30,174)
Decrease in settlement fund	616	448
Increase in refundable deposits	-	(456,918)
Decrease in refundable deposits	299,958	-
Payments for intangible assets	(41,419)	(46,425)
Proceeds from disposal of collaterals	7,007	63,825
Payments for right-of-use assets	-	(974)
Increase in other assets	<u>(2,503,824)</u>	<u>(2,050,024)</u>
Net cash used in investing activities	<u>(2,478,867)</u>	<u>(2,819,177)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to Central Bank and other banks	3,786,720	-
Increase in commercial paper	2,417,124	810,036
Repayment of bonds payable	(3,041)	-
Proceeds from issue of bank debentures	-	2,000,000
Repayments of bank debentures	(3,000,000)	(1,500,000)
Proceeds from issuance of preferred stock liability	524,000	-
Proceeds from guarantee deposits received	100,940	23,990
Repayment of the principal portion of lease liabilities	(438,309)	(436,833)
Increase in other liabilities	189,708	261,228
Changes in non-controlling interests	-	(264,909)
Dividends paid	<u>(768,446)</u>	<u>(480,000)</u>
Net cash generated from financing activities	<u>2,808,696</u>	<u>413,512</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(613,667)</u>	<u>(236,029)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,595,563	(24,543,803)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>64,277,348</u>	<u>88,821,151</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 72,872,911</u>	<u>\$ 64,277,348</u>

(Continued)

## UNION BANK OF TAIWAN AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (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, 2020 and 2019:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents in the consolidated balance sheets	\$ 8,961,438	\$ 12,382,445
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7 “Cash Flow Statements”	-	477,078
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>63,911,473</u>	<u>51,417,825</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 72,872,911</u>	<u>\$ 64,277,348</u>

**Attachment 4**

Union Bank of Taiwan  
2020 Profit Distribution Table

Unit: NT\$

Item	Amount	
Beginning Undistributed Profit		1,384,738,083
Surplus after tax for the current period		3,441,709,193
Determine the remeasurement amount of the welfare plan and recognize it in the retained surplus		6,143,731
Disposal of equity instruments at fair value through other comprehensive income		22,381,367
Provide the statutory surplus reserve for the year		(1,041,070,287)
Current surplus available for distribution		3,813,902,087
Assign items		
Special stock dividend (annual rate 4.8%)	(480,000,000)	
Common stock dividend (NT\$0.631per share)	(1,951,915,717)	(2,431,915,717)
Undistributed profit		1,381,986,370

**Notes:**

According to the Ministry of Finance's 1998.04.30 fiscal and taxation No. 871941343, when the surplus is distributed, it should be identified by individual identification. This surplus distribution will give priority to the surplus of 2020.

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

**" Rules of Procedure for Shareholders Meetings "**  
**Table of Comparison Clauses Before and After Amendment**

Clause after Amendment	Clause before Amendment	Remarks
<p>3.  Unless otherwise provided by laws and regulations, the shareholders' meeting of the Bank shall be convened by the board of directors.  (The second item is omitted)  The notice and announcement shall specify the reason for the convening; if the notice is approved by the counterparty, it can be done electronically.  Appointment or dismissal of directors, change of articles of association, capital reduction, application for suspension of public offerings, directors' competition license, capital increase from surplus, capital increase from public reserves, company dissolution, merger, division, or the first paragraph of Article 185 of the Company Law, Securities and Exchange Act Article 26-1, Article 43-6, Issuer's Raising and Issuing of Securities Handling Guidelines Article 56-1 and Article 60-2  Matters shall be included in the reason for convening Enumerate and explain its main contents, and shall not be proposed as a temporary motion; its main contents may be placed on the website designated by the securities authority or the Bank, and its website shall be stated in the notice.  The reasons for the convening of</p>	<p>3.  Unless otherwise provided by laws and regulations, the shareholders' meeting of the Bank shall be convened by the board of directors.  (The second item is omitted)  The notice and announcement shall specify the reason for the convening; if the notice is approved by the counterparty, it may be done electronically.  Election or dismissal of directors, change of articles of association, company dissolution, merger, division, or each of the first paragraphs of Article 185 of the Company Law, Article 26-1 of the Securities Exchange Law, Article 43-6, issuer The matters in Article 56-1 and Article 60-2 of the Guidelines for the Handling of the Raising and Issuing of Negotiable Securities shall be listed in the reason for the convening and shall not be proposed as a temporary motion.  Shareholders who hold more than 1% of the total issued shares may submit a written proposal to the Bank's regular shareholders meeting. However, it is limited to one item, and any proposal with more than one item will not be included in the proposal. The Bank shall announce the acceptance of shareholders' proposals, the place of acceptance, and the</p>	<p>1. In line with the amendment of Article 172 of the Company Law, the main content of the matter should be listed and explained in the reason for the convening, and the items that should not be proposed in the provisional motion.  2. In accordance with the "Rules of Procedures of Shareholders' Meetings" published by the Taiwan Stock Exchange, the additional text that shareholders' proposals may be included in the relevant provisions of the proposal and the way in</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>the shareholders meeting have been stated for the full re-election of directors and the date of appointment. After the re-election of the shareholders meeting is completed, the same meeting shall not change the date of appointment by ad hoc motion or other means.</p> <p>Shareholders who hold more than 1% of the total issued shares may submit a written proposal to the Bank's regular shareholders meeting. However, it is limited to one item, and any proposal with more than one item will not be included in the proposal. In addition, the shareholder's proposal is subject to one of the conditions in Article 172-1, Item 4 of the Company Law, and the board of directors may not be included as a proposal.</p> <p>A shareholder proposal is a proposal to urge the Bank to promote public interest or fulfill its social responsibilities, and the board of directors may still include it in the proposal.</p> <p>The Bank shall announce the acceptance of shareholder proposals, acceptance methods, acceptance locations, and acceptance period before the stock transfer suspension date before the general meeting of shareholders is held; the acceptance period shall not be less than ten days.</p> <p>(The ninth and tenth items are omitted)</p>	<p>acceptance period before the stock transfer suspension day before the general meeting of shareholders is convened; the acceptance period shall not be less than ten days.</p> <p>(The seventh and eighth items are omitted)</p>	<p>which the proposal is accepted has been added.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>5. The location of the shareholders' meeting shall be at the place of the Bank or at a place convenient for shareholders' attendance and suitable for the shareholders' meeting. The meeting shall not start earlier than 9:00 am or later than 3:00 pm. The location and time of the meeting shall be fully considered. Opinions of independent directors.</p>	<p>5. The meeting place of shareholders shall be at the place of the Bank or at a place convenient for shareholders to attend and suitable for the meeting of shareholders. The start time of the meeting shall not be earlier than 9:00 am or later than 3:00 pm.</p>	<p>According to the reference example of the "Rules of Procedure of Shareholders' Meeting" announced by the Taiwan Stock Exchange, the relevant text will be revised as appropriate.</p>
<p>7. <u>If the shareholders' meeting is convened by the board of directors, the chairman shall be the chairman. When the chairman asks for leave or is unable to exercise his powers for some reason, it shall be represented by the vice chairman. If there is no vice chairman or vice chairman, he also asks for leave or cannot exercise his powers for some reason. At that time, the chairman of the board shall appoint one executive director to act as the agent; if it does not have a executive director, one director shall be appointed to act as the agent; if the chairman does not appoint an agent, the executive director or the directors shall mutually recommend one person to act as the agent.</u> <u>The chairman of the preceding</u></p>	<p>7. If the shareholders' meeting is convened by the board of directors, the chairman shall be the chairman of the board of directors, and the chairman shall ask for leave or be unable to exercise his office The deputy chairman of the board of directors will act as the deputy of the chairman of the board of directors, and when there is no deputy chairman or deputy chairman of the board of directors, they also ask for leave or are unable to exercise their powers for some reason. The chairman of the board shall designate one executive director to act as the agent; if it does not have a standing director, one director shall be appointed to act as the agent; if the chairman does not appoint an agent, the executive director or the other directors shall choose one</p>	<p>According to the reference example of the "Rules of Procedure of Shareholders' Meeting" announced by the Taiwan Stock Exchange, the relevant text will be revised as appropriate.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p><u>paragraph shall be a standing director or director's agent, who shall serve as a standing director or director who has served for more than six months and understands the company's financial and business conditions. The same applies if the chairman is the representative of a corporate director.</u></p> <p><u>The chairman of the board of directors should personally preside at the shareholders meeting convened by the board of directors, and more than half of the directors of the board of directors and at least one representative of various functional committee members should attend, and the attendance should be recorded in the minutes of the shareholders meeting. (The fourth and fifth items are omitted)</u></p>	<p>person to act as the agent.</p> <p>The chairman of the preceding paragraph shall be a standing director or director's agent, who shall serve as a standing director or director who has served for more than six months and understands the company's financial and business conditions. The same applies if the chairman is the representative of a corporate director.</p> <p>The shareholders meeting convened by the board of directors should be attended by at least one representative of more than half of the directors of the board of directors and various functional committee members, and the attendance shall be recorded in the minutes of the shareholders meeting. (The fourth and fifth items are omitted)</p>	
<p>8. The Bank shall record and record the shareholder registration process, the meeting process, and the vote counting process continuously and uninterruptedly from the time of accepting the registration of shareholders.</p> <p>The audio-visual materials mentioned in the preceding paragraph shall be kept for at least one year. However, if a shareholder initiates a lawsuit in accordance with Article 189 of</p>	<p>8. The Bank shall keep the audio and video recordings of the entire shareholder process for at least one year. However, by shareholders in accordance with Article 189 of the Company Act Article The person who initiates a lawsuit shall be kept until the end of the lawsuit.</p>	<p>According to the reference example of the "Rules of Procedure of Shareholders' Meeting" announced by the Taiwan Stock Exchange, the relevant text will be revised as appropriate.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>the Company Law, it shall be kept until the end of the lawsuit.</p>		
<p>9. The attendance of the shareholders meeting shall be calculated on the basis of shares. The number of attending shares is based on the signature book or the handed sign-in card, plus Calculate the number of shares exercising voting rights in writing or electronically. When the meeting time has expired, the chairman shall immediately announce the meeting and announce the relevant information such as the number of non-voting rights and the number of shares present. However, when shareholders who do not represent more than half of the total issued shares are present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two times, and the total delay time shall not exceed one hour. When there are insufficient shareholders representing more than one-third of the total issued shares after the second delay, the chairman shall announce the meeting. (The third and fourth items are omitted)</p>	<p>9. The attendance of the shareholders meeting shall be calculated on the basis of shares. The number of attending shares is based on the signature book or the handed sign-in card, plus Calculate the number of shares exercising voting rights in writing or electronically. When the meeting time has expired, the chairman shall announce the meeting immediately. However, when no shareholder representing more than half of the total issued shares is present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two, and the total postponement time shall not exceed one. hour. When there are insufficient shareholders representing more than one-third of the total issued shares after the second delay, the chairman shall announce the meeting. (The third and fourth items are omitted)</p>	<p>According to the reference example of the "Rules of Procedure of Shareholders' Meeting" announced by the Taiwan Stock Exchange, the relevant text will be revised as appropriate.</p>



Clause after Amendment	Clause before Amendment	Remarks
<p><u>10.</u>  <u>If the shareholders' meeting is convened by the board of directors, the agenda shall be set by the board of directors, and relevant proposals (including provisional motions and original Proposal amendments) shall be voted on a case-by-case basis, and the meeting shall be conducted according to the scheduled agenda, and shall not be changed without a shareholder resolution.</u>  <u>(The second and third items are omitted)</u>  <u>The chairman shall give full explanations and opportunities to discuss the proposals and amendments or interim motions proposed by shareholders. When he considers that the voting has been reached, he may announce the cessation of discussion, put forward the voting, and arrange adequate voting time.</u></p>	<p>10.  If the shareholders' meeting is convened by the board of directors, the agenda shall be set by the board of directors. The meeting shall be conducted in accordance with the scheduled agenda, and shall not be changed without a resolution of the shareholders' meeting.  (The second and third items are omitted)  The chairman shall give full explanations and opportunities to discuss the proposals and the amendments or interim motions proposed by shareholders. When he believes that the voting has been reached, he may announce the suspension of discussion and put forward the voting.</p>	<p>In order to implement the case-by-case voting, and to refer to the "Rules of Procedures for Shareholders' Meetings" published by the Taiwan Stock Exchange, the relevant texts of items 1 and 4 have been revised.</p>
<p>13.  Shareholders have one voting right per share; however, those who have restricted or no voting rights do not have this limit.  (The second and third items are omitted)  After shareholders have exercised their voting rights in writing or electronically, if they wish to attend the shareholders meeting in person, they shall revoke the expression of their intention to exercise the voting rights in the preceding paragraph</p>	<p>13.  Shareholders have one voting right per share; however, those who have restricted or no voting rights do not have this limit.  (The second and third items are omitted)  After shareholders have exercised their voting rights in writing or electronically, if they wish to attend the shareholders meeting in person, they shall revoke the expression of their intention to exercise the voting rights in the preceding paragraph two days</p>	<p>Cooperate with practice to make discretionary text.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>two days before the meeting of the shareholders meeting in the same manner as when exercising their voting rights; for overdue revocation, they shall exercise it in writing or electronically The voting rights shall prevail. If voting rights are exercised in writing or electronically and an agent is entrusted to attend the shareholders meeting with a proxy, the voting rights exercised by the entrusted agent shall prevail. The voting of the proposal shall be passed with the approval of a majority of the voting rights of the shareholders present, unless otherwise stipulated in the Company Law and the Articles of Association of the Bank. When voting, the chairman or his designated person shall announce the total number of voting rights of the shareholders present on a case-by-case basis, and then the shareholders shall vote on a case-by-case basis. On the day after the shareholders meeting, the results of shareholders' approval, opposition and abstention shall be entered into the public information observatory. (The fifth, sixth and seventh items are omitted)</p>	<p>before the meeting of the shareholders meeting in the same manner as when exercising their voting rights; for overdue revocation, they shall exercise it in writing or electronically The voting rights shall prevail. If voting rights are exercised in writing or electronically and an agent is entrusted to attend the shareholders meeting with a proxy, the voting rights exercised by the entrusted agent shall prevail. The voting of the proposal shall be passed with the approval of a majority of the voting rights of the shareholders present, unless otherwise stipulated in the Company Law and the Articles of Association of the Bank. When voting, the chairman or his designated person shall announce the total number of voting rights of the shareholders present on a case-by-case basis, and then the shareholders shall vote on a case-by-case basis, and on the day the shareholders' meeting is held, the results of shareholders' approval and opposition to abstention shall be entered into the public information observatory. (The fifth, sixth and seventh items are omitted)</p>	
<p>15. The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be signed or stamped by the</p>	<p>15. The resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be signed or sealed by the</p>	<p>Cooperate with practice to make discretionary text.</p>

Clause after Amendment	Clause before Amendment	Remarks
<p>chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The production of the proceedings can be done electronically.</p> <p>The distribution of the minutes of the preceding paragraph can be entered into the public information observatory's announcement method.</p> <p>The minutes of the proceedings should be based on the meeting's year, month, day, venue, chairman's name, resolution method,</p> <p>As recorded, when there is an election of directors, the number of votes for each candidate shall be disclosed. It shall be kept forever during the existence of the Bank.</p>	<p>chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The production of the proceedings can be done electronically.</p> <p>The distribution of the minutes of the preceding paragraph can be entered into the public information observatory's announcement method.</p> <p>The minutes of the proceedings should be recorded in accordance with the current provisions and results of the meeting's year, month, day, venue, chairman's name, resolution method, and procedures of the proceedings, and should be kept forever during the bank's existence.</p>	

**Attached table: revision history**

<b>1</b>	<b>Established on December 10, 1991</b>	<b>Passed by the Founding meeting</b>
<b>2</b>	<b>Amended on April 20, 1998</b>	<b>Passed by the shareholders meeting</b>
<b>3</b>	<b>Amended on April 23, 2010</b>	<b>Passed by the shareholders meeting</b>
<b>4</b>	<b>Amended on June 22, 2012</b>	<b>Passed by the shareholders meeting</b>
<b>5</b>	<b>Amended on June 26, 2015</b>	<b>Passed by the shareholders meeting</b>
<b>6</b>	<b>Amended on May 28, 2021</b>	

**" Procedures for Election of Directors "**  
**Table of Comparison Clauses Before and After Amendment**

Clause after Amendment	Clause before mendment	Remarks
<p>Article 5  The election of the company's directors shall be conducted in accordance with the procedures of the candidate nomination system stipulated in Article 192-1 of the Company Law. When the number of directors is dismissed and there are less than 5 directors, they shall be elected at the latest shareholders meeting. However, when the vacancy of directors reaches one-third of the number of seats, a by-election shall be held within 60 days from the date of the fact.  (Item 3 is omitted)</p>	<p>Article 5  The election of the company's directors shall be conducted in accordance with the procedures for the candidate nomination system stipulated in Article 192-1 of the Company Law. <del>Review the qualifications of director candidates, academic backgrounds, and the existence of various matters listed in Article 30 of the Company Law. No other qualification documents shall be added arbitrarily, and the results of the review shall be provided to shareholders for reference, and suitable directors shall be selected.</del> When the number of directors is dismissed and there are fewer than 5 directors, the by-election shall be held at the latest shareholders meeting. However, when the vacancy of directors reaches one-third of the number of seats specified in the articles of association, a by-election shall be held within 60 days from the date of occurrence of the fact.  (The third item is omitted)</p>	<p>In accordance with Article 192-1 of the Company Law and the Ministry of Economic Affairs' 2018.12.21 Jingshangzi No. 10702229010, the board of directors has deleted the words such as the qualifications for the director candidates to be reviewed. For the list of director candidates proposed by nominating shareholders, the board of directors only has No. 192 -1 Article 5, paragraphs 1 to 4, shall be formalized.</p>

Clause after Amendment	Clause before mendment	Remarks
<p>Article 10</p> <p>The elector shall fill in the names of the electees according to the announced list of director candidates. If the names of the director candidates are the same, the difference shall be noted by the board of directors or other convening persons.</p>	<p><u>Article 10</u></p> <p><del>The electee is a shareholder, and the elector must fill in the electee's account name and shareholder account number in the electee column of the ballot; if it is not a shareholder, fill in the electee's name and identification document number. When a government or legal person shareholder is an elected person, the name of the government or legal person should be entered in the account of the electee in the ballot, as well as the name of the government or legal person and its representative; if there are more than one representative, it should be</del></p> <p><del>Fill in the name of the representative respectively.</del></p>	<p>The company adopts a candidate nomination system, and complies with the amendment of Article 192-1 of the Company Law and cooperates with practical operations to modify the text content.</p>
<p>Article 11</p> <p>Election ballots are invalid if one of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. No ballot prepared by a person with the right to convene.</li> <li>2. Those who put blank ballots into the ballot box.</li> <li>3. The handwriting is blurred and unrecognizable or has been altered.</li> <li>4. The filled-in name of the electee does not match the announced list of</li> </ol>	<p>Article 11</p> <p>Election ballots are invalid if one of the following circumstances occurs:</p> <ol style="list-style-type: none"> <li>1. Those who do not require votes prepared by the board of directors.</li> <li>2. Those who put blank ballots into the ballot box.</li> <li>3. The handwriting is blurred and unrecognizable or has been altered.</li> <li>4. <del>If the filled in electee is a shareholder, the account name and shareholder account number are not</del></li> </ol>	<p>The company adopts a candidate nomination system, and complies with the amendment of Article 192-1 of the Company Law and cooperates with practical operations to modify the text content.</p>

Clause after Amendment	Clause before mendment	Remarks
<p>candidates.</p> <p>5. The total number of voting rights allocated by the electees filled in exceeds the total number of voting rights in the cumulative voting system.</p> <p>6. In addition to filling in the name of the electee and the number of voting rights allocated, write other words.</p>	<p><del>consistent with the shareholder register, if the filled in electee is not a shareholder, the name and identification document number of the filled in electee does not match after verification.</del></p> <p>5. Excluding the electees Account (name) or shareholder account number (identity certificate Part number) and Allocate voting rights and write other text outside the folder.</p>	
<p>Article 12</p> <p>After the voting is completed, the ballot will be opened on the spot, and the result of the ballot shall be announced by the chairman or a person designated by him on the spot, and the number of elected rights shall be disclosed. (Item 2 is omitted)</p>	<p>Article 12</p> <p>The ballot will be opened on the spot after the voting, and the result of the ballot shall be announced on the spot by the chairman. <del>Contain</del> The list of directors elected and the number of their elected powers. (Item 2 is omitted)</p>	<p>Revise the method of invoicing results to increase the flexibility of conference operations.</p>
<p>Article 13</p> <p>The elected directors will be notified separately by the company's board of directors.</p>	<p>Article 13</p> <p>The elected directors are determined by the board of directors <del>Issue a notice of election.</del></p>	<p>Cooperate with practical operations and modify the text content.</p>

**Attached table: revision history**

1	18th Board of Directors Approval on March 18, 2015	Passed by the shareholders meeting
2	Amended on May 28, 2021	

**Union Bank of Taiwan**  
**Shareholders Meeting Procedure Rules**

Approved by founders meeting on 10 December 1991

Amendment approved by shareholders meeting on 20 April 1998

Amendment approved by shareholders meeting on 23 April 2010

Amendment approved by shareholders meeting on 22 June 2012

Amendment approved by shareholders meeting on 26 June 2015

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

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

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

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

extraordinary motion.

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

shareholders meeting.

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

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

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

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

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

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

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

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

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

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

### **Chapter 1 General**

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

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

Article 3. The bank's announcement method can be published on newsprint or electronic newsletter, or on a website established or designated by the central competent authority.

The provisions of the preceding paragraph shall be followed if the securities regulatory authority has other provisions.

### **Chapter 2 Shares**

Article 4. The total rated capital of the bank is NT\$45 billion, divided into 4.5 billion shares, each with a par value of NT\$10, divided into ordinary shares and special shares, which are issued in installments.

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

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

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

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

Article 6. The Bank's share dividend of ordinary share is 6% per year. However, no



dividend shall be distributed unless there is profit.

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

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

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

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

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

### **Chapter 3 Business**

Article 10. The Bank operates the following business:

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

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

### **Chapter 4 Shareholders Meeting**

Article 11. The Bank's shareholder meetings are divided into general meetings and Preferred meetings. General meetings are held once every year within 6 months from the end of the accounting year. Preferred meetings are held in accordance with the law as required.

To convene a general shareholders meeting, a notice shall be given to each shareholder 30 days in advance. To convene a Preferred shareholders meeting, a notice shall be given to each shareholder 15 days in advance. For shareholders holding less than 1,000 shares, the above notices may be given by public announcements.

The notice and public announcement shall specify the reason for convening the meeting. With the consent of the recipient, the notice may be given electronically.

When necessary, the Preferred Shareholders meeting shall be held in accordance with the provisions of relevant laws & regulations.

Article 12. Any shareholder of the Bank that cannot attend a shareholders meeting for

any reason may issue a proxy printed by the Bank, specifying the scope of authorization and designating a representative to attend the shareholders meeting. The Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies shall also be applicable.

Article 13. The chairman shall chair shareholder meetings. If the chairman cannot attend the meeting for any reason, the chairman shall designate one managing director to chair the meeting. If the chairman does not make such designation, the managing directors shall appoint one person from among themselves.

If the meeting is convened by any other person entitled to convene the meeting other than the board of directors, such person entitled to convene the meeting shall chair the meeting. If the meeting is convened by two or more persons entitled to convene the meeting, one person shall be elected to chair the meeting.

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

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

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

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

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

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

Article 17. Shareholder resolutions shall be recorded in minutes, which shall be

affixed with the signature or seal of the chairman and distributed to all shareholders within 20 days from the meeting. The minutes may be prepared in an electronic manner.

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

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

## **Chapter 5 Board of Directors**

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

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

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

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

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

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

Article 20.3-5 managing directors shall be elected from among directors and by the majority of directors attending a meeting that is attended by 2/3 or more directors. One chairman shall be elected from among the managing directors and by the majority of managing directors attending a meeting that is attended by 2/3 or more managing directors. The chairman

represents the Bank.

There shall be at least one independent director among the managing directors. At least 1/5 of the managing directors shall be independent directors.

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

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

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

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

To convene a board meeting, notice shall be sent to all directors in writing, by email or by fax. If the chairman cannot attend the meeting due to any reason, the chairman shall designate one managing director. If no designation is made, the managing directors shall elect one person from among themselves to perform the chairman's duty.

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

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

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

Article 26. Board proceedings shall be recorded in minutes, which shall be affixed

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

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

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

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

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

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

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

Article 32. The Bank has an audit department that reports to the board of directors and is directed by the chief auditor. The audit department handles audit activities in an independent and impartial manner. The position is the same level as the vice president. The auditors shall not perform any other duty that is in conflict with or that interferes with the audit work.

Article 33. The hiring, dismissal or relocation of the chief auditor shall be approved by the board of directors through 2/3 or more of the directors and shall be subject to the approval of the competent authority.

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

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

## **Chapter 6 Managers**

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

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

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

### **Chapter 7 Accounting**

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

(1) Business report.

(2) Financial statements.

(3) Profit distribution or loss compensation proposal.

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

(1) Employee remuneration: Between 1-5% of the profit; if employee remuneration is paid in stock, the beneficiaries may include employees of subsidiaries that meet certain conditions. The board of directors is authorized to determine such conditions.

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

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

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

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

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

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

### **Chapter 8 Miscellaneous**

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

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

Article 43. These articles of association were established on 20 August 1990. The first amendment was made on 24 April 1993. The second amendment was made on 12 April 1995. The third amendment was made on 23 April 1996. The fourth amendment was made on 18 April 1997. The fifth amendment was made on 20 April 1998. The sixth amendment was made on 3 May 1999. The seventh amendment was made on 10 May 2000. The eighth amendment was made on 19 April 2001. The ninth amendment was made on 17 June 2002. The tenth amendment was made on 27 May 2003. The eleventh amendment was made on 11 June 2004. The twelfth amendment was made on 9 June 2006. The thirteenth amendment was made on 15 June 2007. The fourteenth amendment was made on 13 June 2008. The fifteenth amendment was made on 19 June 2009. The sixteenth amendment was made on 23 April 2010. The seventeenth amendment was made on 9 June 2011. The eighteenth amendment was made on 22 June 2012. The nineteenth amendment was made on 6 June 2014. The twentieth amendment was made on 26 June 2015. The twenty-first amendment was made on 8 June 2016. The twenty-second amendment was made on 20 June 2017. The twenty-third amendment was made on May 31, 2019. The twenty-fourth amendment was on May 28, 2020.

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

Approved by the shareholders meeting on June 26, 2015

- Article 1 This Procedure is provided in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies to elect/appoint directors on fair, just, and open principles.
- Article 2 Unless otherwise stipulated by the laws, election/appointment of the Bank’s director shall be governed by this Procedure.
- Article 3 Election/appointment of the Bank’s director shall consider the overall balance of the board, which should consists of members from diversified backgrounds and establish adequate diversification policy according to its operation, business types, and development requirements, including but not limited to the 2 major standards below:
1. Basic criteria and values: Gender, age, nationality, and culture.
  2. Professional knowledge and skill: Professional background (e.g. laws, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.
- The members of the board should generally process the knowledge, skill, and quality required for executing their duties, and should process the following general expertise:
1. Sound judgment
  2. Accounting and financial analysis
  3. Operational management
  4. Crisis handling
  5. Industry knowledge
  6. International market insight
  7. Leadership
  8. Decision-making
- More than half of the directors may not be in the relation of spouse or class two or closer relatives. The representative assigned by the corporate director of the Bank must qualify the Bank’s professional requirement and should not change without due consideration. The board of the Bank should consider adjusting its profile according to the result of performance appraisal.
- Article 4 The qualification and election/appointment of the Bank’s independent directors should comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
- Article 5 Election of the Bank’s directors shall comply with Article 192-1 of the Company Act regarding to the candidate nomination procedure and scrutiny of the qualification, academic and professional credential of



director candidates and restrictions stipulated 64 in Article 30 of the Company Act, and may not requirement of proof of other qualification. The Bank should also submit the review result to the shareholders as reference in order to select directors with competency. Election of replacement directors shall be conducted in the next shareholders' meeting if certain directors are being relieved and the number of director thus become less than 5. However, the said election shall be conducted within 60 days from the de facto happening of the situation if the shortage of director reaches one-third of the seats of director as required by the Chapters of Incorporation. The said election should be conducted in the next shareholders' meeting of the number of independent director falls below the requirement stipulated in the proviso of Article 14-2-1 of the Securities and Exchange Act or the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings. An extraordinary shareholders' meeting shall be convened and an election of replacement directors should be conducted within 60 days from the de facto happening of the situation that all independent directors are being relieved.

- Article 6 Election of the Bank's directors shall adopt accumulated votes; each share shall have as many voting rights as the number of directors to be elected and the voting rights may be voted to one or several candidates.
- Article 7 The board should prepare ballots at a quantity same as the number of directors to be elected, and the number of share should be stated on the ballots. The ballots shall be distributed to the shareholders present at the meeting. The names of the voting shareholders to be stated on the ballots may be replaced by the attendee badge number.
- Article 8 Director quota stipulated in the Bank's Chapter of Incorporation shall be applicable separately on independent and non-independent directors. The result of election shall be determined by the number of voting shares won by the respective candidates, and candidates winning the highest number of voting shall be elected until the said quota is exhausted. In the case that two or more candidates have won the same number of voting shares, a draw among them shall determine the winner. If one of the drawing candidate is not present at the meeting, the presiding chairperson shall draw on behalf of the said candidate.
- Article 9 The presiding chairperson shall appoint several shareholders as the scrutineers and vote counters prior to the start of election. The ballot box shall be prepared by the board and examined before voting by the scrutineers.
- Article 10 In the case that a candidate is also a shareholders, the voters shall specify the account name or shareholder's account number of the said

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

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

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

Article 12 The ballots shall be announced immediately after the voting, and the presiding chairperson shall announce the voting result and the winning directors' roster and their respective winning shares. The ballots after the election shall be signed and sealed by the scrutineers and kept in safety for at least one year or until the end of a legal proceeding, if any, pursued by a shareholder in accordance with Article 189 of the Company Act.

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

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

## Appendix 4

### Shareholding Status of All Directors of the Company

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

The total shareholding of all non-independent directors of the Company shall not be less than 79,040,851 shares of the Company's issued shares.

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

Title	Name	Number of shares held			Share held ratio
		Special shares	Ordinary shares	total shares	
Chairman	Li Siang Chang	-	1,591,910	1,591,910	0.04%
Managing Director (Independent Director)	Wang Gao Jing	-	-	-	0.00%
Managing Director	Chuan Cheng Investment Co., Ltd. (represented by: Chiang Chen Hsiung)	4,245,959	147,440,827	151,686,786	4.60%
Director	Union Enterprise Construction Co., Ltd. (representative : Lin Jeff)	-	107,194,759	107,194,759	3.25%
Director	Yo Bang Co., Ltd. (represented by: Cao Su Fong)	-	44,779,543	44,779,543	1.35%
Director	Bai Sheng Investment Co., Ltd. (represented by: Lin Si Yong)	8,167,281	156,817,842	164,985,123	5.00%
Independent Director	Lu Ren Fa	-	-	-	0.00%
Independent Director	Li Guo Chang	-	-	-	0.00%
No. of Shares Held by All Non-Independent Directors		12,413,240	457,824,881	470,238,121	14.27%

Note: The date of the current general shareholders meeting is 28 May 2021 (share transfer suspension period is from 20 March 2021 to 28 May 2021)

Capital stock 3,293,368,806 shares (Ordinary shares: 3,093,368,806 shares, special shares: 200,000,000 shares)

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