

Union Bank of Taiwan

The Minutes of 2024 Annual Meeting of Shareholders

Date and Time: June 14, 2024 at 9:00 a.m.

Location: No. 187, Jinhua St., Taipei City, 2F, International conference hall, Center for Public Business Administration Education, National Chengchi University

Shareholders' meeting Convening method: Entity shareholders' meeting

Attend: Total outstanding shares: 3,978,952,502 shares

Total shares represented by shareholders present in person or by proxy : 3,190,183,580 shares

Percentage of shares held by shareholders present in person or by proxy: 80.17%

Chairman: Director Jeff Lin

Attend as a delegate: Director Jeff Lin 、 Managing Director : Chiang Chen Hsiung 、 Director: Lin Si Yong 、 Li Wen Ming 、 Tu Hong Mao 、 Independent Director: Li Guo Chang (Convener of the Audit Committee and Remuneration Committee) 、 Independent Director: Lee Tzung Hang 、 Fan Lin Yu. Lee Kuan Hao of Deloitte & Touche 、 LAW OFFICE OF S.S.Lai ATTORNEY AT LAW: Lai Sheng Shing.

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

2. Chairperson Remarks : Director Jeff Lin

3. Reports

(1) 2023 Business Report (Please make reference to attach the form)

All attendance shareholder talks over with know.

(2) 2023 Audit Committee Audit Report (Please make reference to attach the form)

All attendance shareholder talks over with know.

(3) 2023 Report on Employee and Director Remuneration Distribution Status.

All attendance shareholder talks over with know.

(4) 2023 Report on the Remuneration of Directors.

All attendance shareholder talks over with know.

4. Proposals

Proposal No. 1 (Proposed by Board of Directors)

Subject : The 2023 business report and financial statements are submitted for approval. Please acknowledge.

Illustration:

1. The 2023 business report and financial statements of the Bank (including consolidated financial statements) have been audited by accountants Kuan-Hao Lee and Jiun-Hung Shih of Deloitte & Touche and have, together with the business report, been approved by the 3th meeting of the 18 th term of the audit committee and the 11th meeting of the 20th term of the board of directors of the Bank. They are submitted for approval.

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

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote)
3,151,080,209 votes

Decide the result	Percentage of shares held by total votes
Approval votes: 3,093,902,660 (contain the electronics votes: 78,391,699)	98.18%
Disapproval votes: 541,960 (contain the electronics votes: 541,960)	0.01%
Invalid votes: 0	-
Abstention votes : 56,635,589 (contain the electronics votes: 56,635,589)	1.79%

Proposal was approved after voting.

Proposal No. 2 (Proposed by Board of Directors)

Subject: The 2023 Profit Distribution Proposal is submitted for approval. Please acknowledge.

Illustration:

1. 2023 distributable profit of NT\$4,299,388,611. It is proposed that the distribution be made as shown in Attachment. in accordance with the articles of association of the Bank.
 - (1) Special dividends (NT\$2.559226025 per share) ,Calculated in segments based on the interest rate reset on April 24, 2023 total NT\$511,845,205.
 - (2) Common stock cash dividends (NT\$0.20 per share) totaled NT\$75,579,500 .
 - (3) Common stock dividends (NT\$0.70 per share) totaled NT\$2,645,266,752.
 - (4) Undistributed profit: NT\$386,486,154.
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 2023 profit should be distributed in priority in this profit distribution.
4. If the total number of outstanding shares is subsequently changed due to buy-back of the Bank's shares or the transfer, exchange or cancellation of treasury shares or any other event, resulting in the change of dividend distribution ratio, the shareholders meeting should authorize the board of directors to carry out the change.

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote) 3,151,080,209 votes

Decide the result	Percentage of shares held by total votes
Approval votes: 3,094,607,700 (contain the electronics votes: 79,096,739)	98.02%
Disapproval votes: 2,366,952 (contain the electronics votes: 2,366,952)	0.07%
Invalid votes: 0	-
Abstention votes : 54,105,557 (contain the electronics votes: 54,105,557)	1.71%

Proposal was approved after voting.

5. Discussions

Proposal No. 1(Proposed by Board of Directors)

Subject: Amending part of the Articles of Association. Please consider.

Illustration:

1. This revision is based on the stock exchange's letter No. 11200147631 issued on August 23, 2023 to amend some provisions of "Key Points to be Followed in the Establishment and Exercise of the Board of Directors of Listed Companies". The revision is as follows:
 - (1) In line with the promotion of "Corporate Governance 3.0-Sustainable Development Blueprint", it is stipulated that for listed companies with a capital of more than NT\$10,000,000,000 and in the financial and insurance industries, the number of independent directors shall not be less than one-third from 2024, and in accordance with the "Listed OTC Companies" "Sustainable Development Action Plan (2023)" Promotional Measures 2. Deepen the corporate sustainable governance culture. Item 1 strengthens the functions of independent directors and audit committees. Item 2 clearly stipulates that all listed companies should complete independent directorships according to the director's term starting from 2027. The number of seats shall not be less than 1/3.
 - (2) In accordance with the "Sustainable Development Action Plan for Listed Companies (2023)", promote measures 2, deepen corporate sustainable governance culture, item 1, strengthen the

functions of independent directors and audit committees, item 3, and standardize the continuous appointment of all independent directors of listed companies starting from 2027. The term of office shall not exceed 3 terms.

2. Article 18-1 of the "Articles of Association" of this revision: "Among the number of directors of the Bank, the number of independent directors shall be at least 3, and shall not be less than 1/3 of the director seats. A candidate nomination system shall be adopted. The shareholders' meeting shall select independent directors. The independent directors of the Bank shall serve no more than three consecutive terms if they are selected from the list of candidates."
3. Before and after the revision, please refer to Attachment .

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote)
3,151,080,209 votes

Decide the result	Percentage of shares held by total votes
Approval votes: 3,094,660,403 (contain the electronics votes: 79,149,442)	98.20%
Disapproval votes: 2,259,537 (contain the electronics votes: 2,259,537)	0.07%
Invalid votes: 0	-
Abstention votes :54,160,269 (contain the electronics votes: 54,160,269)	1.71%

Proposal was approved after voting.

Proposal No. 2 (Proposed by the Board of Directors)

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 Bank's working capital needs, For the distributable surplus in 2023, NT\$2,645,266,752 will be allocated to transfer the surplus to capital increase, of which NT\$2,645,266,750 will be issued for 264,526,675 ordinary shares, and the remaining NT\$2 less than 1 share will be distributed in cash.
2. This case is approved by the regular meeting of shareholders and reported to the competent authority for approval. The board of directors sets the base date for capital increase and allotment of shares (capital increase base date). There is a proportion of shares distributed free of charge, 70 shares for every 1,000 shares. If less than 1 new share is allotted in this capital increase, the shareholder shall merge it by himself, and handle the merger with the Bank's stock affairs agency within 5 days from the allotment base date to form a whole share. The chairman of the board of directors consults a specific person to purchase at face value.
3. The new shares issued are ordinary shares, and the rights and obligations are the same as ordinary shares, with a denomination of NT\$10 per share.
4. In the event of a change in the shares of the Bank, or the transfer, conversion or cancellation of the treasury shares or other circumstances, affecting the total number of shares outstanding, the share allotment, and the dividend rate, the shareholders' meeting authorizes the board of directors to handle the change.
5. In the case of the above-mentioned capital increase and issuance of new shares, the shareholders' meeting authorizes the board of directors to deal with changes in the law or when the competent authority approves the amendment.

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote)
3,151,080,209 votes

Decide the result	Percentage of shares held by total votes
Approval votes: 3,094,602,096 (contain the electronics votes: 79,091,135)	98.20%
Disapproval votes: 2,386,728 (contain the electronics votes: 2,386,728)	0.07%
Invalid votes: 0	-
Abstention votes : 54,091,385 (contain the electronics votes: 54,091,385)	1.71%

Proposal was approved after voting.

6、Election

Subject: Election of the 12th term of directors (including independent directors). (Proposed by the Board of Directors)

Illustration:

1. Handled in accordance with Article 18 and Article 18-1 of the Bank's Articles of Association.
2. The Bank has 9 to 15 directors, who serve a three-year term and may be re-elected. It is planned to re-elect 9 directors for the 12th term, including 3 independent directors.
3. The 12th term of directors will be elected at this (2024) regular meeting of shareholders, and the term will expire from the election date of the regular meeting of shareholders on June 14, 2024, to June 13, 2027, but the actual term will be until the election of the 13th director.
4. The list of candidates for the 12th term of directors (including independent directors) of the Bank is as attached.

Union Bank of Taiwan List of Director Candidates

No.	Job Title	Name	Gender	Education	Main Experience	Number of shares(Unit: Share)
1	director	Union Investment Ltd. representative : Lin Jeff	male	Master 's Degree, National Taiwan University	Current: 11th Directors, Union Bank of Taiwan Experience: General Manager, Union Bank of Taiwan	15,902,240
2	director	Chuan Cheng Investment Co., Ltd. represented by: Chiang Chen Hsiung	male	National Defense Medical Center	Current: 11th Managing Director, Union Bank of Taiwan Experience: Commissioner, International Rotary Taiwan Rotary Club Association	183,392,986
3	director	Bai Sheng Investment Co., Ltd. represented by: Lin Si Yong	male	National Taiwan Normal University	Current: 11th Directors, Union Bank of Taiwan Experience: Director, Hong Bung Construction Enterprise Co., Ltd.	198,707,789
4	director	Yo Bang Co., Ltd. (represented by: Shieh Hir-Ming)	male	Doctor 's Degree, National Cheng Kung University	Current: GM, UNION OPTRONICS CORP. Director, UNION OPTRONICS CORP. Executive Director of Laser Application Association Experience:	54,409,095

					Technical Executive Vice President, UNION OPTRONICS CORP. Associate Professor at Kunshan University of Science and Technology	
5	director	Union Investment Ltd. represented by:Li, Wen Ming	male	Dept. of Industrial and Systems Engineering, Chung Yuan Christian University	Current: Senior Commissioner, Federal Construction Enterprise Co., Ltd. 11th Directors, Union Bank of Taiwan 5th member of Salary and Remuneration Committee, Union Bank of Taiwan Experience: Commissioner, Formosa Chemicals & Fibre Corporation	15,902,240
6	director	Tu Herman	male	Dept. of Business Administration, College of Chinese Culture	Current: 11th Directors, Union Bank of Taiwan Experience: deputy general manager, Union Bank of Taiwan Senior Deputy General Manager, Union Bank of Taiwan	421,816
7	Independent director	Lee, Yao-Hsien	male	Feng Jia University Manager of Union Bills Finance Corp.	Current: NONE Experience: VP & GM of Bills Finance Dept. Manager, Union Bank of Taiwan	100,060
8	Independent director	Lee Tzung Hang	male	Ph.D., Dept. of Naval Architecture and Marine Engineering, University of Michigan, Ann Arbor, U. S. A.	Current: Dean of Tamkang University School of Engineering, Tamkang University AI Innovation Academy Tamkang University College of Precision Healthcare Dean 5th member of Salary and Remuneration Committee, Union Bank of Taiwan 11th Directors, Union Bank of Taiwan Experience: Examination Yuan Examiner · Visiting Scholar, University of Manchester, UK Professor, Department of Mechanical and Mechatronics Engineering, Tamkang University	0

9	Independent director	Fan Lin Yu	Female	MBA, City University of Seattle, Washington, U. S. A.	Current: 11th Directors, Union Bank of Taiwan Experience: Deputy General Manager of Fuhua Securities, Executive Chairman of Jinfuhua Securities Investment Trust, Resident Director of Wangwang Youlian Product Insurance, General Manager of Federal Securities Investment Trust	0
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Note: The number of shares held by director candidates (including special shares) is the number of shares held by the company as of the closing date of this shareholder meeting (April 16, 2024).

Election results: The list of elected directors and independent directors for the 12th term is as follows:

No.	Job Title	Name	Number of votes (including electronic voting rights)
1	director	Union Investment Ltd. representative : Lin Jeff	3,293,725,548
2	director	Chuan Cheng Investment Co., Ltd. represented by: Chiang Chen Hsiung	3,110,387,023
3	director	Bai Sheng Investment Co., Ltd. represented by: Lin Si Yong	3,105,518,714
4	director	Yo Bang Co., Ltd. (represented by: Shieh Hir-Ming)	3,081,824,230
5	director	Union Investment Ltd. represented by:Li, Wen Ming	3,078,968,726
6	director	Tu Herman	3,055,527,043
7	Independent director	Lee, Yao-Hsien	3,046,065,154
8	Independent director	Lee Tzung Hang	3,031,678,293
9	Independent director	Fan Lin Yu	3,031,668,563

7. Other proposals

Subject: Lifting the non-competition restrictions of the 12th session of directors. (Proposed by the Board of Directors)

Illustration:

1. According to Article 209-1 of the Company Law: "If a director commits an act within the scope of the company's business for himself or others, he shall explain the important content of his act to the shareholders' meeting and obtain its approval."
2. If a new director of the Bank may be involved in the business activities of other companies with the same or similar business scope as the Bank, in accordance with Article 209 of the Company

Law, the shareholders' meeting shall be submitted for approval to remove the new director and his representative from competing for the position of director of the Bank. The restrictions on business prohibition are detailed as follows:

Job Title	Name	Items permitted to engage in competitive conduct
director	Tu Herman	Union Securities Investment Trust Co., Ltd. Chairman, 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 Union Securities Investment Trust Co., Ltd. Supervisor, or a company position that is the same or similar to the company's business scope

Resolution : This proposal vote decides the result as follows:

Attend the shareholder right to vote number while deciding (contain the electronics vote)
3,151,080,209 votes

Decide the result	Percentage of shares held by total votes
Approval votes: 3,049,480,870 (contain the electronics votes: 33,969,909)	96.77%
Disapproval votes: 46,857,188 (contain the electronics votes: 46,857,188)	1.48%
Invalid votes: 0	-
Abstention votes : 54,742,151 (contain the electronics votes: 54,742,151)	1.73%

Proposal was approved after voting.

8. Questions and Motions: None

9. Adjournment : June 14, 2024 at 9:47 a.m.

(There are no questions raised by shareholders on various proposals at this shareholders' meeting)

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

Chairman: Jeff Lin

Record : Gina Wang

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

1. Domestic and Overseas Financial Status

Although the epidemic will develop towards influenza in 2023, international border controls will gradually be lifted, driving overseas markets to become active again. However, issues such as the Ukraine-Russia war, the Sino-US technology war, the collapse of Silicon Valley Bank, the Credit Suisse crisis and China's real estate default will There are many uncertainties in the overall financial market and China's banking industry's overseas implicit exposure, and the world continues to face inflationary pressures, prompting the Federal Reserve to continue the atmosphere of raising interest rates in 2022 and raise interest rates again by a total of 4 points in 2023. The central bank of China raised interest rates by 0.5% in response. However, benefiting from the positive benefits of the interest rate increase, Taiwanese businessmen continued to return and the government continued to promote a number of policies to encourage industrial development, driving investment and various deposit businesses. Overall, in 2023, The banking industry maintains its growth momentum.

Looking forward to 2024, although inflation has not yet been completely eliminated, it is expected that inflationary pressure will ease compared with 2023. The overall environment predicts that there will be opportunities for interest rate cuts in 2024. However, interest rates are still in a relatively high-end environment, so we still hold a positive view on the banking industry. The positive view, coupled with the rising momentum of private consumption, and the government's continued promotion of a number of policies to encourage investment in Taiwan and industrial development, are expected to drive bank deposit business and also inject interest spread income in the banking industry. However, we should still pay attention to the overall international political and economic situation in the future. , domestic and overseas investment environment and customer solvency and other risks.

2. 2023 Operating Results and Main Business Status

In 2023, with the concerted efforts of all colleagues in the Bank, various operational indicators will have excellent performance. In terms of profit, the net profit after tax in 2023 was 4,317,000,000 yuan, the after-tax earnings per share (EPS) was 1.02 yuan, the return on total assets (ROA) was 0.49%, and the return on common equity (ROE) was 7.01%. In terms of quality, the overdue loan ratio was 0.27%, and the allowance for bad debt coverage ratio was 439.98%, maintaining good asset quality.

Over the years, the Bank has continued to expand various businesses with the business strategy of steady growth and local deep cultivation. On December 14, 2023, the China Credit Rating Company announced that due to the good quality of the Bank's assets, the Bank's long-term and short-term credit ratings and The outlook ratings remain at "twA+", "twA-1" and "Stable". According to the company's rating report, the Bank's strong capital strength, prudent capital policy and appropriate risk control will continue to maintain a stable credit structure in the next two years. China Credit Rating also expects that the Bank should be able to maintain a solid corporate foundation in the consumer finance business, good asset quality, and an appropriate funding source and liquidity structure during the aforementioned period. Below is a summary report on the operational status of the Bank's main businesses in 2023:

(1) Deposit

Taiwan's foreign currency deposit balance at the end of 2023 was 761.7 billion, an increase of 46.6 billion yuan from 715.1 billion at the end of 2022, with a growth rate of 6.52%. In terms of deposit structure, the balance of demand deposits was 368.3 billion, accounting for 48.35% of the total deposit ratio, and the balance of time deposits was 393.4 billion, accounting for 51.65% of the total deposit ratio.

(2) Lending

The loan balance at the end of 2023 was NT\$571 billion, an increase of 36.6 billion from

NT\$534.4 billion at the end of 2022, with a growth rate of 6.85%. Among them, guaranteed loans were NT\$500.3 billion, accounting for 87.62% of the total loans; unsecured loans were NT\$70.7 billion, accounting for 12.38% of the total loans.

(3) Credit Card

1. In 2023, there will be an explosion of foreign travel demand, coupled with issues such as inflation and reduced disposable income. Our credit card activities will follow the changes in the market, and will also focus on channels such as tourism, people's livelihood consumption and necessary expenditures (such as taxes/fees, insurance, etc.) , planning full rewards or installment activities, combined with key card benefit bonuses, to drive spending amount. In 2023, YOY will grow by 52%, ranking first in the industry, and the total credit card spending amount will exceed 170 billion, an increase of approximately 60 billion compared with 2022. , the results are outstanding.
2. The total number of cards issued in 2023 will exceed 600,000 (a growth of 78%). Among them, the federal LINE Bank co-branded card will be issued in 2023 to create a cross-bank cooperation Jinjin co-branded credit card, sparking market discussion. A total of more than 80,000 cards have been issued in half a year. Another year With the lifting of national borders, the number of people going abroad has increased sharply. Jihe Card, which focuses on domestic 2% unlimited rebates and Japan's highest 5% rebate, has taken advantage of the situation and quickly gained popularity and applications. In 2023, it quickly acquired about 320,000 cards, and the cumulative number of cards issued reached 370,000 cards; in addition, the main customer base of Jihe Card and Laidian Card is the younger generation. In order to achieve the benefits of cross-bank sales and joint customer acquisition, New New Bank digital account linkage has been integrated, and New New Bank new depositors have been added. 85,000 households; the company also sells the Happiness M Card, which focuses on high returns on insurance, transportation and travel, the Green Card, which implements ESG plans to create green consumption, and key co-branded cards for continued maintenance and operation (such as Breeze Card and Nationwide Card). As of December 2023, the number of credit cards in circulation is 2,866,981 (YOY growth of 18%).
3. In the post-epidemic era, online shopping consumption continues to be booming, and the acquiring business is actively promoting and optimizing online acquiring. 3DS2.0, which supports cash flow API and improves the security of online transactions, has been launched one after another. It also cooperates with branches to promote acquiring business, except for large-scale In addition to chain-type specialty stores, we will actively expand small and medium-sized merchants and expand the breadth of receipts. In response to the epidemic, the demand for Chinese people to gather for dinner has increased significantly. In 2023, we will spare no effort to promote catering specialty stores. In 2023, we will promote new specialty stores There were 1,525 stores, an increase of 214 stores (a growth of 16.32%) compared with last year, of which 401 special catering stores accounted for a quarter. The total amount of acquiring transactions in 2023 will reach 117.8 billion yuan, an increase of 22.5 billion yuan compared with last year (a growth of 24%).

(4) Fortune Management

The number of wealth management accounts of the Bank in 2023 increased by 6.83% compared with 2022, and the monthly average balance of total assets under management increased by 6.62% compared with 2022.

In order to show its determination to fight inflation, the U.S. Federal Reserve continued to raise the federal benchmark interest rate range. With interest rates rising and bond prices relatively cheap, foreign bonds have become the Bank's sales focus and foreign bond fee income has increased. In the second half of 2023, the U.S. stock market will be driven by the AI theme to drive the technology industry's rise, which will also drive the order volume of our funds and U.S. stocks. To sum up, the specific money trust handling fees in 2023 will increase by NT\$159 million (+36.13%) compared with the previous

year. The Bank will continue to provide customers with more diversified financial product choices to increase overall financial management income.

In terms of insurance agency business, new bans on investment policies came into effect in July, which affected the sales of investment policies. The Bank serves customers' financial management needs for asset allocation, retirement planning, and reserved tax resources. It continues to promote profit-changing insurance with high protection, and in the second half of the year, it introduces participating policies with protection functions and the opportunity to share policy profits, creating a win-win situation and enhancing Profit.

(5) Operating Performance

The net interest income in 2023 is 8.460 billion, the net income other than interest is 6.867 billion, and the total net income is 15.327 billion. After deducting the net provision for bad debts of 606 million and operating expenses of 9.554 billion, the pre-tax net profit is 5.166 billion, and after-tax Net profit was 4.317 billion.

(6) Sustainable development of enterprises

The Bank attaches great importance to the sustainable development of ESG enterprises and is committed to promoting various energy-saving and carbon-reducing measures in response to environmental protection actions. In order to achieve net-zero carbon emissions in 2050, the short-term plan aims to reduce the bank's greenhouse gas emissions by 1% per year. By 2023 We have implemented green procurement and were commended by the Taipei City Environmental Protection Bureau's "Green Procurement Promotion Plan for Private Enterprises and Groups"; we care about ecological conservation, and our bank has long-term corporate adoption of campus flower gardens, community park green spaces, and Taiwan's conserved animals, stone tigers and ring-necked pheasants. We also issue green cards to allocate funds to donate to environmental groups. In terms of investment in social welfare, the Bank participated in social emergency relief. In 2023, it donated 2,000,000 yuan to the Pingtung factory gas explosion incident. In addition, it also cooperated with the Federal Cultural and Educational Foundation to launch the "Let's Help Happiness" charity donation platform, which raised a total of approximately 5,500,000 yuan in 2023. Donate to the disadvantaged in society; attach importance to art promotion and social care. The Bank has successively sponsored Taojie, Zhongjie, and Gaojie to organize activities related to blood donation, beach cleaning, road running, and art exhibitions. At the same time, it has long-term cooperation with the Federal Cultural and Educational Foundation to promote Taiwanese oil paintings. Art, the federal art competition will continue to be held in 2023 and the total prize money will be increased to 2,400,000 yuan. At the same time, federal art touring exhibitions will be held in 12 counties and cities across the country. Paying attention to corporate governance, the Bank continues to strengthen internal auditing and internal control, legal compliance, risk management and information security operations to implement fair treatment of customers.

1. 2024 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). Continue to evaluate the establishment of new off-bank ATMs and strengthen the establishment of off-bank ATM locations in supermarkets to expand service locations, enhance the bank's visibility and expand deposit business; we also evaluate the elimination of off-bank ATMs with poor performance.

(2). Continue to expand deposit solicitation from reciprocal dealers with our bank; open deposit accounts for supermarket franchise stores, etc.; launch various

- deposit projects to absorb stable funds.
2. Enterprise and foreign exchange business:
 - (1) Actively expand loans to industrial and commercial enterprises, give priority to factory loans (MIT) and self-repaying loans, and use big data marketing projects to identify potential customers.
 - (2) For credit cases in Article 72-2 of the Banking Law or credit cases in which real estate is used as a guarantee and a higher risk weight is applied to strengthen the creditor's rights, the conditions for undertaking should be evaluated on a case-by-case basis with reference to profitability and contribution.
 - (3) Appropriately increase fee income for credit cases with complex transactions, high operating costs or Bridge Loans.
 - (4) In response to the growth of corporate finance business, we will accelerate the training of corporate finance business personnel, continue to optimize assessment standards and projects, and formulate incentive measures to motivate corporate finance business personnel and enhance growth momentum.
 - (5) Foreign exchange business
 - I. In conjunction with the annual contract renewal of MIT customers, the "foreign exchange business promotion team" will accompany the branch to visit customers, assist with import and export related business needs, and fully cooperate with the branch's business promotion.
 - II. Based on market interest rates and the Bank's capital needs, we launch foreign currency preferential deposit projects from time to time to expand our deposit business.
 - III. Continue to optimize the foreign exchange-related information system and add new functions to enhance the bank's competitiveness in the market.
 - (6) Ticket financial business
 - I. Guarantee business - Actively expand to large enterprises with Taiwan Corporate Credit Risk Index (TCRI) levels 1 to 5, and give priority to undertaking guarantee types that are self-repaying (such as passenger tickets) or high-quality stocks or bank deposits recognized by the Bank. of credit, and continuously track the financial and operational status of credit recipients.
 - II. Bills and bonds business - For investment business, actively cultivate financial trading talents internally, select high-quality investment targets, implement relevant risk control disciplines, improve overall returns, continue to expand customer base externally, diversify funding sources, and reduce liquidity risks to increase returns and maintain market position.
 3. Consumer finance business:
 - (1) In order to strengthen a more sound capital structure and effectively utilize funds, and increase the rate of return through price control and volume control, loan interest rates and loan case fees will be increased, unused quotas will be reduced, and the penetration rate of mortgage life insurance will be increased.
 - (2) Continue to focus on and develop high-quality customers, grasp customer demand trends, and consolidate existing customers.
 - (3) Launch online mortgage business and actively market online mortgages to improve the efficiency and service quality of old customers' loan investment and financial management funds.
 - (4) Continue to expand the online loan optimization function, enhance digital channel loan services, 24-hour online loan services, and plan to develop credit loan revolving lines, card-bound overdraft loans, and mortgage loan enhancements to promote the online channel .
 - (5) Stabilize the car loan business and strengthen the promotion of original car loans to increase business profitability.

- (6) Cooperate with sending text messages to customers whose car loans are about to expire, and strengthen the back-office staff's marketing of loan renewal or car loan transactions.
 - (7) Added EDM activity information for old car loan customers on the bank's website to increase customers' recognition of the car loan business.
 - (8) Maintain credit reporting to verify and evaluate repayment sources to ensure the quality of credit; implement post-lending management to control overdue loans, and actively collect bad debts to increase post-deposit surpluses..
4. Credit Card:
- (1) Deepen the management of customer groups, strengthen customer stickiness, and conduct precise marketing to increase the market share of cardholders.
 - (2) Strengthen digital platform services and provide a full range of online experiences.
 - (3) Grasp the pulse of consumption, flexibly adjust channel activity strategies, and actively increase spending amounts and card activation rates.
 - (4) Develop diversified payment services to capture medium and large-scale, chain and online payment store businesses.
 - (5) In response to the new BASEL III regulations, the card account management strategy will be adjusted, and the card account suspension strategy for unused card accounts and the credit card account verification and management operation will be adopted to control RWA (risk assets).
5. Wealth management, insurance agency and trust business:
- (1) Plan and build a financial management business management system to improve management efficiency; reduce the error rate of manual settlement, and facilitate transaction monitoring and financial management human resources management.
 - (2) Evaluate the risks derived from advisory behavior based on transactions, operations, legal compliance and customer relations, establish an advisory risk classification system, and strengthen advisory risk assessment and monitoring.
 - (3) Continue to optimize the trading operation platform and add commodity trading functions such as online banking APP, mobile accounting, and U-talk phone ordering.
 - (4) Strengthen personnel training, improve professionalism, deepen the management of customer groups based on the concept of asset allocation, or serve as the main financial management bank for customers.
 - (5) Add conservative structured products to expand product diversity, meet customers' comprehensive financial needs, and achieve the effect of increasing financial management AUM.
 - (6) In response to the demographic trends of super-old age and low birthrate, Chinese people have increasing demand for insurance for the economic life security and medical care of the elderly. We will continue to promote long-term and high-protection life insurance, medical insurance and other products to assist customers in proper planning. Ensure retirement life and prepare for asset inheritance.
 - (7) In line with government policies, we will continue to promote key businesses of Trust 2.0 and actively cultivate trust talents.
6. Digital financial business:
- (1) Optimize personal electronic banking services and add large foreign exchange settlements, online settlement of incoming foreign exchange remittances, and foreign currency non-agreed transfer services to improve the convenience of customers' foreign exchange transactions.
 - (2) Improve corporate online banking services and enrich foreign exchange service functions, including large foreign exchange settlement services and online

delivery negotiation exchange rate services, to provide enterprises with a better cash flow service platform.

- (3) Strengthen risk management and fraud prevention measures to reduce the possibility of fraud and improve overall security.
- (4) The goal is to strengthen New New Bank's digital banking service market share and cross-selling synergies.
- (5) Use digital banking to enhance the efficiency of integrated virtual and real services, and through cooperation with non-traditional financial service bases, such as supermarkets, LINEPay all-in-one cards, campus payments, etc., to achieve a close link between online and offline cash flow services and enhance Customer convenience, creating a more comprehensive and efficient financial ecosystem, enhancing customer experience, and improving the innovation and competitiveness of overall services.
- (6) Strengthen the marketing application of communities and various information platforms.
- (7) Integration and application of new digital financial services, and the introduction of intelligent customer service into the customer service system to reduce dedicated service costs and improve service efficiency and quality.

7. Securities Business:

- (1) Balanced development of securities and futures businesses; upgrade the trading system to provide a more effective, stable and secure trading environment.
- (2) Assist sales and financial management to re-entrust, diversify products and increase profits; hold investment lectures regularly to expand new customer sources.
- (3) Strengthen various risk control and implement education and training for new colleagues.

8. Others:

- (1) The strategies adopted by the Bank in response to climate change are as follows:
 - I. Towards Net Zero: Manage the bank's daily operational activities, respond to energy conservation and carbon reduction, and gradually move towards the goal of net zero carbon emissions.
 - II. Support low-carbon economic activities: develop and layout potential business opportunities and related financial benefits brought by climate change, assist customers in low-carbon transformation, support the development of low-carbon technologies, and promote climate financial products and services.
- (2) Deeply cultivate existing customers, strengthen cross-selling business, and improve customer stickiness to achieve synergistic effects.
- (3) Strive to improve capital utilization efficiency, strengthen risk management, and maintain good asset quality.

(2) Channel Development

1. The Bank has a total of 90 business offices in China. It has a representative office in Ho Chi Minh City and a representative office in Hanoi in Vietnam. It continues to actively expand its overseas business territory and expand its operations.
2. In order to provide customers with more convenient services, the bank has actively expanded its ATMs outside the bank in recent years, hoping to enhance the brand image and popularity of the bank through the extension of channels. By the end of 2023, the bank has installed a total of 608 ATMs inside and outside the bank.
- (3) The Bank's 2024 Estimated Operational Targets

1.

Type of Business	2024Target
Deposit (including foreign currencies)	Average balance of NT\$804,104,000,000 at the end of the year
Lending (excluding credit card)	Average balance of NT\$576,662,,000,000 at the end of the year
Foreign Exchange	Annual transaction of US\$7,454,000,000

2. Improvement of business performance-related indicators:

In response to BASEL regulations, maintain capital levels to meet the supervisory benchmarks of various capital ratios of the competent authority, and maintain stable funding sources and high-quality current assets to meet the net stable funding 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: Lin Jeff Manager: Xu Weiwēn Accounting Head: Lu Wenjuan

Union Bank of Taiwan Audit Committee Audit Report

The Bank's 2023 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. 2023 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 Kuan-Hao Lee and Jiun-Hung Shih 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 2023 General Shareholder Meeting

Union Bank of Taiwan

Chairman of Audit Committee: Li Guo Chang

11 March 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Union Bank of Taiwan

Attachment

Opinion

We have audited the accompanying financial statements of Union Bank of Taiwan (the "Bank"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including 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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Bank's financial statements for the year ended December 31, 2023 is described as follows:

Assessment of the Impairment of Discounts and Loans

As of December 31, 2023, the net amount of discounts and loans of the Bank was approximately 61% of 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 perform loan impairment assessment that involves making critical judgments on accounting estimates and assumptions; therefore, we determined allowance for possible losses on discounts and loans as a key audit matter for the year ended December 31, 2023.

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

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

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

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

regulations.

3. We assessed the reasonableness and consistency of the methodology applied by management in the calculation of expected credit losses; we tested the completeness of the loans and the accuracy of the calculation of expected credit losses for selected loans.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Jiun-Hung Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

UNION BANK OF TAIWAN

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

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 10,867,826	1	\$ 11,806,105	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	31,773,751	4	24,624,316	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	51,429,948	6	27,316,180	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	57,374,480	6	58,665,959	7
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	81,648,341	9	82,519,002	10
SECURITIES PURCHASED UNDER RESELL AGREEMENTS	62,727,638	7	43,731,932	5
RECEIVABLES, NET	33,068,592	4	26,655,389	3
DISCOUNTS AND LOANS, NET	565,382,803	61	528,761,720	64
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	7,705,722	1	7,044,344	1
OTHER FINANCIAL ASSETS, NET	1,764,109	-	1,520,811	-
PROPERTY AND EQUIPMENT, NET	8,905,278	1	8,155,271	1
RIGHT-OF-USE ASSETS	1,461,416	-	1,341,040	-
GOODWILL	1,985,307	-	1,985,307	-
COMPUTER SOFTWARE	164,355	-	186,741	-
DEFERRED TAX ASSETS	692,339	-	504,970	-
OTHER ASSETS, NET	<u>3,067,465</u>	<u>-</u>	<u>3,871,175</u>	<u>1</u>
TOTAL	<u>\$ 920,019,370</u>	<u>100</u>	<u>\$ 828,690,262</u>	<u>100</u>
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS	\$ 11,264,229	1	\$ 4,790,895	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	1,824,034	-	931,500	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	61,079,195	7	34,298,607	4
PAYABLES	8,877,037	1	7,033,812	1
CURRENT TAX LIABILITIES	199,453	-	637,420	-
DEPOSITS AND REMITTANCES	758,260,020	83	710,745,127	86
BANK DEBENTURES	5,000,000	1	5,000,000	1
OTHER FINANCIAL LIABILITIES	8,033	-	-	-
PROVISIONS	344,617	-	327,115	-
LEASE LIABILITIES	1,449,389	-	1,325,495	-
DEFERRED TAX LIABILITIES	2,195,530	-	1,735,860	-
OTHER LIABILITIES	<u>1,083,881</u>	<u>-</u>	<u>794,009</u>	<u>-</u>
Total liabilities	<u>851,585,418</u>	<u>93</u>	<u>767,619,840</u>	<u>93</u>
EQUITY				
Share capital				
Ordinary shares	37,789,525	4	35,940,460	4
Preference shares	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Total share capital	<u>39,789,525</u>	<u>4</u>	<u>37,940,460</u>	<u>4</u>
Capital surplus	<u>8,125,732</u>	<u>1</u>	<u>8,076,826</u>	<u>1</u>
Retained earnings				
Legal reserve	11,518,843	1	10,589,878	1
Special reserve	757,036	-	627,440	-
Unappropriated earnings	<u>5,623,241</u>	<u>1</u>	<u>4,473,399</u>	<u>1</u>
Total retained earnings	<u>17,899,120</u>	<u>2</u>	<u>15,690,717</u>	<u>2</u>
Other equity	<u>2,619,575</u>	<u>-</u>	<u>(637,581)</u>	<u>-</u>
Total equity	<u>68,433,952</u>	<u>7</u>	<u>61,070,422</u>	<u>7</u>
TOTAL	<u>\$ 920,019,370</u>	<u>100</u>	<u>\$ 828,690,262</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements

UNION BANK OF TAIWAN

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST					
INTEREST REVENUE	\$ 19,831,906	129	\$ 14,885,912	111	33
INTEREST EXPENSE	<u>11,372,158</u>	<u>74</u>	<u>4,978,798</u>	<u>37</u>	128
NET INTEREST	<u>8,459,748</u>	<u>55</u>	<u>9,907,114</u>	<u>74</u>	(15)
NET REVENUES OTHER THAN INTEREST					
Service fee income, net	3,291,783	22	3,327,946	25	(1)
Gains (losses) on financial assets and liabilities at fair value through profit or loss	1,844,707	12	(296,501)	(2)	722
Realized gains on financial assets at fair value through other comprehensive income	186,920	1	772,231	6	(76)
Share of profit of subsidiaries and associates	160,655	1	155,959	1	3
Foreign exchange gains, net	1,225,100	8	537,072	4	128
Impairment losses on assets	(74,059)	-	(1,269,245)	(9)	(94)
Securities brokerage fee revenue, net	212,156	1	190,882	1	11
Loss on disposal of properties and equipment, net	(3,922)	-	(4,563)	-	(14)
Other noninterest gains, net	<u>23,677</u>	<u>-</u>	<u>26,150</u>	<u>-</u>	(9)
TOTAL NET REVENUES	<u>15,326,765</u>	<u>100</u>	<u>13,347,045</u>	<u>100</u>	15
BAD-DEBT EXPENSE AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES	<u>606,398</u>	<u>4</u>	<u>481,754</u>	<u>4</u>	26
OPERATING EXPENSES					
Employee benefit	4,338,691	28	3,971,685	30	9
Depreciation and amortization	785,006	5	780,288	6	1
General and administrative	<u>4,430,548</u>	<u>29</u>	<u>3,619,814</u>	<u>27</u>	22

(Continued)

UNION BANK OF TAIWAN

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Total operating expenses	<u>9,554,245</u>	<u>62</u>	<u>8,371,787</u>	<u>63</u>	14
INCOME BEFORE INCOME TAX	5,166,122	34	4,493,504	33	15
INCOME TAX EXPENSE	<u>848,836</u>	<u>6</u>	<u>954,434</u>	<u>7</u>	(11)
NET INCOME	<u>4,317,286</u>	<u>28</u>	<u>3,539,070</u>	<u>26</u>	22
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(57,427)	-	(79,907)	-	(28)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	2,848,167	19	(1,684,799)	(13)	269
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	219,518	1	(271,454)	(2)	181
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(291,797)</u>	<u>(2)</u>	<u>(49,395)</u>	<u>-</u>	491
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>2,718,461</u>	<u>18</u>	<u>(2,085,555)</u>	<u>(15)</u>	230
Items that may be reclassified subsequently to profit or loss:					

(Continued)

UNION BANK OF TAIWAN

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Exchange differences on translation of the financial statements of foreign operations	14,187	-	1,453,521	11	(99)
Share of other comprehensive losses of subsidiaries and associates accounted for using the equity method	(111,863)	(1)	(34,963)	(1)	220
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	1,166,753	8	(5,768,822)	(43)	120
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(2,837)</u>	<u>-</u>	<u>(290,704)</u>	<u>(2)</u>	(99)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>1,066,240</u>	<u>7</u>	<u>(4,640,968)</u>	<u>(35)</u>	123
Other comprehensive income for the year, net of income tax	<u>3,784,701</u>	<u>25</u>	<u>(6,726,523)</u>	<u>(50)</u>	156
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 8,101,987</u>	<u>53</u>	<u>\$ (3,187,453)</u>	<u>(24)</u>	354
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 40)					
Basic	<u>\$1.02</u>		<u>\$0.81</u>		
Diluted	<u>\$1.01</u>		<u>\$0.81</u>		

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

UNION BANK OF TAIWAN

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital			Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total				
	BALANCE AT JANUARY 1, 2022	\$ 32,952,187	\$ 2,000,000		\$ 34,952,187	\$ 8,051,984	\$ 8,924,700	\$ 627,440				
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	-	1,665,178	-	(1,665,178)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(494,282)	(494,282)	-	-	-	(494,282)
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Stock dividends on common shares	2,916,269	-	2,916,269	-	-	-	(2,916,269)	(2,916,269)	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	3,539,070	3,539,070	-	-	-	3,539,070
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	(62,001)	(62,001)	1,127,854	(7,792,376)	(6,664,522)	(6,726,523)
Share-based payment	72,004	-	72,004	24,842	-	-	-	-	-	-	-	96,846
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(380,520)	(380,520)	-	380,520	380,520	-
BALANCE AT DECEMBER 31, 2022	35,940,460	2,000,000	37,940,460	8,076,826	10,589,878	627,440	4,473,399	15,690,717	(508,759)	(128,822)	(637,581)	61,070,422
Appropriation of the 2022 earnings												
Legal reserve	-	-	-	-	928,965	-	(928,965)	-	-	-	-	-
Special reserve	-	-	-	-	-	129,596	(129,596)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(359,405)	(359,405)	-	-	-	(359,405)
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Stock dividends on common shares	1,797,023	-	1,797,023	-	-	-	(1,797,023)	(1,797,023)	-	-	-	-
Other changes in capital surplus												
Changes in capital surplus from investment in associates /and ventures accounted for using the equity method	-	-	-	16,640	-	-	-	-	-	-	-	16,640
Net income for the year ended December 31, 2023	-	-	-	-	-	-	4,317,286	4,317,286	-	-	-	4,317,286
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	(45,595)	(45,595)	(100,513)	3,930,809	3,830,296	3,784,701
Share-based payment	52,042	-	52,042	32,266	-	-	-	-	-	-	-	84,308
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	573,140	573,140	-	(573,140)	(573,140)	-
BALANCE AT DECEMBER 31, 2023	\$ 37,789,525	\$ 2,000,000	\$ 39,789,525	\$ 8,125,732	\$ 11,518,843	\$ 757,036	\$ 5,623,241	\$ 17,899,120	\$ (609,272)	\$ 3,228,847	\$ 2,619,575	\$ 68,433,952

The accompanying notes are an integral part of the financial statements

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,166,122	\$ 4,493,504
Adjustments for:		
Depreciation expenses	696,513	694,405
Amortization expenses	88,493	85,883
Expected credit losses/bad-debt expenses	606,398	481,754
Gains (losses) on financial assets at fair value through profit or loss	(1,770,649)	339,993
Interest expense	11,372,158	4,978,798
Interest revenue	(19,831,906)	(14,885,912)
Dividend income	(509,818)	(735,418)
Share of profit of subsidiaries and associates	(160,655)	(155,959)
Losses on disposal of properties and equipment	3,936	4,563
(Losses) gains on disposal of investments	248,840	(80,305)
Impairment loss recognized on financial assets	75,493	1,279,572
Reversal of impairment loss on financial assets	-	(8,219)
Reversal of impairment loss on nonfinancial asset	(1,434)	(2,108)
Gains on disposal of collaterals	485	1,008
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(7,149,435)	4,928,795
Financial assets at fair value through profit or loss	(19,413,558)	19,598,792
Financial assets at fair value through other comprehensive income	5,023,466	(6,722,782)
Investments in debt instruments at amortized cost	746,263	(5,181,515)
Receivables	(6,102,502)	(852,188)
Discounts and loans	(37,163,771)	(35,634,450)
Other financial assets	(236,798)	90,959
Deposits from the Central Bank and other banks	6,473,334	(4,505,418)
Financial liabilities at fair value through profit or loss	(2,037,027)	(985,460)
Securities sold under repurchase agreements	26,780,588	(16,981,149)
Payables	1,256,332	(1,247,349)
Deposits and remittances	47,514,893	37,919,522
Other financial liabilities	8,033	(6,446)
Provision for employee benefits	(57,426)	(79,905)
Other liabilities	(500)	-
Cash generated from (used in) operations activities	11,625,868	(13,167,035)
Interest received	19,622,948	14,668,232
Dividend received	533,141	773,079
Interest paid	(10,700,958)	(4,755,768)
Income tax paid	(1,309,136)	(735,554)
Net cash generated from (used in) operating activities	<u>19,771,863</u>	<u>(3,217,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	(400,000)	(481,394)
Payments for property and equipment	(1,383,727)	(546,522)
Proceeds from disposal of property and equipment	15	-

(Continued)

UNION BANK OF TAIWAN

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

	2023	2022
Increase in settlement fund	-	(324)
Decrease in settlement fund	872	-
Increase in refundable deposits	-	(969,725)
Decrease in refundable deposits	633,832	-
Payments for intangible assets	-	(53,488)
Proceeds from disposal of intangible assets	305,072	-
Proceeds from disposal of collaterals	949	1,100
Decrease in other assets	<u>169,006</u>	<u>69,127</u>
Net cash used in investing activities	<u>(673,981)</u>	<u>(1,981,226)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to Central Bank and other banks	-	(6,741,390)
Repayments of bank debentures	-	(2,700,000)
Increase in guarantee deposits received	20,339	-
Decrease in guarantee deposits received	-	(30,918)
Repayment of the principal portion of lease liabilities	(434,406)	(432,733)
Increase in other liabilities	194,038	-
Decrease in other liabilities	-	(196,937)
Cash dividends paid	<u>(839,405)</u>	<u>(974,282)</u>
Net cash used in financing activities	<u>(1,059,434)</u>	<u>(11,076,260)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>18,979</u>	<u>1,301,740</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,057,427	(14,972,792)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>55,538,037</u>	<u>70,510,829</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 73,595,464</u>	<u>\$ 55,538,037</u>

(Continued)

UNION BANK OF TAIWAN

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

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Cash and cash equivalents in balance sheets	\$ 10,867,826	\$ 11,806,105
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>62,727,828</u>	<u>43,731,932</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 73,595,654</u>	<u>\$ 55,538,037</u>

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

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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's consolidated financial statements for the year ended December 31, 2023 is described as follows:

Assessment of the Impairment of Discounts and Loans

As of December 31, 2023, the net amount of discounts and loans of the Company was approximately 60% of 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 perform loan impairment assessment that involves making critical judgments on accounting estimates and assumptions; therefore, we determined allowance for possible losses on discounts and loans as a key audit matter for the year ended December 31, 2023.

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

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

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

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

Other Matter

We have also audited the separate financial statements of Union Bank of Taiwan as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting

and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Jiun-Hung Shih.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

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

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST					
INTEREST REVENUE	\$ 19,970,042	112	\$ 14,962,590	94	33
INTEREST EXPENSE	<u>11,618,055</u>	<u>65</u>	<u>5,120,855</u>	<u>32</u>	127
NET INTEREST	<u>8,351,987</u>	<u>47</u>	<u>9,841,735</u>	<u>62</u>	(15)
NET REVENUES OTHER THAN INTEREST					
Service fee income, net	3,310,311	18	3,321,684	21	-
Gains (losses) gain on financial assets and liabilities at fair value through profit or loss	2,077,262	12	(203,322)	(1)	1,122
Realized gains on financial assets at fair value through other comprehensive income	219,071	1	788,478	5	(72)
Share of loss of associates	(20,228)	-	(55,901)	-	(64)
Foreign exchange gains	1,224,309	7	547,695	3	124
Impairment losses on assets	(77,139)	(1)	(1,269,245)	(8)	(94)
Securities brokerage fee revenue, net	317,435	2	320,007	2	(1)
Rental revenue	2,228,937	12	2,318,359	14	(4)
Other noninterest gains, net	<u>302,682</u>	<u>2</u>	<u>375,849</u>	<u>2</u>	(19)
TOTAL NET REVENUE	<u>17,934,627</u>	<u>100</u>	<u>15,985,339</u>	<u>100</u>	12
BAD-DEBT EXPENSE AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES	<u>628,393</u>	<u>3</u>	<u>499,377</u>	<u>3</u>	26
OPERATING EXPENSES					
Employee benefit	4,682,035	26	4,298,695	27	9
Depreciation and amortization	2,666,665	15	2,713,880	17	(2)
General and administrative	<u>4,722,137</u>	<u>26</u>	<u>3,923,613</u>	<u>24</u>	20

(Continued)

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Total operating expenses	<u>12,070,837</u>	<u>67</u>	<u>10,936,188</u>	<u>68</u>	10
INCOME BEFORE INCOME TAX	5,235,397	29	4,549,774	28	15
INCOME TAX EXPENSE	<u>914,717</u>	<u>5</u>	<u>1,008,240</u>	<u>7</u>	(9)
CONSOLIDATED NET INCOME	<u>4,320,680</u>	<u>24</u>	<u>3,541,534</u>	<u>22</u>	22
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans					
	(57,490)	-	(77,502)	(1)	(26)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income					
	3,067,341	17	(1,958,173)	(12)	257
Income tax relating to items that will not be reclassified subsequently to profit or loss					
	(291,386)	(2)	(49,876)	-	484
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations					
	(125,642)	(1)	1,409,818	9	(109)
Unrealized loss on investments in debt instruments at fair value through other comprehensive income					
	1,166,753	7	(5,768,822)	(36)	120
Income tax relating to items that may be reclassified subsequently to profit or loss					
	<u>25,129</u>	<u>-</u>	<u>(281,964)</u>	<u>(2)</u>	109
Other comprehensive income for the year, net of income tax					
	<u>3,784,705</u>	<u>21</u>	<u>(6,726,519)</u>	<u>(42)</u>	156

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 8,105,385</u>	<u>45</u>	<u>\$ (3,184,985)</u>	<u>(20)</u>	354
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 4,317,286	24	\$ 3,539,070	22	22
Non-controlling interests	<u>3,394</u>	<u>-</u>	<u>2,464</u>	<u>-</u>	38
	<u>\$ 4,320,680</u>	<u>24</u>	<u>\$ 3,541,534</u>	<u>22</u>	22
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the Bank	\$ 8,101,987	45	\$ (3,187,453)	(20)	354
Non-controlling interests	<u>3,398</u>	<u>-</u>	<u>2,468</u>	<u>-</u>	38
	<u>\$ 8,105,385</u>	<u>45</u>	<u>\$ (3,184,985)</u>	<u>(20)</u>	354
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 46)					
Basic	<u>\$1.02</u>		<u>\$0.81</u>		
Diluted	<u>\$1.01</u>		<u>\$0.81</u>		

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

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

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

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,235,397	\$ 4,549,774
Adjustments for:		
Depreciation expenses	2,569,804	2,620,997
Amortization expenses	96,861	92,883
Expected credit losses/bad-debt expenses	628,393	499,377
Gains (losses) on financial assets at fair value through profit or loss	(2,002,284)	378,723
Interest expense	11,618,055	5,120,855
Interest revenue	(19,970,042)	(14,962,590)
Dividend income	(542,889)	(751,874)
Share of loss of associates	20,228	55,901
Gains disposal of properties and equipment	(37,227)	(77,126)
(Losses) gains on disposal of investments	248,840	(80,305)
Impairment loss on financial assets	75,492	1,279,572
Reversal of impairment loss on financial assets	-	(8,219)
Impairment loss on nonfinancial assets	3,081	-
Reversal of impairment loss on nonfinancial assets	(1,434)	(2,108)
Losses on disposal of collaterals	485	1,008
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(7,149,435)	4,928,795
Financial assets at fair value through profit or loss	(18,876,379)	18,638,526
Financial assets at fair value through other comprehensive income	4,952,909	(6,473,341)
Investments in debt instruments at amortized cost	746,263	(5,181,515)
Receivables	(8,392,145)	(1,064,363)
Discounts and loans	(36,531,709)	(35,509,315)
Other financial assets	(196,663)	48,938
Deposits from the Central Bank and other banks	6,708,630	(3,864,543)
Financial liabilities at fair value through profit or loss	(2,037,027)	(985,460)
Securities sold under repurchase agreements	26,780,588	(16,981,149)
Payables	(388,300)	(1,491,526)
Deposits and remittances	48,248,325	36,531,476
Other financial liabilities	8,034	(6,445)
Provision for employee benefits	(63,481)	(75,374)
Other liabilities	(1,059)	(278)
Cash generated from (used in) operations activities	11,751,311	(12,768,706)
Interest received	19,758,609	14,507,752
Dividends received	542,889	746,684
Interest paid	(9,237,745)	(4,750,963)
Income tax paid	(1,374,697)	(790,757)
Net cash generated from (used in) operating activities	<u>21,440,367</u>	<u>(3,055,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	(10,000)	-
Net cash outflow on acquisition of subsidiary	420,434	-

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

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

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

Reconciliation of the cash and cash equivalents reported in the consolidated statements of cash flows with those reported in the consolidated balance sheets as of December 31, 2023 and 2022:

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

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

Attachment

Union Bank of Taiwan
2023 Profit Distribution Table

Unit: NT\$

Item	Amount	
Beginning Undistributed Profit		778,410,517
Surplus after tax for the current period		4,317,285,965
Determine the remeasurement amount of the welfare plan and recognize it in the retained surplus		(45,594,768)
Disposal of equity instruments at fair value through other comprehensive income		573,139,543
Provide the statutory surplus reserve for the year		(1,453,449,222)
Withdrawal of the special surplus reserve for the year		129,596,576
Current surplus available for distribution		4,299,388,611
Assign items		
Special stock dividend	(511,845,205)	
Common stock dividend (NT\$0.9per share)	(3,401,057,252)	(3,912,902,457)
Undistributed profit		386,486,154

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 2023.

Chairman: Lin Jeff Manager: Xu Weiwēn Accounting Head: Lu Wenjuan

Attachment

Articles of Association

ause after Amendment	Clause before Amendment	Remarks
<p>Article 18-1 Among the number of directors of the Bank, the number of independent directors must be at least 3, and shall not be less than 1/3 of the number of directors. A candidate nomination system is adopted, and the shareholders' meeting shall select independent directors from the list of independent director candidates. The independent directors of the Bank shall serve consecutive terms. No more than 3 terms shall be held. The professional qualifications, shareholdings, part-time restrictions, nomination and election methods and other matters that should be complied with by independent directors are all in compliance with the relevant regulations of the competent authority. The Bank's Board of Directors has established an Audit Committee since the ninth term, and is composed of all independent directors. The number of its members shall not be less than 3, one of whom shall be the convener, and at least one shall have accounting or financial expertise; Responsibilities and Organizational Rules of the Audit Committee , The exercise of powers and other matters that should be complied with shall be handled in accordance with relevant laws and company regulations.</p>	<p>Article 18-1 Among the number of directors of the Bank, the number of independent directors must be at least 3, and shall not be less than 1/5 of the number of directors. A candidate nomination system is adopted, and shareholders select independent directors from a list of candidates. The professional qualifications, shareholdings, part-time restrictions, nomination and election methods and other matters that should be complied with by independent directors are all in compliance with the relevant regulations of the competent authority. The Bank's Board of Directors has established an Audit Committee since the ninth term, and is composed of all independent directors. The number of its members shall not be less than 3, one of whom shall be the convener, and at least one shall have accounting or financial expertise; Responsibilities and Organizational Rules of the Audit Committee , The exercise of powers and other matters that should be complied with shall be handled in accordance with relevant laws and company regulations.</p>	<p>1. In line with the promotion of "Corporate Governance 3.0-Sustainable Development Blueprint", it is stipulated that for listed companies with a capital of more than 10 billion yuan and in the financial and insurance industry, the number of independent director seats shall not be less than one-third from 113, and in accordance with "The "Sustainable Development Action Plan for Listed Companies (2023)" Promotional Measures 2: Deepen Corporate Sustainable Governance Culture Point 1 Strengthen the Functions of Independent Directors and Audit Committees Point (2) clearly stipulates that all listed companies should follow the rules starting from 2027 The number of independent director seats shall not be less than one-third of the total number of directors during the term of the board of directors. 2. Promote measures in accordance with the "Sustainable Development Action Plan for Listed Companies (2023)" 2. Deepen corporate sustainable governance culture Point 1 Strengthen the functions of independent directors and audit committees Point (3) to standardize listed companies starting from 2027 The consecutive term of all independent directors shall not exceed 3 terms.</p>
<p>Article 43 This constitution was established on August 20, 1990 in the Republic of China. (abbreviated below) Amended 27 June 14, 2024.</p>	<p>Article 43 This constitution was established on August 20, 1990 in the Republic of China. (hereinafter omitted).</p>	<p>Add this revision date.</p>

Table of Comparison Clauses Before and After Amendment

Attachment

Remuneration of Directors for the Latest Fiscal Year
A. Director's Remuneration

Unit: NT Dollar Thousand, December 31, 2023

Title	Name	Directors' Remuneration				Total of (A, B, C, and D) and % of Net profit after tax	Remuneration of Part-time Employees						Total of (A, B, C, D, E, F & G) as a % of Net profit after tax																																																																																					
		Remuneration (A)	Earning Termination payment and pension costs (B)	Earning Distribution for Director's Remuneration (C)	Costs Incurred to Perform Duties (D)		Termination payment and pension costs (F)	Salaries, Bonus and Special Allowance (E)	Earnings Distribution for Employee's Bonus (G)		Total No. of Shares Issued for Employee Stock Option (H)																																																																																							
									The Bank	Cash Dividend	Stock Dividend	All Companies in the Consolidated Statement		The Bank																																																																																				
Chairman	Union Investment Co., Ltd. Representative: Jeff Lin	1,079	0	3,100	554	4,733 ; 11%	0	0	0	0	0	0	4,733 ; 11%	Nil																																																																																				
Managing Director	Chen-Chern Investment Co., Representative: Zhen-Xong Jiang														1,079	0	3,100	554	4,733 ; 11%	0	0	0	0	0	4,733 ; 11%	Nil																																																																								
Director	Union Investment Co., Ltd. Representative: Wen-Ming Li																										1,079	0	3,100	554	4,733 ; 11%	0	0	0	0	0	4,733 ; 11%	Nil																																																												
Director	Herman Tu																																						1,079	0	3,100	554	4,733 ; 11%	0	0	0	0	0	4,733 ; 11%	Nil																																																
Director	Yu-Pang Investment Co., Representative: Pa-Hsan Wu																																																		1,079	0	3,100	554	4,733 ; 11%	0	0	0	0	0	4,733 ; 11%	Nil																																				
Director	Yu-Pang Investment Co., Representative: Sue-Feng Tsao																																																														1,079	0	3,100	554	4,733 ; 11%	0	0	0	0	0	4,733 ; 11%	Nil																								
Director	Pai-Sheng Investment Co., Representative: Si-Yong Lin																																																																										1,079	0	3,100	554	4,733 ; 11%	0	0	0	0	0	4,733 ; 11%	Nil												
Independent Director	Guo-Zhang Li																																																																																						2,160	0	1,641	652	4,453 ; 10%	0	0	0	0	0	4,453 ; 10%	Nil
Independent Director	Tzung Hang Lee																																																																																																	
Independent Director	Lin-Yu Fan	2,160	0	1,641	652	4,453 ; 10%	0	0	0	0	0	0	4,453 ; 10%	Nil																																																																																				

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

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

B. Remuneration Range

Unit: NT Dollar

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