

Date of Publication: May 2023

This Annual Report may be accessed on the Market Observation Post System (<https://mops.twse.com.tw>) and on the Bank's Website (<https://www.ubot.com.tw>)

The English version of annual report is a brief translation and is not part of official document of the shareholder's meeting.

The Chinese version shall prevail if there is any difference between these two.

# 2022 Annual Report



**I. Spokesman**

Name: Ms. Grace Lee/ Title: Senior Executive Vice President

Tel.: 02-27180001

E-mail: grance\_lee@ubot.com.tw

**Second Spokesman**

Name: Mr. Yanger Yang / Title: Senior Executive Vice President

Tel.: 02-27180001

E-mail: yanger\_yang@ubot.com.tw

**II. Head Office/Domestic Branch, address, and telephone:**

**Please refer to page 225 ~228**

**III. Stock Registration Office**

Name: MasterLink Securities Corp.

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

Address: B1, No.35, Ln. 11, Guangfu N. Rd., Taipei City, Taiwan

Tel: (02) 2768-6668

**IV. Credit Ratings Institution**

Name: Taiwan Ratings Corp.

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

Address: 2F, No. 167, Dunhua N. Rd., Taipei City, Taiwan

Tel.: (02) 2175-6800

**V. CPA for Financial Statement Auditing**

Name: Mr. Kuan-Hao Lee / Mr. Charles Yang

Company: Deloitte & Touche

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

Address: 20F, No.100, Songren, Xinyi Dist., Taipei, Taiwan

Tel.: (02) 2725-9988

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

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

# **Table of Contents**

<b>Letter to Shareholders</b> .....	<b>01</b>
<b>Bank Profile</b> .....	<b>11</b>
<b>Corporate Governance</b> .....	<b>13</b>
1. Organization Structure .....	13
2. Information on Directors, Supervisors and Executive Officers .....	16
3. Execution of Corporate Governance .....	63
4. Information on CPA Professional Fees.....	127
5. Information on change of CPA.....	127
6. The Chairman, President and Executive Officers in charge of the Bank’s financial or accounting affairs who have, during the past year, served a position in the CPA firm to which or its affiliated enterprises the independent auditor(s) belong to .....	128
7. Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Others Required to Report Equity in accordance with Paragraph 3, Article 25 of the Banking Act. . .	129
8. Information on Top 10 Shareholders Being the Related Parties .....	134
9. Ownership of Investee Companies .....	135
<b>Fund Raising Status</b> .....	<b>137</b>
1. Capital and Share .....	137
2. Issuance of Financial Debentures .....	144
3. Issuance of Preferred Stock .....	145
4. The status of Overseas Depository Receipts and Employee Stock Option .....	147
5. Acquisitions or Disposition of Other Financial Institutions .....	147
6. Fund Utilization Plan and Execution Status .....	148
<b>Operational Highlights</b> .....	<b>149</b>
1. Business Description .....	149
2. Employee Analysis .....	164
3. Corporate Responsibility and Ethical Conduct .....	166
4. Number of Non-managerial Staff, Amt of employee welfare expense and difference from the Previous Year .....	169
5. Facilities of Information Technology .....	169
6. Information Security Management .....	171
7. Labor Relations .....	178
8. Major Contracts .....	180
9. Securitization Commodities approved by the competent authority and relevant information launched in accordance with Financial Asset Securitization Act or Real Estate Securitization Act in recent years.....	184
<b>Financial Highlights</b> .....	<b>185</b>
1. Condensed Balance Sheets, Income Statements and Auditors’ Opinions for the most recent five years .....	185
2. Financial Analysis and Capital Adequacy Ratio .....	191
3. Supervisors’ Report for the 2022 Financial Statements .....	199
4. Financial Statements for 2022 .....	200
5. 2022 Individual Statements for Certified and Audited by the CPA.....	200
6. Any Financial Difficulties Experienced by the Bank and its Affiliated Enterprises in the Past Year and Current Year up to the Printing Date of the Annual Report, if yes, please narrate the impact upon the Bank’s financial conditions .....	200
<b>Analysis of the Financial Status and Operating Results &amp; Risk Management</b> .....	<b>201</b>
1. Financial Status .....	201
2. Results of Operation .....	202

## **Table of Contents**

3. Cash Flow .....	203
4. The Impact of Major Capital Expenditures on the Bank’s Financial & Business Operations for the recent years .....	203
5. Reinvestment Policy, the Main Reasons for Profit or Loss, Corrective Action Plan in last year, and Investment Plan for the Next Year .....	203
6. Risk Management .....	204
7. Contingency Plan .....	218
8. Other Important Matters .....	218
<b>Affiliate and Special Notes .....</b>	<b>219</b>
1. Information on Affiliated Enterprises .....	219
2. Private placement of marketable securities and financial debentures in the past year and current year up to the printing date of the annual report .....	223
3. Shares of the Bank held or disposed of by subsidiaries in the past year and current year up to the printing date of the annual report .....	223
4. Other Necessary Supplements .....	223
5. Up to the printing date of the annual report, any event which has a material impact on shareholders’ equity or securities prices pursuant to Article 36.2.2 of the Security and Exchange Law .....	224
<b>Bank Directory .....</b>	<b>225</b>
<b>Appendix: Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors’ Report .....</b>	<b>229</b>



### **1. Results of Operation for 2022**

(1) In 2022, the world suffered from the rapid epidemic expansion of the COVID-19 variants, and the impact of the Russia-Ukraine war on the supply of raw materials such as agricultural grains and crude oil, resulting in increasing inflationary pressures on a global scale. As a consequence, the Federal Reserve raised interest rates by 4.25% cumulatively in 2022, and the Central Bank of the Republic of China raised interest rates by 0.625% in total. Although the weak domestic and foreign stock markets affected investment and financial management demands and eroded some of the profits of the banking industry, the industry maintained growth in 2022, benefiting from the expanded deposits and loans due to the raising of interest rates, the continuous return of Taiwanese companies, and the government's promotion of "Three Major Programs for Investing in Taiwan".

#### (2) Changes in Bank Organization

The number of domestic branches reached 90 in 2022. The Hanoi Representative Office was established in April 2020. After that, there are three overseas representative offices of Union Bank of Taiwan.

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

Through the concerted effort of all employees, we made excellent performance in all key performance indicators (KPIs) in 2022. With regard to profitability, the Bank reported an after-tax net income of NT\$ 3.539 billion for the year ended Dec. 31, 2021, earnings per share (EPS) was NT\$ 0.85, return on assets (ROA) was 0.43%, and return on equity (ROE) was 5.76%. In terms of asset quality, the Bank was able to maintain sound asset quality, reporting an NPL ratio of 0.24% and bad debt coverage ratio of 481.40%.

Over the years, we have been promoting different types of business upon an operational strategy featuring steady growth and local cultivation. On December 21, 2022, Taiwan Ratings Corporation awarded our Bank its long- and short-term credit ratings and outlook ratings remain at "twA+", "twA-1" and "stable". According to the rating report of Taiwan Ratings Corporation, we have a prudent capital policy and appropriate risk controls, which will enable us to maintain a stable credit structure over the next one to two years. Taiwan Ratings Corporation expects that we can maintain a similar standard in market position, asset quality, capital sources and liquidity structure.

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

In 2022, the net interest income was NT\$9.907 billion, the non-interest income was NT\$3.440 billion, and the net revenue was NT\$13.347 billion. After deducting net bad debt expenses totaling NT\$482 million and operating expenses totaling NT\$8.372 billion, the net income before and after tax was NT\$4.494 billion and NT\$3.539 billion respectively.

## Letter to Shareholders

### 2. Credit Rating

Rating Agency	Date of Rating	Rating Results		Outlook
Taiwan Ratings Corporation	December 21, 2022	Long-Term: twA+	Short-Term: twA-1	Stable

### 3. 2023 Business Plan

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

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

#### 1. Deposit business:

- A. Continue to assess the installation of ATM beyond branch locations for extending the services of the Bank, enhance the visibility of the Bank and expansion of business in deposit.
- B. Continue to expand the market of preferred customers of the Bank in manufacturing sector for solicitation of business in deposit.
- C. Develop new sources of customers and deposits through the cross-industry marketing program (acquirer bank service of credit cards (subsidy) at prearranged shops, special rate for shops providing acquirer banking service).
- D. Design preferential interest rate for deposit program to solicit business from new customers among the small and medium enterprise, and improve transactions in corporate online banking and other business to enlarge the size of deposit.
- E. Hold a deposit competition to accelerate the achievement of KPI targets.
- F. Launch deposit projects on an irregular basis depending on the market capital position.

#### 2. Corporate banking and foreign exchange business:

##### ➤ Business

- A. Increase the proportion of self-use financing of industrial and commercial enterprises, and lower the proportion of civil construction financing and household loans, so as to gradually adjust the credit structure of corporate loans.
- B. The Bank continues to implement the “Action Plan for Expanding MIT Factory Loans”, as a step taken to actively expand the MIT factory loan business, and track the business transactions between the borrowers and their related parties on a quarterly basis to improve overall efficiency. The MIT factory loan business will also be included in the evaluation indicators of the branches’ KPI and AO personnel assessment.
- C. Actively expand quality stock financing and loan business.
- D. Strive to improve profitability while controlling risks by taking the following measures:

## **Letter to Shareholders**

- a. In response to the rising market rate of interest and increasing capital costs, determine the interest rates based on evaluation of the business transactions, and strive to increase cash flow and enhance the relationship with the business transactions through credit transactions in order to improve overall profitability.
  - b. Moderately increase the processing fee income for complex transactions, high operating costs, or bridge loan cases.
  - c. Apply higher interest rates to loans listed in Article 72-2 of the Banking Act and loans with real estate as collateral and a higher risk weight (LTV 100% or above) applicable to the enhanced debt entitlement.
- Corporate Loan Management
- A. Accelerate the audit of "Class A secured loans" and "MIT projects".
  - B. Accelerate the cultivation of corporate loan business personnel in response to the growth of corporate loan business.
  - C. Optimize the Loan Integration System (LIS) and continuously introduce crediting process and related review documents.
  - D. Continue to make plans for the centralized allocation of funds for corporate loan business, to integrate human resources and reduce operational risks.
- Foreign exchange
- A. Stay focused on loans guaranteed by overseas quality financial institutions and national or government agencies and reinforce post-loan management, in response to the increasing risks in the international financial markets.
  - B. Review and update the content of guarantee for offshore lending at regular intervals and seek reinforced protection of the Bank's claim to debt through Overseas Credit Guarantee Fund, and assist the branches to expand their business.
  - C. Continuously optimize the convenience of foreign exchange and the foreign exchange deposit system to improve the efficiency of the clerks in charge of executing transactions, and set up relevant training courses to enhance the professional abilities of the clerks.
  - D. Cultivate corporate loan AO assistants with foreign exchange expertise, and encourage branch staff to intern in the International Banking Department to promote the expansion of its foreign exchange business.
  - E. Develop the customer sources of foreign exchange businesses, expand imports, exports and foreign exchange business to increase the Bank's niche in foreign exchange business and market share.
  - F. Establish a large-amount foreign exchange settlement and remittance system for transactions of over NT\$500,000 in order to meet the demands of the Bank's customers for foreign exchange payments in imports and exports through online banking and for management of foreign exchange, so as to increase customers' loyalty with more complete and convenient services, and reduce the Bank's operational risks.
- Bill & Bond Financing Business
- A. Guarantee business: Actively develop large-scale enterprises rated Grade 1-5 based on Taiwan Corporate Credit Risk Index (TCRI), and prioritize granting self-liquidating credits (e.g. customer instruments) or credits with quality stocks recognized by the Bank as collateral, and continuously track the financial and operational status of credit customers.

## **Letter to Shareholders**

- B. Bill & bond business: In terms of investment business, actively cultivate financial transaction talents, select high-quality investment targets, and implement relevant risk control disciplines to increase overall revenue, and continue to enlarge the customer base, diversify sources of funds, and reduce liquidity risk, so as to increase revenue and maintain our market position.
  - C. Deposit and other businesses: Actively refer credit customers to nearby branches by visiting them together with branch staff, strive to increase their deposits in the Bank or make repurchase agreements on bills and bonds with them, and strive for other business transactions with credit customers depending on their business needs, so as to enhance the relationship between credit customers and the Bank.
3. Consumer banking:
- A. Continue to focus preferred customers in further depth, keep abreast of the trend of customer need and keep existing customers. Provide customized programs to customers of different segments for intensifying the sources of new customers.
  - B. New loan services through digital channels target young and digital customer groups, aimed at promoting online channels.
  - C. To provide services for customers with investment and wealth management needs in the vicinity of our branches, a new "Good Neighbor" loan project will be initiated as a financial service provided for customers around the branches.
  - D. Actively recruit or train credit AO to increase business, and additionally devise incentive measures for AO to undertake investment and loan businesses to encourage them to increase undertaking volume.
  - E. In order to effectively leverage the cross marketing value of the businesses of corporate loan branches and the consumer loan center, an incentive program will be created that rewards corporate loan branches that refer customers to apply for housing loans, in order to increase the source of high-quality customers in need of housing loans in the vicinity of the branches.
  - F. Stay focused on and further develop high-quality customers in accordance with the existing marketing strategy, and maintain the existing customers' loyalty to the Bank. Cooperate with business units to develop small industrial and commercial enterprise customers, and provide them with employee loans as well as personal loan plans (e.g., quality stocks, real estate overdrafts), and launch loan projects by integrating the cross-product resources of Bank departments to enhance customer loyalty.
  - G. In response to the transfer of loans offered to small enterprises, wealth management AO are added through evaluation, with personnel of the Bank jointly appointed by the Human Resources Department with oversight from the Corporate Loan Department. In addition, loans have been offered to small

## **Letter to Shareholders**

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

- H. In response to the development trend of digital financial services, we have optimized and expanded the online loan borrowing functions to provide quality loan services via digital channel. We provide 24-hour online loan services and plan to provide services for online applications of revolving limit credit loans for micro-enterprises and of real estate loans, to promote online channels. Unveil special loan programs to targeted customer groups and at specific time point.
  - I. Consolidate the new car loan business, develop special loan businesses, and further develop high-quality used car dealers to upscale the Bank's business.
  - J. Open credit lines for car loan customers to enhance the close relationship with them.
  - K. Strengthen credit verification and evaluate the sources of repayment to ensure loan quality.
  - L. Control the management and tracking of the reporting of abnormal cases to strengthen internal control, implement post-loan management to control overdue loans, analyze overdue and doubtful debts to provide reference for credit policy, and take active measures to recover doubtful debts to increase earnings after provision for doubtful debts.
4. Credit card business:
- Concentrate on customer management to enhance customer loyalty and conduct precision marketing to increase the Bank's market share in cardmembers.
  - A. Continuously promote key cards, such as LINE PAY Card, Yoshitsuru Card, Happiness M Card and UBOT Green Card, to introduce differentiated marketing channels based on product features.
  - B. Issue new cards through recognized channels to quickly attract customers and new young customers.
  - Strengthen digital platform services to provide a comprehensive online experience.
  - A. Increase exposure through publicity and expand digital channels to raise online application rates.
  - B. Promote the fast binding function for payment in stores made through digital platforms to increase competitive advantages.
  - C. In responding to the growing popularity of mobile payment, the Bank adopts the essential channels on hand to promote its credit cards. In addition, the Bank actively seeks to broaden the clientele base for its card bundling business to increase card using frequency.
  - D. Optimize online service functions, such as online card applications and online loan applications.

## **Letter to Shareholders**

- Keep abreast of market trends and seize market opportunities to effectively increase the amount of transactions made by card and card using frequency.
  - A. In the post-epidemic era and upon opening of borders, we will seize the opportunities in domestic and foreign tourism as well as digital and livelihood consumption.
  - B. Unveil themed consumption activities based on key cards, involving transportation, tourism, online shopping, taxation and other fields.
  - C. Make plans for major installment activities that target large expenditures such as taxes, tuition fees, insurance, etc.
  - Strengthen digital platform services to provide a comprehensive online experience.
  - A. Integrate different acquiring platforms and provide diversified payment methods to strengthen the promotion of online contracted stores.
  - B. Develop major online contracted stores and chain stores.
5. Wealth management, insurance agencies, and trusts:
- A. In response to the trend of an aging society, we will continue to provide training for colleagues to help them obtain the certificate of “Financial Planning Consultant for Seniors”, establish a trust talent pool for the Bank, and cultivate their professional competence, in order to provide seniors with comprehensive financial services and care and fulfill the Bank’s social responsibilities.
  - B. Integrate trust services to expand trust 2.0 business, strengthen relationship with core customers, and provide customers with customized services.
  - C. In order to create a friendly financial environment and facilitate customer transactions, in addition to the original network and APPs, we have opened transaction platforms for applying for mobile wealth management and remote wealth management via mobile phone, and installed online transaction system for overseas debt and ETF, to improve operating efficiency.
  - D. In addition to domestic/overseas funds, foreign bonds and ETF, structured products, U.S. stocks and preference shares are included in the main products of the wealth management business to meet customers' all-round financial needs, expand the scale of specific money trust business, and increase business revenue.
  - E. In the future, we will continue to advance in the direction of further developing customers, optimizing operations, strengthening training, and managing risks, so as to enhance the competitiveness of the Bank's financial management business. .
  - F. In responding to the evolving trend of the aging society and sub-replacement fertility family structure, the Bank will continue to introduce protection, investment and annuity types of insurance products to satisfy the need of customers in full-range wealth management so as to bring in more commission income.

## **Letter to Shareholders**

### 6. Digital banking service:

A. We will implement digital financial business and create a new map of financial transactions. In addition to continuously optimizing the user interface and operation processes, we will also introduce the function of large-amount foreign exchange transactions, services for online settlement of foreign exchange inward remittance, etc., to improve the quality of eBanking online services, in order to facilitate domestic foreign exchange transactions and diversify eBanking transactions, and help to enhance the Banks' competitiveness in the digital development of personal online banking and mobile banking.

### B. Corporate online banking services

Based on user experience and aimed at meeting the accounting management requirements of enterprises, we will continuously optimize transaction processes and offer the service of online foreign exchange transactions through eBanking and through the online investment transaction environment, in order to provide them with a more flexible financial service platform, helping them to reduce operating costs, improve operational performance, and create advantages in market competition.

### C. New New Bank digital banking services

a. The "customer acquisition strategy" focusing on new customers continues to increase the number of accounts opened, aimed at attracting new young customers and increasing market share.

b. The "customer management strategy" targeting old customers increases customers' contribution and their loyalty to the products based on cross-business credit cards, securities, funds, and other marketing schemes.

c. Continue to expand and bolster various forms of online service function in integrating online banking services of loans, credit card application, securities investment account opening, wealth management and investment. Videoconferencing, over-the-counter authentication and priority of opening digital account will also be released to continue the refinement of the process of online account opening with the addition of offline over-the-counter transactions.

d. Utilize digital banking to enhance the effect of virtual-physical integrated services, and fortify the non-traditional financial service sites such as convenience stores, iPASS MONEY, campus payment to form a banking service chain online and offline.

e. The young digital population will be the target of further development. Resources and financial products of the Bank will be launched through the promotion strategic of special offer, strategic partnership in cross-industry cooperation, and cross marketing for attracting more new

## **Letter to Shareholders**

accounts and boosting business volume.

- D. Fortifying the use of community and various information platforms in marketing.

Strengthen the cultivation of the community and upgrade different kinds of information platforms such as LINE BC, text message, and eDM for integrated use, and combine related new function of LINE API to continue the refinement of the texting personal messages, marketing promotion and service application.

- E. Integrate and apply new types of digital financial services.
- a. Install the big data forecasting model for cross-industry sale in personal and corporate banking, bolster the application and localization of the model for facilitating the cross infiltration of different business into the customers.
  - b. Assess different types of cross-system services in supporting the policy of the competent authority (for example, personalization of MyData digital service and Open Banking API service).
  - c. Develop videoconference function for the customers through which the authority or setup at critical level can be opened to digital saving customers, and fortify the digitization function.
  - d. Develop methods of OTP SMS verification approved by customer service to enhance identity verification function.
  - e. Video customer service can replace over-the-counter verification and enhance identity verification functions.
  - f. Outsourced foreign customer service assists in handling issues concerning foreign labor, the digital saving business and the use of APPs.

### 7. Securities:

- A. Strengthen the stability and backup mechanism of the securities trading system, and establish a SOP process for information security and an abnormal trading system.
- B. Continue to promote online opening of all accounts, and strive to increase the ratio of active accounts to achieve the market share target.
- C. Set up an order taker post, coordinate the Company's resources, and continue to recruit salespersons.
- D. Strengthen the connection with branches and boost their contribution to security business.
- E. Invite futures companies to assist in organizing futures customer seminars on a regular basis to attract more options customers.

## Letter to Shareholders

### 8. Others:

- A. UBOT will continue to promote related businesses based on the business opportunities derived from climate risk issues, and to monitor and control the established goals, indicators, and risk management mechanisms. In addition, we will disclose the implementation of governance, strategies, risk management, indicators and objectives, and other relevant aspects in the Bank's ESG sustainability report by the end of June 2023.
- B. In investment business, cultivate financial trading talents, choose investment targets carefully and execute disciplinary financial operations in order to control the risk and increase the Bank's income, do our best to improve the profitability of all assets, strengthen risk management, and maintain good asset quality.
- C. Work hard to improve the profitability of the Bank's assets, reinforce risk management, and maintain asset quality.

### (2) Channel development:

- 1. Apart from 90 business locations in Taiwan, we will continue to proactively expand overseas presence and operation basis to provide customers with international financial services.
- 2. The Bank has expanded our ATM service network to offer customers more convenient services and through which we hope to enhance our corporate image and reputation. As of 2022, the Bank has installed a total 555 ATMs to service our clients.

### (3) The Bank's 2023 business goals

- 1. 

Business	Business Goals of 2023
Deposits	NT\$ 774.09 billion by year end
Loans(excluding credit cards)	NT\$ 551.63 billion by year end
Foreign exchange turnover	US\$ 8.545 billion
- 2. Improvement in business performance targets: In complying the BASEL rules, UBOT maintains its capital adequacy level to meet the standards of the competent authority in the ratios of different categories of capital, the stable sources of capital and high quality liquidable assets to meet the net stable fund ratio (NSFR) and the liquidity coverage ratio (LCR).

## Letter to Shareholders

### 4. External Factors and Future Development Strategies

Looking ahead to 2023, we still hold a positive view on the banking industry in the face of rising interest rates, and bank deposits are predicted to increase. Additionally, the gradual lifting of international border controls against the epidemic will revitalize overseas markets, and the government plans to keep up efforts to promote multiple policies that encourage industrial development, which will boost investment and lending and increase interest rate spreads of the banking industry. Nevertheless, we shall still put emphasis on the risks posed by the overall international political and economic situation, domestic and overseas investment environment, customer solvency, and other factors in the future.

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

Yours sincerely,

董事長    
Chairman Jeff Lin (Hong-Lien Lin)

總經理    
President Wei-Wen Hsu

# **BANK PROFILE**

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

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

In order to achieve the goal of internationalization, the Bank has set up its Ho Chi Minh City Representative Office, Hanoi Representative Office and Hong Kong Representative Office. The Bank also got permission from the Financial Supervisory Commission in Mar., 2019 to set up a branch in Da Nang, Vietnam. As a result, the Bank has more branches and can provide a greater variety of convenient services for our customers.

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

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

By the end of March 2023, we have 90 domestic business locations, including 49 in Greater Taipei, 18 in Taoyuan and Hsinchu, 9 in Taichung and Changhua, 6 in Chiayi and Tainan, and 8 in Kaohsiung and Pingtung; 9 securities branches; and one overseas banking branch.

## **2. Merger, Acquisition, Reinvestment in Affiliated Enterprises and Corporate Restructure During 2022 and Current Year Up to the Printing Date of the Annual Report :**

No mergers, acquisitions, or restructuring occurred during 2022 and the current year up to the publication date of the annual report. The number of new investment affiliated enterprises is 1, Ting Syu Energy Co., Ltd.

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

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

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

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

## **5. Changes in Management Rights, Management Mode or Other Significant Business Changes During 2022 and Current Year Up to the Printing Date of the Annual Report:** None.

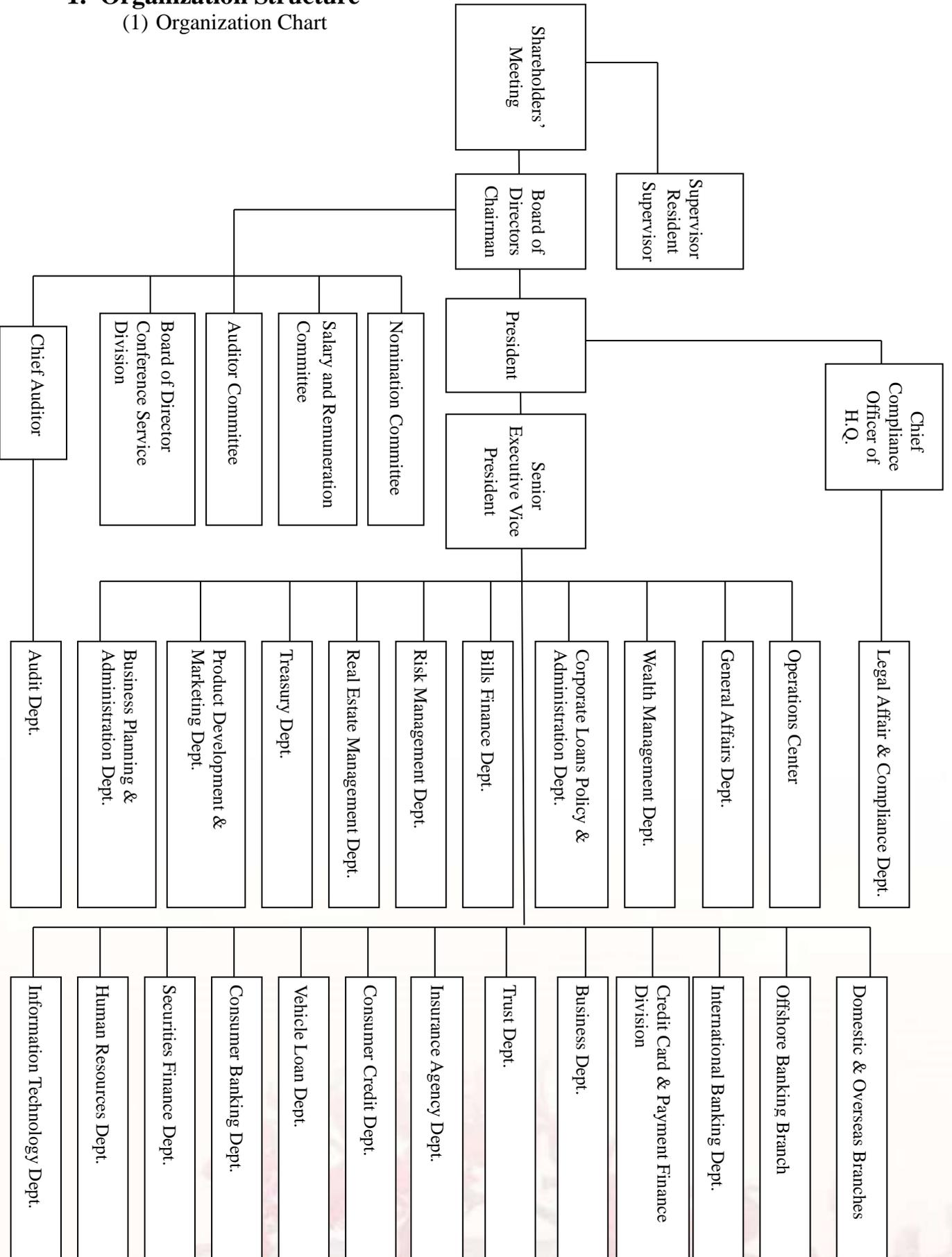
## **BANK PROFILE**

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

# Corporate Governance

## 1. Organization Structure

(1) Organization Chart



## Corporate Governance

(2) Responsibilities of each department:

Audit Department:

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

Business Planning & Administration Department:

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

Product Development & Marketing Department:

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

Treasury Department:

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

Real Estate Management Department:

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

Risk Management Department:

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

Bills Finance Department:

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

Legal Affairs & Compliance Department:

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

Corporate Loan Policy & Administration Department:

Responsible for the promotion and management of corporate banking businesses.

Wealth Management Department:

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

General Affairs Department:

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

Operations Center:

Responsible for the establishment of files, disposition of transactional accounts and management of archives.

Information Technology Department:

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

Human Resources Department:

Responsible for planning human resources.

## **Corporate Governance**

### Securities Finance Department:

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

### Consumer Banking Department:

Responsible for the promotion and management of consumer banking businesses.

### Vehicle Loan Department:

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

### Consumer Credit Department:

Responsible for the promotion and management of consumer credit businesses.

### Credit Card & Payment Finance Division:

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

### Trust Department:

Responsible for trust business, custodian banking and certification services.

### International Banking Department:

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

### Insurance Agency Department:

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

### Business Department:

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

# Corporate Governance

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

### (1) Directors and Supervisors

#### A. General Information

Shares Holding Recordation Date: March 31, 2023

Unit: Shares ; %:

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Chairman	Union Investment Co., Ltd. Representative: Jeff Lin (Hong- Lien Lin) /M/T	50-59	2021.07.20	3 Yrs	1991.12.10	1,000,000/ 10,000,000	0.03%/ 0.30%	5,144,991/ 10,000,000	0.13%/ 0.26%	7,634,594	0.20%	-	-	Master' s Degree, National Taiwan University; President of UBOT	Director of Union Finance International (HK); Supervisor of Union Recreation Enterprise Co., Ltd.; Supervisor of Yuyu Holdings Co., Ltd; Director of Lin Rong San Co. Ltd; Supervisor of Lianhe Investment Co., Ltd.; Supervisor of Union Holding Co., Ltd.; Director of Jianchang Asset Co., Ltd. Supervisor of Union Construction Enterprise Co., Ltd.	None	None	None
Independent Managing Director	Guo-Zhang Li /M/T	90-99	2021.07.20	3 Yrs	2015.06.26	-	-	-	-	-	-	-	-	National Taiwan University, Chairman of Union Bills Finance Corp.	None	None	None	

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Independent Director	Tzung Hang Lee /M/T	60-69	2021.07.20	3 Yrs	2021.07.20	-	-	-	-	-	-	-	-	PhD of Michigan University, Members of the Board of Examiners; Visiting Scholar of University of Manchester; Professor and College Dean of Tamkang University		None	None	None
Independent Director	Lin-Yu Fan/F/T	60-69	2021.07.20	3 Yrs	2021.07.20	-	-	-	-	-	-	-	-	City University of Seattle; VP of , Fuh Hwa Securities Investment Trust Co., Ltd; Jian Fuh Hwa Securities Investment Trust Co., Ltd; Director of Union Insurance Co., Ltd.		None	None	None
Managing Director	Chen-Chern Investment Co., Representative: Zhen-Xong Jiang /M/T	80-89	2021.07.20	3 Yrs	1991.12.10	147,440,827/ 4,245,959	4.47%/ 0.12%	170,616,217/ 4,245,959	4.49%/ 0.11%	2,241,790	0.05%	-	-	National Defense Medical School; Commissioner of International Rot Club; Managing Director of Union Optronics Corp.; Supervisor of Union Bills Finance Corporation		None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Director	Union Investment Co., Ltd. Representative: Wen-Ming Li /M/T	60-69	2021.07.20	3 Yrs	2021.07.20	1,000,000/ 10,000,000	0.03%/ 0.30%	5,144,991/ 10,000,000	0.13%/ 0.26%	206,855	-	-	-	Chung Yuan Christian University; Managing Director of Cosmos Foreign Exchange Intl. Co., Ltd.	Supervisor of Union Dyeing and Finishing Co., Ltd.; Managing Director of Cosmos Foreign Exchange Intl. Co., Ltd.; Chairman of One Two Three Life Technology Co., Ltd.; Director of Yuyu International Investment Co., Ltd.; Director of Union Investment Co., Ltd.; Director of Lung Shan Lin Construction Co., Ltd.; JPMorgan-Union Assets Management Co., Ltd.; Chairman of Yuyu Holding Co., Ltd.; Supervisor of Lin Rong San Co., Ltd; Chairman of Union Holding Co., Ltd.; Chairman of Lianhe Investment Co., Ltd.; Supervisor of Jianyuan Investment Co., Ltd.; Supervisor of Tiansheng Investment Co., Ltd.; Supervisor of Kunzhe Investment Co., Ltd.; Surpervisor of Jincheng Assets Co., Ltd.; Chairman of Haotian Investment Co., Ltd. Supervisor of Xinghao Investment Co., Ltd.;	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T:Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
															Supervisor of Ji Hao Investment Co., Ltd.; Supervisor of Jiachuang Investment Co.,Ltd.; Supervisor of Yuan Ping Investment Co., Ltd.; Supervisor of Yuan Gao Investment Co., Ltd. Supervisor of Bo II Co., Ltd.; Supervisor of Du Shin Co., Ltd.; Director of Union Optronics Corp.			
Director	Yu-Pang Co., Ltd. Representative: Sue-Feng Tsao /F/T	80-89	2006.06.09	3 Yrs	1994.06.01	44,779,543	1.35%	51,818,186	1.36%	4,820	-	-	-	Taipei Commercial Academy Director of Tien-Sheng Investment Co., Ltd.		None	None	None
Director	Herman Tu/M/T	70-79	2021.07.20	3 Yrs	2021.07.20	322,522	-	401,345	0.01%	-	-	-	-	Chinese Culture University; SEVP of Union Bank of Taiwan; Director of Union Securities Investment Trust Co., Ltd.; Supervisor of Union Finance & Leasing (Int'l) Corp.	Chairman of Union Securities Investment Trust Co., Ltd.; Chairman of Union Private Equity Co.,Ltd;	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Director	Pai-Sheng Investment Co., Ltd. Representative: Si-Yong Lin /M/T	60-69	2021.07.20	3 Yrs	1991.12.10	156,817,842/ 8,167,281	4.76%/ 0.24%	181,467,151/ 8,167,281	4.78%/ 0.21%	2,392,224	0.06%	-	-	National Taiwan Normal University Director of Hong-Bung Construction Enterprise Co., Ltd.	Chairman of Union Dyeing and Finishing Co., Ltd.; Chairman of Yeh-Shan Construction Co., Ltd.; Chairman of GreenIsland Hotel Co., Ltd.; Chairman of Jen-Yo Investment Co. Ltd.; Chairman of Sun-Che Investment Co., Ltd.; Supervisor of RSL Enterprise Co., Ltd.; Director of Hi-Life International Co., Ltd.; Supervisor of Lung Shan Lin Realstate Mgmt Corp.; Director of Hong-Bung Construction Enterprise Co., Ltd.; Director & Manager of Hong-Bung Construction Enterprise Co., Ltd.; Chairman of Hong Yu Construction Enterprise Co., Ltd.; Supervisor of Heng Chang Investment Co., Ltd.; Chairman of Kang Hong Investment Co., Ltd ; Supervisor of Xinkang Investment; Supervisor of Biokang Investment Co., Ltd. Supervisor Bao Yu Investment Co., Ltd.; Supervisor of Dawei Investment Co., Ltd.; Supervisor of Song-Mai Investment Co., Ltd;	None	None	None

## Corporate Governance

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

### B. Major Institutional Shareholders

March 31, 2023

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

## Corporate Governance

### C. Major Shareholders of Institutional Shareholders

March 31, 2023

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

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

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

## Corporate Governance

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

## Corporate Governance

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

## Corporate Governance

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

## Corporate Governance

		or managerial officer's spouse of a professional, sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.	
Su-Feng Tsao	<p>Specialized in leadership and administrative management.</p> <p>Major experience includes Director of Tien Sheng Investment Co., Ltd., Director of UBOT.</p> <p>UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>1. Not an employee of the Bank or its affiliates.</p> <p>2. Not a spouse or relative within the second degree of kinship of any other director.</p>	0
Si-Yong Lin	<p>Specialized in leadership and administrative management.</p> <p>Major experience includes Director of Hon Bun Construction Enterprise Co., Ltd., Director of UBOT, and Director of Union</p>	<p>1. Not an employee of the Bank or its affiliates.</p> <p>2. Not a spouse or relative within the second degree of kinship of any other</p>	0

## Corporate Governance

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

## Corporate Governance

Herman Tu	<p>Seasoned veteran in banking industry and knowledgeable of the industry and international market.</p> <p>Major experience includes Vice President, Senior Vice President of UBOT, Director of Union Securities Investment Trust, Supervisor of Union International Leasing Co., Ltd.</p> <p>UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<ol style="list-style-type: none"><li>1. Not an employee of the Bank or its affiliates.</li><li>2. Not a spouse or relative within the second degree of kinship of any other director.</li><li>3. Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.</li></ol>	0
-----------	--	--	---

## Corporate Governance

### Diversity and Independence of the directors and supervisors

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

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

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

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

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

In addition, UBOT also values the equality of gender of the Board. There are 2 seats of Directors who are females, which accounted for 22.2% of the total seats and is higher than the industry standard of companies listed at TWSE and TPEX in terms of the proportion of female Directors. The objective of diversity of gender has been achieved.

For the age distribution among the members of Board, 1 is at the age of 50-59 (11.1%), 4 are at the age of 60-69(44.5%), 1 is at the age of 70-79 (11.1%), 2 are at the age of 80-89 (22.2%), and 1 is at the age of 90-99 (11.1%). The objective of diversity in age distribution has been achieved.

## Corporate Governance

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

### E. Director and Supervisors' Training Records

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements <sup>Note</sup>
		From	To				
Chairman	Jeff Lin	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Chairman	Jeff Lin	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes
Independent Managing Director	Guo-Chang Lee	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Independent Managing Director	Guo-Chang Lee	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes

## Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements <sup>Note</sup>
		From	To				
Managing Director	Zhen-Xong Jiang	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Managing Director	Zhen-Xong Jiang	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes
Independent Director	Tzung-Hang Lee	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance.	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Independent Director	Tzung-Hang Lee	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes
Independent Director	Lin-Yu Fan	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance.	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Independent Director	Lin-Yu Fan	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes

## Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements <sup>Note</sup>
		From	To				
Director	Su-Feng Tsao	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Director	Su-Feng Tsao	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes
Director	Si-Yong Lin	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Director	Si-Yong Lin	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes
Director	Wen-Ming Li	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Director	Wen-Ming Li	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes

## Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements <sup>Note</sup>
		From	To				
Director	Herman Tu	2022.06.27	2022.06.27	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (International sustainable and financial development trends)	3	Yes
Director	Herman Tu	2022.12.05	2022.12.05	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Trend and development of the value-adding application of financial credit data)	3	Yes

## Corporate Governance

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

Recordation Date: March 31, 2023  
Unit: Shares ; %

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
President	Wei-Wen Hsu /M/T	2021.09.09	32,460	0	0	0	0	0	Master's Degree, N National Chengchi University, Director General of Bureau of Agricultural Finance,	Supervisor of Taiwan Futures Exchange; Director of Union Information Technology Corp. ; Director of Hi-Life International Co., Ltd. Director of Line Biz+ Taiwan Ltd.; Director of iPASS Corporation; Director of Union Venture Capital Co., Ltd.	None	None	None
SEVP	Chu-Chang Yang (Yanger Yang)/M/T	2021.08.01	101,712/ 28,930	0	0	0	0	0	Master's Degree, Tunghai University; VP and Deputy GM of Business Planning & Admin. Dept. of UBOT	Director of RFD Micro Electricity Co., Ltd.; Director of Hi-Life International Co., Ltd.; Director of iPASS Corporation; Supervisor of Union Energy Co., Ltd; Director of Union Venture Capital Co., Ltd.; Direct of Blue Borders Medical and Health Management Consulting Co., Ltd; Director of Lian-An Service Co. Ltd. & I Pass Corporation. Ltd.; Director of Union Venture Capital Co., Ltd.	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
SEVP	Jeng-Ping Liu/M/T	2021.09.01	102,364	0	0	0	0	0	Doctor' s Degree of Tunghai University; EVP of UBOT	None	None	None	None	
SEVP	Grace Lee/F/T	2020.10.12	0	0	0	0	0	0	National Taiwan University; Chairman of Financial Ombudsman Institution,	Director of iPASS Corporation; Director of Union Securities Investment Trust Co., Ltd.	None	None	None	None
SEVP & Chief Information Security Officer	Denfer Hung/M/T	2020.10.05	89,697/ 106,000	0	0	0	0	0	Tunghai University; EVP of UBOT	None	None	None	None	None
Chief Auditor	Tammy Chang/M/T	2021.09.23	0	0	0	0	0	0	Chung Yuan Christian University; Auditor of FSC; VP of Line Bank	None	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
Chief Compliance Officer and VP & GM of Legal Affair and Compliance Dept.	Yu-Man Chao /F/T	2022.05.16	30,285/ 2,000	0	0	0	0	0	Fu Jen Catholic University Deputy Manager of the Legal Compliance Department and Chief of the Legal Compliance Section of the Union Bank of Taiwan	None	None	None	
Chief Corporate Governance Officer	Hung-Ming Chien (Peter Chien)/M/T	2006.06.26	248,578/ 20,000	0	0	0	0	0	Panchiao Senior High School; VP & Branch Manager of Hsinchung Branch	Director of Union Finance & Leasing (Int'l) Corporation	None	None	None
GM of Business Planning & Admin. Dept.	Jane Lu /F/T	2021.09.01	103,622	0	0	0	0	0	Master' s Degree, University of Illinois; VP & Branch Manager of Taipei Branch	Supervisor of Tien Chuan Intelligent Energy Co., Ltd	None	None	None
EVP & GM of Consumer Credit Dept.	Pi-Chiu Tang (Joy Tang)/F/T	2004.03.22	119,026	0	0	0	0	0	Master's Degree, Memphis State University; VP & Deputy GM of Consumer Banking Dept.	None	None	None	None
EVP & GM of Consumer Banking Dept.		2021.08.01											

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & GM of Trust Dept.	Wendy Chi/F/T	2019.04.01	134,750	0	0	0	0	0	Master's Degree, University of Texas; VP & Branch Manager of Jenai Branch	None	None	None	None	
EVP & GM of Wealth Management Dept.	Liang- Kuei Kuo /M/T	2021.07.12	12,936	0	0	0	0	0	Master of National Yunlin University of Science and Technology; Manager of J.P.Morgan Asset Management; GM of Chiayi Branch;	Director of Union Securities Investment Trust Co., Ltd.	None	None	None	None
VP & GM of Securities Finance Dept.	Yun-Han Liu /M/T	2022.05.16	0	0	0	0	0	0	College of Continuing Education Affiliated to St. John' s University Branch Manager of the securities broker of Daye Branch	None	None	None	None	None
VP & GM of Bills Finance Dept.	Ming-Teng Wu/M/T	2020.03.16	139,860/ 2,000	0	0	0	0	0	National Chengchi University; VP & Deputy GM of Union Bills Finance Corp.	None	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & GM of Treasury Dept.	Wen-Chih Cheng/M/T	2016.03.16	64,901	0	0	0	0	0	Feng Jia University; AVP & Division Head of Treasury Dept.	Director of Union Finance & Leasing (Int'l) Corp.	None	None	None
EVP & GM of Corporate Loans Policy & Admin. Dept.	Chueh-Ling Liu/F/T	2014.04.01	84,488/ 10,000	0	0	0	0	0	Master's degree, George Washington University Deputy GM of Corporate Loans Policy & Admin Dept.	Director of Union Securities Investment Trust Co., Ltd.	None	None	None
VP & GM of Vehicle Loans Dept.	Shum-Chen Tu/M/T	2017.07.01	27,074	0	4,000	0	0	0	National Chung Hsing University; AVP & Division of Vehicle Loans Dept.	None	None	None	None
VP & GM of Product Development & Marketing Dept.	Yi-Chun Kao (June Kao)/F/T	2015.08.01	41,269/ 20,000	0	0	0	0	0	National Cheng Chi University; AVP & Division Head of Wealth Management Dept.	None	None	None	None
VP & GM of Information Technology Dept.	Feng-Jung Yang (Luke Yang)/M/T	2006.07.01	175,674	0	0	0	0	0	Master's Degree, National Taiwan University; Deputy GM of IT Dept. of UBOT	Director of Union Information Technology Co., Ltd.; Director of Director of iPASS Corporation;	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
EVP & GM of Human Resources Dept.	Hsiao-Chen Lin (Michael Lin)/M/T	1999.12.01	67,861/ 20,000	0	0	0	0	0	0	National Chung Hsing University; VP & Deputy GM of Human Resources Dept. of UBOT	None	None	None	None
VP & GM of General Affairs Dept.	Yu-Chang Chang (Russell YC Chang)/M/T	2003.10.01	229,535	0	0	0	0	0	0	Taiwan Institute of Technology; VP & Deputy GM of General Affairs Dept. Of UBOT	None	None	None	None
VP & GM of Operations Center	Shu-Feng Hsueh /F/T	2005.09.06	57,596/ 10,000	0	2,929	0	0	0	0	National Cheng Chi University; AVP of Hsintien Branch	None	None	None	None
VP & GM of International Banking Department	Hong-Zu Chang/M/T	2022.05.16	41,924	0	27,393	0	0	0	0	Tamkang University Deputy Manager of the Department of Treasury and Chief of the Marketing Section of the Union Bank of Taiwan	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & GM of Branch of OBU and Rep. of Hong Kong Rept. Office	Mei-Chih Lu (Lisa Lu)/F/T	2010.09.01	105,166/ 8,000	0	0	0	0	0	0	MBA University of Birmingham, UK; AVP of OBU and representative of Hong Kong Representative Office & Ho Chi Minh Representative Office (FRM)	None	None	None	None
Rep. of Ho Chi Minh Rept. Office	Le Thi Viet Hoa/F/VN	2020.10.01	0	0	0	0	0	0	Banking University of Ho Chi Minh City; CFO of Cathy United Bank Chu Lai Branch	None	None	None	None	
Rep. of Hanoi Rept. Office		2021.07.01												
VP & GM of Credit Card & Payment Finance Division	Ling-Jung Hsiung/F/T	2016.06.15	41,161	0	0	0	0	0	Master's degree of New Jersey Institute of Technology; SVP of Citibank	Director of I Pass Corporation; Supervisor of Union Information Technology Corp.	None	None	None	None
VP & GM of Risk Management Department	Huei-Wen Chang/F/T	2016.08.24	50,552/ 2,000	0	0/ 2,000	0	0	0	Tamkang University; AVP & Division Head of Risk Management Dept.	None	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
Insurance Agency Department	Meng-Wen Tsao/F/T	2022.03.20	20,510/ 8,000	0	0	0	0	0	0	Soochow University Branch Manager of Breeze Center Mini Branch	None	None	None	None
Real Estate Management Department	Miao-Hui Chou/F/T	2022.05.16	14,763/ 2,000	0	0	0	0	0	0	National Chengchi University Chief of the Management Section under the Department of Real Estate Management of the Union Bank of Taiwan	None	None	None	None
VP & Branch Manager of Taipei Branch	Jeffery Tsai/M/T	2022.03.20	98,170/ 29,662	0	0	0	0	0	0	Master's Degree, Fu Jen Catholic University; VP & Branch Manager of Nanking East Road Branch	None	None	None	None
VP & GM of Business Dept.	Gary Tsai/M/T	2022.07.01	55,334/ 243	0	0	0	0	0	0	Chung Yuan Christian University; VP m& Branch Manager of Neihsu Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
EVP & Branch Manager of Taoyuan Branch	Jyh-Chiang, Huang /M/T	2019.09.01	806,684	0	22,405/ 5,008	0	0	0	National Chiao Tung University VP & Branch Manager of Taoying Branch	None	None	None	None
VP & Branch Manager of Taichung Branch	Hung-Min Chen /M/T	2017.12.01	76,746/ 16,114	0	330/ 26,000	0	0	0	Feng Chia University; VP & Branch Manager of Wugu Branch	None	None	None	None
VP & Branch Manager of Nanking E. Road Branch	Tereasa Lin /F/T	2023.03.20	15,853/ 7,262	0	0	0	0	0	Chihlee Institute of Technology; VP & Branch Manager of Jenai Branch	None	None	None	None
VP & Branch Manager of Chungli Branch	Jung-Hsiang Chung /M/T	2017.12.01	65,318/ 1,305	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Gaorong Branch	None	None	None	None
VP & Branch Manager of Sanchung Branch	Chia-Wei Lin/M/T	2015.11.16	43,599/ 14,000	0	0	0	0	0	Tung Hai University; VP & Branch Manager of Breeze Mini Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of East Taipei Branch	Ging-Yang Yu /M/T	2021.09.01.	91,482/ 5889	0	15,615/ 702	0	0	0	China Culture University; AVP of Jenai Branch	None	None	None	None
VP & Branch Manager of Kaohsiung Branch	Feng-Li Lin /F/T	2017.12.01	107,262	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Lingya Branch	Director of I Pass Corporation	None	None	None
VP & Branch Manager of Panchiao Branch	Lee-Hao Chen /M/T	2021.09.01	52,274/ 21,152	0	0/ 25,000	0	0	0	Master's Degree of University of California; Deputy GM of Corporate Finance Department	None	None	None	None
VP & Branch Manager of Tainan Branch	Ying-Chieh Huang/M/T	2022.05.16	25,240	0	0	0	0	0	National Open University; AVP of Chiayi Branch.	None	None	None	None
VP & Branch Manager of Yuanlin Branch	Tsung-Cheng Hsueh/M/T	2021.09.01	67,571	0	0	0	0	0	Dayeh University; AVP of Yuanlin Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Jenai Branch	Anita Hung /F/T	2023.03.20	50,367/ 20,000	0	0	0	0	0	0	Soochow University; VP & Branch Manager of Hsihu Branch	None	None	None	None
VP & Branch Manager of Nankan Branch	Kuo-Ming Lin /M/T	2021.09.01	15,861/ 40	0	0	0	0	0	0	Open Business Colleague Affiliated with NTUB; AVP of Taoyuan Corporate Banking Center	None	None	None	None
VP & Branch Manager of Hsinchu Branch	Cheng-Hsien Tseng /M/T	2017.05.15	51,483/ 6,722	0	0	0	0	0	0	Tamsui Oxford College; VP & Deputy Branch Manager of Hsinchu Branch	None	None	None	None
VP & Branch Manager of Luchou Branch	Fei-Kun Lin /M/T	2017.06.01	59,394/ 21,329	0	0	0	0	0	0	Tamkang University; VP & Manager of Taipei Corporate Banking Center	None	None	None	None
VP & Branch Manager of Chiuju Branch	Ya-Yun Yang /F/T	2017.03.27	34,914	0	0	0	0	0	0	National Kaohsiung University of Applied Sciences; AVP & Division Head of Kaohsiung Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other				
			Share	%	Share	%	Share	%			Title	Name	Relation		
VP & Branch Manager of Shuanho Branch	Jacky Liao /M/T	2019.04.01	50,465/ 16,000	0	0	0	0	0	0	Chungyu Institute of Technology; VP & Branch Manager of Panchiao Branch	None	None	None	None	
VP & Branch Manager of Hueilong Branch	Kuang-Yi Kuo /M/T	2017.12.01	62,567/ 11,596	0	0	0	0	0	0	Tamkang University; AVP & Division Head of Tenshin Branch	None	None	None	None	
VP & Branch Manager of Chiayi Branch	Sabina Tsa /F/T	2021.07.12	78,361	0	0	0	0	0	0	Tatung Institute of Technology; VP & Deputy GM of Chiayi Branch	None	None	None	None	
VP & Branch Manager of Kungkuan Branch	Ya-Fang Ko /F/T	2021.09.01	101,898	0	0/ 8,000	0	0	0	0	Master's Degree of University of California; Deputy GM of Corporate Finance Department	Director of Hwangrin Enterprise Co., Ltd.	None	None	None	None
VP & Branch Manager of Neili Branch	Mei-Ling Lee/F/T	2022.05.16	72,782/ 8,000	0	0	0	0	0	0	Ching Yun University; VP & Branch Manager of Dajhu Branch	None	None	None	None	

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other				
			Share	%	Share	%	Share	%			Title	Name	Relation		
VP & Branch Manager of Chunghsiao Branch	Zhi-Zhong Zhang/M/T	2017.06.01	26,442/ 105,000	0	0	0	0	0	0	National Chao Tung University; VP & Branch Manager of East Taipei Branch	None	None	None	None	
VP & Branch Manager of Hsinchuang Branch	Wen-Shien Chu /M/T	2017.06.01	67,600/ 20,000	0	0	0	0	0	0	Fu Jen Catholic University; VP & Deputy General Manager of the Law and Compliance Dept.	None	None	None	None	
VP & Branch Manager of Fengshan Branch	Chiou-Ing Fang /F/T	2020.03.16	45,187	0	0	0	0	0	0	Master's Degree, National Kaohsiung University of Applied Sciences; VP & Deputy Branch Manager of Fengshan Branch	None	None	None	None	
VP & Branch Manager of Taoying Branch	Chia-Yu Chuo/F/T	2020.11.16	58,922/ 6,000	0	0	0	0	0	0	Master's degree, Yuan Ze University Head of Taoying Loan Center, Consumer Banking Department	None	None	None	None	
VP & Branch Manager of Lungtan Branch	Po-Feng Wu/M/T	2021.09.01	36,772	0	0	0	0	0	0	Nanya Institute of Technology; AVP of North Chungli Branch	Director of Yangbang International Logistics Co., Ltd.	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Hsintien Branch	Lin-Lin Huang /M/T	2020.03.16	37,993	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Hsintien Branch	None	None	None	None
VP & Branch Manager of Tatze Branch	Chien-Hui Li/M/T	2019.04.01	45,175	0	0	0	0	0	Soochow University; Head of Jenai Loan Center, VP & Branch Manager of Tann Branch	None	None	None	None
VP & Branch Manager of Chungshan Mini Branch	Pao-Ching Lee /M/T	2023.03.16	4,183	0	0	0	0	0	Hsin Wu Business College;; VP & Branch Manager of Dajhu Branch	None	None	None	None
VP & Branch Manager of Wenshin Branch	Ta-Yu Chin /M/T	2017.12.01	79,909/ 12,846	0	0	0	0	0	Tamkang University; VP & Branch Manager of Fongyuan Branch	None	None	None	None
VP & Branch Manager of Chienshin Branch	Yu-Mei Tsai/F/T	2021.09.01	22,485/ 8,000	0	0	0	0	0	Open Business Colleague Affiliated with NTUB; VP & Deputy GM of Taoyuan Corporate Banking Center	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Chungho Branch	Wen-Hui Lin /M/T	2017.12.01	85,296/ 19,192	0	0	0	0	0	0	Tamkang University University; VP & Branch Manager of Yongchun Branch	None	None	None	None
VP & Branch Manager of Neihu Branch	Liang-Wen Liu /M/T	2022.07.01	24,033	0	0	0	0	0	0	Chung Yuan Christian University; VP m& Branch Manager of Tunhwa Branch	None	None	None	None
VP & Branch Manager of Dayuan Branch	Chang-Fu Tsai /M/T	2021.09.01	51,607/ 1,044	0	0/ 20,000	0	0	0	0	Feng Jia University; VP & Branch Manager of Lungtan Branch	None	None	None	None
VP & Branch Manager of Yungho Branch	Chun-Hsien Chang /M/T	2017.12.01	31,819/ 6,000	0	0	0	0	0	0	National Chung-Shin University; Vice President & General Manager of Insurance Agency Dept.	None	None	None	None
VP & Branch Manager of Chungkung Mini Branch	Shu-Huey Huang /F/T	2019.06.01	104,877	0	0	0	0	0	0	Lunghwa University of Science and Technology; Head of Hueilong Consumer loan center, Consumer Banking Dept.	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Tonghwa Mini Branch	David Chang/M/T	2022.07.01	23,003	0	47,734	0	0	0	Chung Yuan Christian University; AVP & Division Head of Chunghsiao Branch	None	None	None	None
VP & Branch Manager of Shih tung Branch	Ju-Ling Kuo /F/T	2019.04.01	14,390	0	0	0	0	0	Takming College; VP & Branch Manager of Wenlin Branch	None	None	None	None
VP & Branch Manager of Breeze Center Mini Branch	Yu-Jen Cheng/M/T	2023.03.20	11,644	0	0	0	0	0	National Chung Hsing University; Junior Manger of Wealth Management Dept.	None	None	None	None
VP & Branch Manager of Changchun Branch	Ming-Tsan Hung /M/T	2016.08.29	42,571/ 5,000	0	0	0	0	0	Chinese Culture University; Junior Manager of Neihu Branch	None	None	None	None
VP & Branch Manager of Sungchiang Branch	Ben Tsai/M/T	2023.03.16	62,621/ 11,541	0	0	0	0	0	Ming-Chung University; VP & Division Head of Sanxia Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Taan Branch	Chan-Kwei Chen /M/T	2019.04.01	131,385/ 8,523	0	2,177/ 4,000	0	0	0	Feng Chia University; VP & Branch Manager of Ankang Branch	None	None	None	None
VP & Branch Manager of Yungchi Branch	Tsai-Ling Liao /F/T	2019.04.01	0	0	0	0	0	0	Taipei College of Commerce; VP & Branch Manager of Hoping Branch	None	None	None	None
VP & Branch Manager of Wenlin Branch	Chien-Lung Chen /M/T	2023.03.16	176,392/ 14,588	0	0	0	0	0	Master' s Degree, Aletheia University; VP & Branch Manager of Sungchiang Branch	None	None	None	None
VP & Branch Manager of Tungmen Branch	Cooper Kao /M/T	2015.11.16	88,233/ 16,710	0	563	0	0	0	Chinese Municipal Vocational School; Head of Chungho Loan Center Consumer Banking Dept	None	None	None	None
VP & Branch Manager of Hsihu Branch	Pei-Chun Lin /F/T	2023.03.20	35,831	0	0	0	0	0	Institutes of Technology University; AVP of Nanking East Road Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Beitou Mini Branch	Wen-Chi Chiang /M/T	2014.11.17	39,143	0	9,491/ 10,000	0	0	0	National Chiao-Tong University; Head of Jenai Loan Center Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of North Sanchung Branch	Shis-Wen Lu /M/T	2017.12.01	44,691	0	28,352	0	0	0	Takming Junior College of Commerce; VP & Branch Manager of Fuguo Branch	None	None	None	None
VP & Branch Manager of Houpu Branch	Chuen-Chour Li /F/T	2017.12.01	28,192/ 20,000	0	0	0	0	0	National Chung Hsing University; AVP & Division Head of East Taipei Branch	None	None	None	None
VP & Branch Manager of North Chungho Mini Branch	Wen-Hua Yang /F/T	2020.03.16	20,709/ 65	0	0	0	0	0	Master's degree of National Central University; VP & Deputy of Hoping Branch	None	None	None	None
VP & Branch Manager of Fuguo Branch	Hsiung-Ping Tsai/M/T	2020.11.17	23,712	0	0	0	0	0	National Chengchi University; AVP & Division Head of Shingchung Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Shulin Branch	Chintsung Wang /M/T	2022.05.16	24,393	0	0	0	0	0	Chin-Yi Institutes of Technology;; AVP of Business Dept.	None	None	None	None
VP & Branch Manager of Hsichih Branch	Sheng-Chieh Chang /M/T	2020.03.16	40,436/ 6,000	0	0	0	0	0	Aletheia University; V.P. & Branch Manager of Shulin Branch	None	None	None	None
VP & Branch Manager of North Taoyuan Branch	Kuo-Kuang Chou /M/T	2015.01.05	41,934/ 8,000	0	0/ 6,000	0	0	0	National Taipei College of Commerce- Open Junior College of Commerce ; Head of Daye Loan Center Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of North Chungli Branch	James Tsai /M/T	2015.01.05	136,248	0	211,581	0	0	0	Tamkang University; VP & Branch Manager of North Taoyuan Branch	None	None	None	None
EVP & Branch Manager of North Taichung Branch	Hsin-Yi Yang /F/T	2021.09.01	29,883	0	0	0	0	0	Chienkuo Junior College of Technology AVP & Division Head of Yuanlin Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Minchuan Branch	Hui-Fen Chao /F/T	2017.12.01	190,990	0	0	0	0	0	Graduate School of National Yunlin University of Science and Technology ; VP & Branch Manager of North Taichung Branch	None	None	None	None
VP & Branch Manager of Hsitun Branch	Wen-Ju Huanh /F/T	2021.09.01	38,227	0	11,527	0	0	0	National Tsao-Tun Commercial & Industrial Vocational Senior High School; AVP of North Taichung Branch	None	None	None	None
VP & Branch Manager of Shingchung Branch	Chien-Tsung Wu /M/T	2016.08.29	71,954	0	0	0	0	0	The Overseas Chinese Institute of Technology; VP & Branch Manager of Beitun Branch	None	None	None	None
VP & Branch Manager of Beitun Branch	Yu-Ju Lin /F/T	2020.03.16	61,182	0	0	0	0	0	Soochow University; AVP & Division Head of North Taichung Branch	None	None	None	None
VP & Branch Manager of Fucheng Branch	Ping-Hui Lin /M/T	2017.12.01	66,654/ 20,000	0	0	0	0	0	Aletheia University; VP & Branch Manager of Tainan Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Fongyuan Branch	Amy Chung /F/T	2017.12.01	67,582/ 3,000	0	0	0	0	0	0	National Cheng Kung University; VP & Branch Manager of Wenshin Branch	None	None	None	None
VP & Branch Manager of Fuchiang Branch	Chuang-Chieh Chung/M/T	2021.09.01	8,003	0	0	0	0	0	0	Kun Shan University ;AVP of Fuchiang Branch	None	None	None	None
VP & Branch Manager of Kaiyuan Branch	Chien-Wen Tan /M/T	2018.07.25	25,561	0	0	0	0	0	0	Tunghai University; AVP & Division Head of Fengshan Branch.	None	None	None	None
VP & Branch Manager of South Tainan Branch	Shan-Chih Yen /F/T	2020.06.01	109,914/ 40,766	0	4,831/ 7,217	0	0	0	0	Master Degree of National Chiayi University; VP & Deputy GM of Fucheng Branch	None	None	None	None
VP & Branch Manager of Lingya Branch	Hsien-Ming Yen /M/T	2017.12.01	919	0	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Fucheng Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of North Kaohsiung Branch	Szu-Min Yang /F/T	2022.06.01	25,094	0	0	0	0	0	National Chung Hsing University; AVP of Business Dept.	None	None	None	None
VP & Branch Manager of Sanmin Branch	Roger Chang/M/T	2022.05.16	27,381	0	0	0	0	0	National Open University; VP & Branch Manager of Tainan Branch	None	None	None	None
VP & Branch Manager of Wuchia Branch	Miranda Tsai /F/T	2017.12.01	57,531	0	0	0	0	0	Tamkang University ; VP & Branch Manager of Sanmin Branch	None	None	None	None
VP & Branch Manager of Pingtung Branch	Chi-Fang Chu /F/T	2014.03.19	43,396/ 8,000	0	0	0	0	0	Master's Degree, National Kaohsiung First University of Science and Technology; Manager of Pingtung Branch	None	None	None	None
VP & Branch Manager of Hoping Branch	Ru-Ji Cheng M/T	2021.09.01	58,489/ 10,000	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Yongchun Branch	Ming-Hsueh Chen/M/T	2022.01.03	47,872	0	0	0	0	0	Fu Jen Catholic University; VP & GM of Tunhwa Branch	None	None	None	None
VP & Branch Manager of Tenshin Branch	Yei-Chang Hsieh /M/T	2019.05.08	26,874	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Business Dept.	None	None	None	None
VP & Branch Manager of Ankang Branch	Wen-Chang Juan/M/T	2019.04.01	97,826/ 9,404	0	0	0	0	0	Fu Jen Catholic University; Senior Manager of Taipei Corporate Finance Dept.	None	None	None	None
VP & Branch Manager of Dajhu Branch	Jing-Yeh Wang/M/T	2022.05.16	4,097	0	0	0	0	0	Fu Jen Catholic University; Junior Manager of Taoyuan Corporate Banking Center in South Taoyuan Branch	None	None	None	None
VP & Branch Manager of Gueishan Branch	Sheng-Yung Peng /M/T	2022.05.16	31,319	0	26,314	0	0	0	Ching Yun University; VP & Branch Manager of Neili Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Linkou Branch	Cheng-Fa Huang /M/T	2017.12.01	34,089	0	0	0	0	0	Tamkung University; Manager of Linkou Branch	None	None	None	None
VP & Branch Manager of Wugu Branch	Yen-Jou Liu /M/T	2017.12.01	65,433	0	0	0	0	0	Shih Hsin Senior high School; VP & Branch Manager of Hsichih Branch	None	None	None	None
VP & Branch Manager of Gaorong Branch	I-Ho Ou /M/T	2017.12.01	41,944/ 14,000	0	41,958	0	0	0	National Chung Hsing University; AVP & Division Head of Gaorong Branch	None	None	None	None
VP & Branch Manager of Daye Branch	Chien-Chou Chen /M/T	2017.12.01	51,545/ 24,069	0	0	0	0	0	Yuan Ze University; AVP & Division Head of Real Estate Management Dept. , Taoyuan Center	None	None	None	None
VP & Branch Manager of Luzhu Branch	Chu-Shih Wei /M/T	2017.12.01	57,291/ 7,029	0	0	0	0	0	Feng Chia University ; VP & Branch Manager of Dayuan Branch	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Tucheng Branch	Ching-Shyong Huang /M/T	2017.12.01	46,217	0	0	0	0	0	Fu Jen Catholic University; AVP of Hueilong Branch	None	None	None	None
VP & Branch Manager of South Taoyuan Branch	Tawei Shih /M/T	2019.04.01	58,025/ 20,000	0	0	0	0	0	Master's Degree, Tamkang University; VP & Branch Manager of Chienshin Branch	None	None	None	None
VP & Branch Manager of JiSian Branch	Shih-Fu Liu /M/T	2015.08.01	62,327	0	5,804/ 14,000	0	0	0	Master's degree, Fu Jen Catholic University VP & Deputy Branch Manager of JiSian Branch	None	None	None	None
VP & Branch Manager of Sanxia Branch	Hsing-Jung Fei/F/T	2023.03.16	4,000	0	38,008	0	0	0	Ming-Chung University; Junior Manager of Sanxia Branch	None	None	None	None
VP & Branch Manager of Donghu Branch	Ru-Chen Yuan/M/T	2020.03.16	62,996/ 4,372	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Taipei Corporate Finance Dept.	None	None	None	None

## Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Tamsui Mini Branch	Chung-Chih Yeh /M/T	2019.09.02	38,928	0	0	0	0	0	Chienkuo Junior College of Technology Junior Manager of Jisian Branch	None	None	None	None
VP & Branch Manager of Jincheng Branch	Yi-Hsien Wu /M/T	2019.09.02	66,755/ 14,734	0	0	0	0	0	Master Degree, Saint Louis University; AVP & Division Head of Taipei Corporate Banking Center	None	None	None	None
VP & Branch Manager of Nangang Branch	Shiu-Lan Hsieh /F/T	2022.01.03	77,746	0	0	0	0	0	National Taipei College of Commerce- Open Junior College of Commerce; VP & Branch Manager of Yongchun Branch	None	None	None	None

Note: The shares of Preferred Stock shows while occurs.



# Corporate Governance

## 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	Jeff Lin, Sue-Feng Tsao, Si-Yong Lin, Wen-Ming Li, Herman Tu	Jeff Lin, Sue-Feng Tsao, Si-Yong Lin, Wen-Ming Li, Herman Tu	Jeff Lin, Sue-Feng Tsao, Si-Yong Lin, Wen-Ming Li, Herman Tu	Jeff Lin, Sue-Feng Tsao, Si-Yong Lin, Wen-Ming Li, Herman Tu
1,000,000 (inclusive) ~ 2,000,000 (non-inclusive)	Lin-Yu Fan, Zhen-Xong Jiang, Guo-Zhang Li, Tzung Hang Lee	Lin-Yu Fan, Zhen-Xong Jiang, Guo-Zhang Li, Tzung Hang Lee	Lin-Yu Fan, Zhen-Xong Jiang, Guo-Zhang Li, Tzung Hang Lee	Lin-Yu Fan, Zhen-Xong Jiang, Guo-Zhang Li, Tzung Hang Lee
Total	9	9	9	9

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

Unit: NT Dollar Thousand, December 31, 2022

Title	Name	Remuneration (A)		Termination payment and pension costs (B)		Bonus & Special Allowance (C)		Employees' Bonus from Earnings (D)				Total of (A+B+C+D) as a % of Net profit after tax		Remuneration from Investee Companies Excluding Subsidiaries
		The Bank	All Companies in the Financial Statement	The Bank	All Companies in the Financial Statement	The Bank	All Companies in the Financial Statement	The Bank	All Companies in the Financial Statement	Cash Dividend	Stock Dividend	The Bank	All Companies in the Financial Statement	
President	Wei-Wen Hsu	18,266	18,266	156	156	9,121	9,121	0	974	0	974	28,517/81%	28,517/81%	311
SEVP	Jeng-Ping Liu													Nil
SEVP	Denfer Hung													Nil
SEVP	Yanger Yang													88
SEVP	Grace Lee													45
Chief Auditor	Tammy Chang													Nil
Chief Compliance Officer	Ching Wen, Chen (retired 2022.04.06)													Nil
Chief Compliance Officer	Yu-Man Chao	Nil												

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

Note2: Remuneration to the Company's four drivers totalled NT\$ 3,090,000.

## Corporate Governance

Unit: NT Dollar

Range of Remuneration Paid to President, SEVP, Chief Compliance Officer & Chief Auditor	Name of President, SEVP, Chief Compliance Officer & Chief Auditor	
	UBOT	All the Companies in the Financial Statement
Less than NT\$ 1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000(non-inclusive)	Ching Wen Chen, Yu-Man Chao	Ching Wen Chen, Yu-Man Chao
NT\$2,000,000 (inclusive) ~ NT\$3,500,000(non-inclusive)	Tammy Chang	Tammy Chang
NT\$3,500,000 (inclusive) ~ NT\$5,000,000(non-inclusive)	Jeng-Ping Liu, Denfer Hung, Yanger Yang, Grace Lee	Jeng-Ping Liu, Denfer Hung, Yanger Yang, Grace Lee
NT\$5,000,000 (inclusive) ~ NT\$10,000,000(non-inclusive)	Wei-Wen Hsu	Wei-Wen Hsu
Total	8	8

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

D. Bonus to Managers

Unit NT Dollar Thousand, Dec 31 2022

Title	Name	Stock Dividend	Cash dividend	Total	Total as % of Net Profit after Tax
Please refer Page 30* to Page 59		9,416	0	9,416	0.27

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

- (5) Analysis of Payments of Remuneration to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor, as a percentage of net profit after tax in the latest two years, Remuneration Policy, Standard and Combination, Procedure for determining remuneration and their relationship to operating results and future risk
- The remuneration paid to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor in 2021 is NT\$54,439,000 and its ratio to net profit after tax is 1.22%.
  - The remuneration paid to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor in 2022 is NT\$37,121,000 and its ratio to net profit after tax is 1.05%.
  - Remuneration paid to directors and supervisors primarily include meeting attendance fees and salaries. All remuneration is paid on a fixed basis and will not exceed 0.1% of the total profit of the Bank. Remuneration to executive management was made in accordance with their respective experience, degree of business involvement and contribution, and compare with the salary and remuneration standard of the Industry peers. The salary and remuneration schedule will be submitted to the Board of Directors for

## Corporate Governance

resolution after it is examined by Salary and Remuneration Committee pursuant to the Bank's Article of Incorporation. In addition to monthly basic salaries and allowances, executives may also be eligible for the annual and the performance bonuses and the employee bonuses (according to the Bank's Article of Incorporation 1%-5%) depending on the Bank's annual results of operation and individual performance. As such, remuneration to S executive management is closely related to the Bank's operating performance. The occurrence of major risk events that may impair the Bank's goodwill, or incidents of deficiency in internal management, or employee fraud would vastly affect the amount of bonuses to executive management. The Risk Management Dept. should report directly to the Board of Directors regarding the status of the Bank's risk control and risk exposure on a quarterly basis.

### 3. Execution of Corporate Governance

#### (1) Board of Directors

The Board of Directors held 7 meetings in 2022. The status of attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Chairman	Union Investment Co., Ltd. Representative: Jeff Lin	7	0	100%	-
Managing Director	Chen-Chern Investment Co., Representative: Zhen-Xong Jiang	7	0	100%	-
Independent Director	Guo-Zhang Li	7	0	100%	-
Independent Director	Tzung Hang Lee	7	0	100%	-
Independent Director	Lin-Yu Fan	7	0	100%	-
Director	Yu-Pang Investment Co., Representative: Sue-Feng Tsao	7	0	100%	-
Director	Pai-Sheng Investment Co., Representative: Si-Yong Lin	6	0	85.71%	-
Director	Union Investment Co., Ltd. Representative: Wen-Ming Li	7	0	100%	-
Director	Herman Tu	7	0	100%	-

1. If the operation of the Board of the Directors refers to the following issue, the Company should specify the dates of meetings, terms, and contents of resolutions, all independent directors' opinions and the Company's response to the independent directors' opinions:
  - (1) Matters listed in Article 14-5 of the Securities and Exchange Act: The company has set up the Audit Committee, matters listed in Article 14-3 of the Securities and Exchange Act are included in Article 14-5 of the Securities and Exchange Act. Please refer to the resolutions by the Audit Committee for the relevant content.
  - (2) In addition to previous matters, other resolutions which were objected to or retained opinions and had a recorded or written statement by an independent director: The resolutions of the Board were adopted by all the attending directors

## Corporate Governance

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

Term	Content of the resolution	Director's name	Reasons for recusal	Situation of participation in voting
Jan. 13, 2022 The 6th meeting of the 11th term	The Bank's acquisition of the right-of-use assets of real estate property from related parties	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. (The directors Jeff Lin took a leave and didn't attend the meeting.) The other directors had no opinions and resolutions were adopted unanimously.
	Renewal of the lease contract on real estate property	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. (The directors Jeff Lin took a leave and didn't attend the meeting.) The other directors had no opinions and resolutions were adopted unanimously.
	Lease amendment	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. (The directors Jeff Lin took a leave and didn't attend the meeting.) The other directors had no opinions and resolutions were adopted unanimously.

## Corporate Governance

	Donation to Union Culture Foundation Union Finance & Leasing (Int'l) Corp. (a subsidiary of UBOT)	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. (The directors Jeff Lin took a leave and didn't attend the meeting.) The other directors had no opinions and resolutions were adopted unanimously.
Mar. 7, 2022 The 7th meeting of the 11th term	The plan of UBOT and OO company for the cooperation on credit card business	Jeff Lin (Temporary absence) , Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. (The directors Jeff Lin took a leave and didn't attend the meeting.) The other directors had no opinions and resolutions were adopted unanimously.
	Property rental	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
	Property rental	Jeff Lin, Guo-Zhang Li, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
	Property rental	Jeff Lin, Guo-Zhang Li, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and

## Corporate Governance

				resolutions were adopted unanimously.
May. 5, 2022 The 8th meeting of the 11th term	The Bank's reporting of cash flow forecasts to the competent authority	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
Aug. 22, 2022 The 10th meeting of the 11th term	Investment plan of the Bank's subsidiaries	Jeff Lin, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.

## Corporate Governance

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

Frequency	Period	Range	Method	Evaluation content
Internal evaluation - The evaluation of the previous year shall be conducted once a year in the first quarter. The Board of Directors shall be finished before the end of first quarter of the following year.	From 2022/1/1 to 2022/12/31	Performance evaluation for Board of Directors, individual Board members, and functional committees (Audit Committee and Remuneration Committee)	Self assessment for Board of Directors Self assessment for Board Members and functional committees	<p>1. Performance evaluation of the Board covers five major aspects in degree of participation in the Company's operation, enhancement of Board decision-making quality, composition and structure of the Board, election and continuous education of Directors, and internal control. There are 41 indicators in total.</p> <p>2. Self-assessment of the performance of Board members covers six major aspects in understanding of the Company's objectives and tasks, awareness of Directors' responsibilities, degree of participation in the Company's operation, operation and communication of internal relationship, professions and continuous education of Directors, and internal control. There are 23 indicators in total.</p> <p>3. Performance evaluation of functional committees covers five major aspects in degree of participation in the Company's operation, awareness of the duties and responsibilities of the functional committees, improvement of the decision-making quality of the functional committees, functional committee member composition and its selection, and internal control. There are 24 indicators for the Audit Committee and 21 indicators for the Remuneration Committee.</p>

## Corporate Governance

<p>Performance evaluation results:  The Bank has conducted evaluation of the performance of the Board, individual Directors, and the functional committees in 2022. The self-assessment of the Board and individual Directors achieved 95% of the indicators in average. The overall evaluation result was “Senior to the Standard”, which indicated that the Board has perform its duties of direction and supervision of the strategy, key operation and risk management of the Bank in due diligence. In the aspect of law and compliance, the Bank has established viable internal control system and performed the function in risk control and all the audit matters can be appropriately supervised. In addition, UBOT is positively engaged in ESG matters. The overall operation is sound and in conformity to the requirement of corporate governance. The evaluation of the performance of the Audit Committee, Remuneration Committee, and the Director Nomination Committee indicated achievement of 100%, 97%, and 94.7% for all indicators. The evaluation result was “Senior to Standard”. It is obvious that all the functional committees have performed their functions in compliance with applicable legal rules properly and can effectively enhance the function of the Board. This result can be served as reference for the Remuneration Committee in the adjustment of remuneration to individual Directors and the nomination of the Directors for a new term of office. The aforementioned evaluation result of Board performance has been reported to the 11th Board in its 14th session on March 13 2023 for record.</p>				
Frequency of evaluation	Period for evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
External evaluation - It shall be performed every three years.	In April 2022, the Bank appointed Taiwan Corporate Governance Association, an external professional independent organization and corporate juristic person, to evaluate the performance of the Board of Directors.	The Board of Directors has been evaluated from eight aspects, including its composition, instruction, authorization, supervision, communication, internal control and risk management, self-discipline, and other aspects such as Board of Directors meeting and support systems.	External professional independent institutions or external experts and scholars have been appointed to conduct performance evaluation. We have obtained a professional and objective evaluation report about the Bank owing to the review on the operation of the Bank's current Board of Directors and functional committees by a professional organization as well as the guidance given by and communication made with the evaluation committee members.	The Association has evaluated the Board of Directors from eight aspects, including its composition, instruction, authorization, supervision, communication, internal control and risk management, self-discipline, and other aspects such as Board of Directors meeting and support systems, and assessed the performance of the Bank's Board of Directors through open-ended questionnaires and on-site visits. [For the general comments, summary of recommendations and the Bank's improvement measures, please refer to the Bank's website / Corporate Governance Zone / Board of Directors and Functional Committees / Information about the Board of Directors / Results of the Performance Evaluation on the Board of Directors]

## Corporate Governance

### Results of External performance evaluation:

Taiwan Corporate Governance Association has conducted a performance evaluation on the Bank's Board of Directors, and given the following general comments: The Bank's emphasis on putting heads together during discussions in the Board of Directors meetings helps to improve the quality of resolutions, and the smooth communication between Board members and between directors and managers by different means (such as telephone and Line) effectively increases the efficiency of decision-making, which contributes to a good atmosphere in the Board of Directors' meetings. The Bank has a third-party whistleblowing platform responsible for supervision after complaints have been submitted and regular reporting of the results to the Board of Directors, and the current whistleblowing system functions well in practice. It is proposed that the Bank increase the seats and proportion of external directors in different professions in consideration of the Bank's future development needs and environmental challenges, so as to enhance the independence of the Board of Directors and the diversity of directors' professional abilities. In addition, it is proposed that the Bank review its performance evaluation system and indicators for the president and senior managerial officers at regular intervals to ensure their compliance with the Bank's business strategies, so as to maximize evaluation efficiency. The Bank shall also incorporate the development, training, and succession plans aimed at supervising senior managers into the organizational procedures of the Remuneration Committee, regularly review the implementation of the plans, and accordingly review senior managerial officers' salaries based on the implementation, which can effectively motivate the management team and promote sustainable development. The overall performance evaluation report of the Board of Directors has been submitted for review at the 11th meeting of the 11th term of Board of Directors on October 17, 2022. The Bank has listed relevant suggestions as plans to be prioritized for strengthening corporate governance, which have been completed with sustained efforts.

4. Execution situation assessment of measures taken to strengthen the functionality of the Board in the current year and recent years:
- (1) The Director Nomination Committee was established in January 2021 for the vitalization of corporate governance and fortification of the function of the Board of the Bank.
  - (2) The members of the "Director Nomination Committee" have been approved by the Board for establishment on January 27 2021. This functional committee shall proceed with performance evaluation in accordance with the "Regulations Governing the Evaluation of Board Performance". The Board of UBOT approved to introduce the "Director Nomination Committee Performance Evaluation Sheet" on October 4 2021.
  - (3) In April 2022, the Bank appointed Taiwan Corporate Governance Association, an external professional independent organization and corporate juristic person, to evaluate the performance of the Board of Directors.

## Corporate Governance

### (2) Audit Committee

The Audit Committee held 6 meetings (A) in 2022. The status of attendance was as follows:

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

Other supplementary notes:

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

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

	Content of the resolution	Opinion of Independent Director	Date/Term of Meeting of Board of Directors	Resolution results and further handling
Jan. 13, 2022 The 5th meeting of the 3th term	1. Amendment to the “Standard Operation Procedure for Internal Control of Securities Dealers” for the proprietary trade of UBOT as securities dealer”.	Ling-Yu Fan, a Committee member: For the third point of the	Jan. 13, 2022 The 6th meeting of the 11th term	It was adopted unanimously by all the members of the Audit

## Corporate Governance

	<ol style="list-style-type: none"> <li>2. Amendment to the “Internal Control System of UBOT in engagement as Securities Dealership”.</li> <li>3. The Bank's acquisition of the right-of-use assets of real estate property from related parties.</li> <li>4. Renewal of the lease contract on real estate property.</li> <li>5. The “Amendment Agreement of the Lease Contract” made with real estate property lessor.</li> <li>6. Amendment to the “Policy for Anti-money Laundering and Counter-terrorism Financing of Union Bank of Taiwan Co., Ltd. and its subsidiaries”.</li> </ol>	<p>proposal in the left column, it is suggested that in addition to the designated department, relevant signing departments shall also assist in ensuring compliance with laws and regulations.</p>		<p>Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.</p>
<p>Mar. 7, 2022 The 6th meeting of the 3rd term</p>	<ol style="list-style-type: none"> <li>1. Amendment to the “Internal Control System of UBOT in engagement as Securities Dealership”.</li> <li>2. Renewal of the lease contract on and leasing of real estate property (three proposals in total)</li> <li>3. Amendment to some terms of the Bank's “Corporate Governance Best Practice Principles”.</li> <li>4. Amendment to the Bank's “Guidelines for Anti-money Laundering and Counter-terrorism Financing for Concurrent Operation of Insurance Agency Business”, “Signs of Suspected Money Laundering, Terrorism Financing, and Funding of the Proliferation of Weapons of Mass Destruction in Trading for Insurance Agency Business”, “Guidelines for Anti-money Laundering and Counter-terrorism Financing for Concurrent Operation of Futures Business”, “Signs of Suspected Money Laundering, Terrorism Financing, and Funding of the Proliferation of Weapons of Mass Destruction in Trading for Futures Introducing Broker Business”, and the Bank's “Policy on Assessment of the Risks of Money Laundering and Terrorism Financing and Formulation of Prevention Plans for Concurrent</li> </ol>	<p>No opinion</p>	<p>Mar. 7, 2022 The 7th meeting of the 11th term</p>	<p>It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.</p>

## Corporate Governance

	<p>Operation of Futures Business”.</p> <p>5. “Signing of the Statement of the Internal Control System for Anti-money Laundering and Counter-terrorism Financing”.</p> <p>6. “The evaluation results of the effectiveness of the Bank’s internal control system for 2021 and the proposed Statement of the Internal Control System that can be effectively implemented”.</p> <p>7. Amendment to the “Service Regulations of UBOT”.</p> <p>8. “Self-prepared Financial Statements and Business Report of UBOT in 2021 preliminarily audited by independent auditors”.</p> <p>9. “Proposal for Distribution of Earnings of UBOT in 2021”.</p> <p>10. “Proposal for capitalization of earnings for issuance of new shares in 2021”.</p> <p>11. “Proposal for capitalization of employee compensation for issuance of new shares in 2021”.</p> <p>12. “Renewal of appointment of Deloitte Taiwan as Independent Auditors for the Tax Audit and Financial Audit of UBOT in 2022 for declaration and related matters”.</p> <p>13. Amendment to the “Procedure for Acquisition or Disposal of Assets of UBOT”.</p>				
<p>May. 10, 2022 The 7th meeting of the 3rd term</p>	<p>1. Amendment to the “Internal Control System for Securities Dealer engagement in Futures Introducing Broker Business undertaken by UBOT”.</p> <p>2. Amendment to the “Internal Control System for UBOT’s Concurrent Operation of Insurance Agency Business”.</p> <p>3. The Bank’s reporting of cash flow forecasts to the competent authority.</p> <p>4. “Capital Increase of the Bank’s reinvestment company after cash capital reduction”.</p> <p>5. “Capital Increase of the Bank’s reinvestment company”.</p>	No opinion	<p>May. 10, 2022 The 8th meeting of the 11th term</p>	<p>It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.</p>	

## Corporate Governance

	<p>6. Amendment to the “Policy for Anti-money Laundering and Counter-terrorism Financing of Union Bank of Taiwan Co., Ltd. and its subsidiaries”.</p> <p>7. “Amendment to the Bank's Internal Audit Plan of 2020 with a comparison table attached”.</p> <p>8. “The Bank's plan to replace independent auditors from the second quarter of 2022 and the evaluation of the independence of the independent auditors to be appointed”.</p>				
<p>Jun. 20, 2022 The 8th meeting of the 3rd term</p>	<p>1. “Report on the Evaluation of Anti-money Laundering and Counter-terrorism Financing Risks in the Insurance Agency Business of UBOT”.</p> <p>2. “Formulation of the Risk Prevention Program based on the evaluation results of the Bank's anti-money laundering and counter-terrorism financing risks”.</p>	No opinion	<p>Jun. 20, 2022 The 9th meeting of the 11th term</p>	<p>It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.</p>	
<p>Aug. 22, 2022 The 9th meeting of the 3rd term</p>	<p>1. Amendment to the “Standard Operation Procedure for Internal Control of Securities Dealers” for the proprietary trade of UBOT as securities dealer”.</p> <p>2. Amendment to the “internal control system of the Bank’s concurrent operation of securities firms in the broker business introducing futures”.</p> <p>3. Amendment to the “System and Procedures for Handling Solicitation in UBOT’s Concurrent Operation of Insurance Agency Business”.</p> <p>4. “Proposed participation of the Bank's subsidiaries in the joint development and investment programs”.</p> <p>5. “Presentation of the Parent Company Only and Consolidated Financial Statements of UBOT for the First Half of 2022”.</p>	No opinion	<p>Aug. 22, 2022 The 10th meeting of the 11th term</p>	<p>It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.</p>	

## Corporate Governance

Nov. 7, 2022 The 10th meeting of the 3rd term	<ol style="list-style-type: none"> <li>1. Amendment to the “internal control system of the Bank’s concurrent operation of securities firms in the broker business introducing futures”.</li> <li>2. Amendment to the “Guidelines for Product Suitability and KYC and Guidelines for Protection of TMU Customers’ Interests” attached to the “Procedures for Derivatives Transaction Undertaken by UBOT”.</li> <li>3. “Presenting the 2023 Annual Audit Plan for UBOT and the 2023 Internal Audit Plan and Declaration of the implementation of the plan for the securities dealer and futures introducing broker business undertaken by UBOT.”</li> </ol>	No opinion	Nov. 7, 2022 The 12th meeting of the 11th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.
--	---	------------	---	--

(2) In addition to the preceding items, any resolution that has not been approved with the consent of the audit committee members but approved with the consent of two-thirds or more of all directors: None.

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

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

The Audit committee held 6 meetings in 2022, and the main issues that were audited included:

- A. Establishment or amendment to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
  - B. Assessment of the effectiveness of the internal control system.
  - C. Establishment or amendment to the procedures for the acquisition or disposal of assets, engagement in derivative trade, loaning of funds to a third party, endorsement and guarantee in favor of a third party or other acts of financial and business significance pursuant to Article 36-1 of the Securities and Exchange Act.
  - D. Issues involving the private interest of the Directors
  - E. Transactions with related parties required for review under law.
  - F. Significant transaction of assets or derivative trade.
  - G. Offering, issuance or private placement of equity securities.
  - H. The appointment, dismissal or remuneration to the CPAs in the capacity of Independent Auditors
  - I. The appointment and dismissal of chief financial officer, chief accounting officer and chief internal auditor.
  - J. The annual financial report requiring the signatures or seals of the Chairman, Manager, and chief accounting officer and the financial report of Q2 pending on the audit of the CPAs.
  - K. Other materiality as required by the Company or the competent authority.
2. Execution status of directors, avoidance on motions with conflict of interests. The names of directors, the content of the motion, the reasons of avoidance, and the voting participation status should be clearly stated:
  3. Communication between independent directors and auditors:
    - (1) Communication between independent internal directors and auditors:

## Corporate Governance

The Chief Auditor is involved in all Board of Directors meetings and Audit Committee meetings, and reports regularly to the Audit Committee on the progress of ongoing audits. Before the end of the financial year, the internal audit department would submit in writing the next year's audit plan for review by the Audit Committee. Furthermore, internal auditors engage independent directors in half-yearly meetings to present internal audit reports and to discuss any weaknesses found in the internal control system.

Date	Points of communication	Situation of implementation
Mar. 7, 2022	Audit department work report in the second half of 2021, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.
Mar. 7, 2022	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.
Aug. 22, 2022	Audit department work report in the first half of 2022, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.
Aug. 22, 2022	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.
Nov. 7, 2022	Internal audit plan for 2023	1. The resolutions were adopted unanimously. 2. Submitted to the Board of Directors for resolution.
Mar. 13, 2023	Audit department work report in the second half of 2022, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.
Mar. 13, 2023	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.

## Corporate Governance

Date	Points of communication	Situation of implementation
Mar.7 , 2022	The independent auditors explained the audit results of the financial statements for 2021, and communicated with the Bank on financial and business issues.	The Bank invited the CPAs with the Bank's internal audit head and independent directors to explain and engage in two-way communication on the Bank's finance and business at the 6th meeting of the 3rd Audit Committee, and completed the review of the financial statements.
Aug. 22, 2022	The Independent Auditors explained the audit findings from the 2022 financial statements and the adjustments, and engaged in two-way communication with UBOT on the influence of LIBOR conversion in 2022 on financial reporting of the Bank.	The Bank invited the CPAs with the Bank's internal audit head and independent directors to explain and engage in two-way communication on the Bank's finance and business at the 9th meeting of the 3rd Audit Committee, and completed the review of the financial statements.

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

## Corporate Governance

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

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
1. The Bank's shareholder structure and shareholder equity				
(1) Way in which the Bank defines any internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and to implement the procedure.	V		(1) According to the Bank's Corporate Governance Best-Practice Principles, the Bank has delegated the spokesman and deputy spokesman and established an email box to take care of the suggestions, questions and disputes from shareholders. A dispute, if any, will be handed over to the Bank's legal counsel. The way to contact said spokesman is disclosed in the "investor relations" on the Bank's website and on the cover page of the Bank's annual report. Meanwhile, the Bank has also established the e-Service Center responsible for answering to and processing of the questions raised by customers via phone, processing of customers' complaints and opinions, and follow-up on various assignments. Therefore, the inquiries about the Bank's business and shareholders' suggestions or disputes may be referred to the related units by customer service attendants, if necessary.	No material discrepancy
(2) Ways in which the Bank regularly monitors the list of key shareholders who have management control of the Bank, or those who have ultimate control of key shareholders.	V		(2) In accordance with the related legal rules, the main shareholders of the Bank should report their shareholding situation monthly to the Bank, the related legal rules and forms are also disclosed on the website of the Bank.	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
(3) Whether the bank has established and implemented risk control and firewall mechanisms with affiliated enterprises	V		(3) The 4th meeting of the 10th Board of Directors passed the “Rules for Board Performance Evaluation” on November 7, 2018. The Board of Directors and functional committees shall perform at least one annual internal evaluation on the performance of the Board of Directors, members of the Board, the Audit Committee, and the Remuneration Committee. The internal and external performance evaluations of the Board of Directors shall be completed before the end of the first quarter in the following year. The “Board Performance Evaluation Form” shall be completed by the Board’s Secretarial Department based on the evaluation results of "Board Member Self Assessment Questionnaire" and actual execution. The evaluation report shall be submitted to the Board for review and improvement.	No material discrepancy
2. Composition and responsibilities of Board of Directors: (1) Does the Board of Directors make diversifying guidelines for member composition and implement them precisely?	V		(1) A. The Bank formulated the “Principles Governing Corporate Governance Practices of Banks”, in which diversifying guidelines were made in Chapter 4, “Strengthening the functions of the Board of Directors”. The Board of Directors of the Bank approved the establishment of the Director Nomination Committee on January 27, 2021 Responsible for nominating director candidates, reviewing qualifications, and evaluating the independence of independent directors. In addition to evaluating the educational experience and qualifications of each candidate, it also refers to the opinions of stakeholders, and abides by the "Director Selection Procedures" and "Corporate Governance Code of Practice", and Ensure the diversity and independence of directors.  B. The policy of board member diversification is disclosed on the Bank’s website and Market Observation Post System.	No material discrepancy
(2) Whether the Bank, in addition to establishing the remuneration committee and audit committee pursuant to laws, is willing to establish any other functional committees	V		(2) 1 The Bank has set up a Remuneration Committee according to regulations and the Bank’s Article of Incorporation in 19th Meeting of 7th Board of Directors on August 24,	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
voluntarily?	V		<p>2011 and formulated “Regulations Governing the Organization of Remuneration Committee” for compliance.</p> <p>2 The Audit Committee was assembled in accordance with law and the Company’s Articles of Incorporation during the 1st extraordinary meeting of the 9th board of directors held on June 26, 2015. A set of “Audit Committee Foundation Rules” has been implemented for guidance.</p> <p>3 The Bank’s Board of Directors approved the “establishment of a Director Nomination Committee” on January 27, 2021 with the Director Nomination Committee Charter formulated for compliance. The main responsibility of the committee is to nominate and review director candidates and review their qualifications, while assessing the independence of independent directors and devising directors’ training plans.</p> <p>4. In addition, to strengthen the management mechanism, the Bank’s “Asset and Liability Management Committee”, “Automated Operation Committee”, “Investment and Credit Review Committee”, “Overdue Credit, Collection, and Bad Debt Clearance Committee”, “Trust Property Review Committee”, “Personnel Appraisal Committee”, “Corporate Social Responsibility Committee”, and "Fair Treatment of Consumers Management Committee" will have their resolutions reported to corresponding levels of approval based on the approval hierarchy.</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
(3) Has the listed/OTC bank established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for Directors' remuneration and renewal?	V		(3) The Bank has formulated the "Rules of the Performance Evaluation of the Board of Directors", which has been approved by the Board of Directors. It is stipulated that the internal performance evaluation of the overall operation of the Board of Directors, functional committees, and individual directors shall be implemented at least once a year while an external professional independent institution or an external team of experts and scholars shall perform external evaluation at least once every three years. The results of the internal and external performance evaluation of the Board of Directors shall be completed before the end of the first quarter of the following year and reported to the audit committee and the Board of Directors. The "Board Performance Evaluation Form" shall be completed by the Board's Secretarial Department based on the evaluation results of "Board Member Self Assessment Questionnaire" and actual execution. The evaluation report shall be submitted to the Board for review and improvement.	No material discrepancy
(4) Regular evaluation of external auditors' independence.	V		(4) The Bank evaluates the independence of the CPA each year in accordance with the CPA Standard of Professional Ethics and Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and submits the evaluation result to the Board of Directors for review. A. The CPA never holds the position of director/supervisor or manager of the Bank, or the position likely to render significant influence on the Bank. B. The CPA does not have any direct or significantly indirect financial interest with the Bank. C. The CPA never acts as the Bank's independent auditor for seven years. The Statement of Independence has been issued by the CPA. Upon evaluation, the independent auditor retained by the Bank is held meeting the independence requirements under the corporate governance.	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons										
	Yes	No	Memo											
3. If the bank set up appropriate corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to board meetings and shareholders meetings according to laws, handling corporate registration and amendment registration, producing minutes of board meetings and shareholders meetings, etc.)?	V		<p>1. The Bank has set up the Board of Director Conference Service Division, which belongs to the Board of Directors and take charge of board meetings.</p> <p>2. The Bank's Business Planning &amp; Administration Dept. is the responsible unit for business related to corporate governance. It is supervised by the senior executive vice president in the department, which has at least three years of management experience related to legal affairs, financial or shareholders service in public companies. The corporate governance affairs mentioned above include providing directors with the data needed in executing business, assisting directors in legal compliance, preparing for board meetings in accordance with regulations.</p> <p>3. The execution process in 2022</p> <p>(1) Company amendment registration</p> <p>(2) Prepared the matters related to board meetings in accordance with the regulations.</p> <p>(3) Registered the shareholders' meetings date in advance in accordance with the regulations, prepared meeting notices, meeting handbook and memorandum within the required time period.</p> <p>(4) Assisted the Bank in adhering to laws related to the Board of Directors and shareholders' meetings.</p> <p>(5) Provided directors with the data needed in executing business.</p> <p>(6) Conduct annual director performance evaluation.</p> <p>(7) Amendment to Articles of Incorporation.</p> <p>(8) Amendment to corporate governance related rules such as the Rules and Procedures of Board of Directors Meetings and Corporate Governance Best Practice Principles ◦ Status of further studies for corporate governance managers:</p> <table border="1"> <thead> <tr> <th>Date of further studies</th> <th>Organizer</th> <th>Name of course</th> <th>Further studies hours</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>Jun. 27, 2022</td> <td>Taiwan Academy Banking &amp; Finance</td> <td>Operational Training and Corporate Governance</td> <td>3.0</td> <td>12</td> </tr> </tbody> </table>	Date of further studies	Organizer	Name of course	Further studies hours	Total hours	Jun. 27, 2022	Taiwan Academy Banking & Finance	Operational Training and Corporate Governance	3.0	12	No material discrepancy.
Date of further studies	Organizer	Name of course	Further studies hours	Total hours										
Jun. 27, 2022	Taiwan Academy Banking & Finance	Operational Training and Corporate Governance	3.0	12										

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons																				
	Yes	No	Memo																					
			<table border="1"> <tr> <td></td> <td></td> <td>Class for Board of Directors and Supervisory Committee (international sustainable and financial development trends)</td> <td></td> <td></td> </tr> <tr> <td>Jul 5, 2022</td> <td>Taiwan Academy of Banking and Finance</td> <td>Corporate Governance Seminar (handling of public relations crisis and the response mechanism) (North Taiwan)</td> <td>3.0</td> <td></td> </tr> <tr> <td>Sep 21, 2022</td> <td>Taiwan Academy of Banking and Finance</td> <td>Corporate Governance Seminar (Rules of Procedures for Board of Directors Meetings and Shareholders' Meetings) (North Taiwan)</td> <td>3.0</td> <td></td> </tr> <tr> <td>Dec. 5, 2022</td> <td>Taiwan Academy of Banking and Finance</td> <td>Operational Training and Corporate Governance Class for Board of Directors and Supervisory Committee (trend and development of the value-adding application of financial credit data)</td> <td>3.0</td> <td></td> </tr> </table>			Class for Board of Directors and Supervisory Committee (international sustainable and financial development trends)			Jul 5, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Seminar (handling of public relations crisis and the response mechanism) (North Taiwan)	3.0		Sep 21, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Seminar (Rules of Procedures for Board of Directors Meetings and Shareholders' Meetings) (North Taiwan)	3.0		Dec. 5, 2022	Taiwan Academy of Banking and Finance	Operational Training and Corporate Governance Class for Board of Directors and Supervisory Committee (trend and development of the value-adding application of financial credit data)	3.0		
		Class for Board of Directors and Supervisory Committee (international sustainable and financial development trends)																						
Jul 5, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Seminar (handling of public relations crisis and the response mechanism) (North Taiwan)	3.0																					
Sep 21, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Seminar (Rules of Procedures for Board of Directors Meetings and Shareholders' Meetings) (North Taiwan)	3.0																					
Dec. 5, 2022	Taiwan Academy of Banking and Finance	Operational Training and Corporate Governance Class for Board of Directors and Supervisory Committee (trend and development of the value-adding application of financial credit data)	3.0																					

## Corporate Governance

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

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
of risk management policies and risk evaluation measures, implementation of customer protection policies, purchasing liability insurance for directors and supervisors, and donate to political parties, related parties and charitable foundations):			<p>The Bank has also put in place the “Criteria for Prevention, Reporting and Punishment of Sexual Harassment Incidences” to ensure equal employment opportunities and human dignity.</p> <p>2. Investor relations: The Bank has set up an investor’s relationship window for a smooth communication channel.</p> <p>3. Any transaction between the Bank and our stakeholders are carried out treated in accordance with the “Operational Standards for Non-Credit Transactions Between Union Bank of Taiwan and Related Parties” and relevant regulations governing credit transactions.</p> <p>4. Directors and Supervisors’ training records: the Bank’s directors and supervisors have taken related trainings of practical operation and company governance. The record may be accessed on the Market Observation Post System (<a href="http://newmops.tse.com.tw">http://newmops.tse.com.tw</a>) and is included in the annual report.</p> <p>5. Risk management policy and execution of the risk evaluation standards: The Bank has put in place a Risk Management Policy, established necessary risk management system and standard to effectively manage risks. (Qualitative and quantitative information for assessing the various risks.).</p> <p>6. The implementation of customer protection policies: Customers may offer comments or lodge complaints on the website or via the hotline for complaints and suggestions. The Bank’s responsible department will re-direct the issues to the relevant department for handling and follow-up. The Bank has also put in place the “Criteria and Operational Regulations Governing the Management of Suspected Illegal or Abnormal Deposit Account” and the “Organization of the Customer Dispute Processing Team &amp; Procedures for Handling Customer Disputes” to protect the rights of customers. Take the initiative to care and effectively remind customers to prevent the suffering of loss from being cheated.</p> <p>7. The status of the Bank taking out director liability insurance: The Bank has contacted MSIG Mintai Insurance Co., Ltd. in Nov., 2022 to buy director liability insurance for directors.</p> <p>8. Donation to political parties, stakeholders, and charitable foundations: (1) In March, the Bank donated 10 million NT\$ for emergency relief</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			<p>and medical assistance, in response to the government's call for the "2022 International Aid Project for Ukraine".</p> <p>(2) In April, the Bank held a children's drawing contest "Let Me Draw My Mommy" and financed the special account for local education funds of the "Nantou County Government" according to the number of participants in the contest, to subsidize nutritious lunches for school children in rural areas.</p> <p>(3) In August, the Bank donated to the Children Are Us Foundation to hold an annual public performance and purchased handmade lunch boxes.</p> <p>(4) In December, the Bank collaborated with Kaohsiung Rapid Transit Company in the hope of creating a safe riding environment, and purchased and donated a total of 27 AEDs, a type of emergency rescue equipment, for stations along the Red Line of KRTC.</p> <p>(5) UBOT and Union Culture Foundation jointly unveiled the charity donation platform of "Well-Being Together". The funds raised will be donated to the "Puzangalan Children's Choir", the "Long-Yan-Lin welfare association at Zhongliu Village of Nantou County", the Children Are Us Foundation, the "Service Station for the Elderly and Children at Xuhai Elementary School in Moudan Aboriginal Tribe at Moudan Township of Pingtung County", "Kitchen for the Elderly in Tounan Township Community Development Association of Yunlin County", and other public welfare and disadvantaged groups.</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
7.				<p>Explain the state of rectification addressing to the Corporate Governance Evaluation Result released by Taiwan Stock Exchange Corporation Corporate Governance Center in the previous period, and issues pending on further corrective action and issues required rectification at top priority and the measures to be taken: UBOT was rated among 6-20% in the 9th Corporate Governance Evaluation in 2021 announced by Taiwan Stock Exchange Corporation. For fortifying corporate governance, UBOT reviews the indicators with no score given under the 9th Corporate Governance Evaluation and takes immediate corrective actions, such as strengthening the audit committee's supervision function on the Company's financial statements.</p>

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

A. Members of Salary and Remuneration Committee of the Bank

As of December 31, 2022

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

## Corporate Governance

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

## Corporate Governance

Independent Director	Tzung-Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the Examination Board at Examination Yuan, visiting scholar at Manchester University in the UK, professor of mechanical and electrical engineering at Tamkang University.	<p>an equivalent position of the Bank and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>5. A director (or governor), supervisor, managerial officers, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Bank.</p> <p>6. A professional individual who, or an owner, partner, director (or governor), supervisor, or managerial officer's spouse of a professional, sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p>	0
----------------------	----------------	--	--	---

## Corporate Governance

Director	Wen-Ming Li	Specialized in leadership and administrative management. Major experience includes professional staff at Formosa Chemicals & Fiber Corporation, senior professional staff at Union Construction Enterprise Co., Ltd., Executive Director of Cosmos International Money Brokers Limited.	<ol style="list-style-type: none"> <li>1. Not an employee of the Bank.</li> <li>2. Not a spouse or relative within the second degree of kinship of any other director.</li> <li>3. Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.</li> </ol>	0
----------	-------------	---	--	---

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

- a. There are three people in the Salary and Remuneration Committee of the Bank.
- b. The term of commissioner: 2021.07.20 to 2024.07.19 Salary and Remuneration Committee of the Bank held 2 meetings in 2022 The status of attendance was as follows:

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

#### Other Necessary Notes:

1. With the attention of kind managers, the committee should perform the following duties faithfully and be responsible to the board of directors, and submit the recommendations to the board of directors for discussion:
  - (1) Formulate and regularly review the policies, systems, standards and structure of directors and managers' performance evaluation and salary and remuneration.
  - (2) Regularly evaluate and determine the remuneration of directors and managers.
2. Salary and compensation committee's resolutions and bank's response toward the opinions of compensation and compensation committee:

Term	Subject for Discussion	Resolution	The handling of Bank toward Remuneration Committee opinions.

## Corporate Governance

2022.01.11 The 2nd meeting of the 5th Committee	2021 Performance Bonus	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
2022.06.13 The 3rd meeting of the 5th Committee	Evaluation of Directors' remuneration and attendance fee	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
	Evaluate Managers' remuneration	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
	Directors' and managers' remuneration for the year of 2021	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
<p>3. Board of director decline to adopt or require to modify recommendations of the remuneration committee: None.</p> <p>4. Resolutions of the remuneration committee to which a member or members of the committee has or have expressed dissents or reservations which were recorded or made in writing: None.</p>			

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

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

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

## Corporate Governance

The function of the committee:

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

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

- (1) The Director Nomination Committee of the Company is consisted of 3 members.
- (2) The tenure of the members for this term of the Committee started on July 20 2021 and expires on July 19 2024. The Director Nomination Committee convened once (A) in 2022. The professional designation and experience, attendance to the sessions of the Committee, and the motions for discussion are specified below:

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

Note :

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

Term	Points of discussion	Resolution	Response of UBOT to the opinions of the Remuneration Committee
2022.02.23 2 <sup>nd</sup> session of the 1 <sup>st</sup> term	Draw up 2022 annual training plan of Board of Directors.	The Presiding Officer inquired all members in session for opinion. All members in session acted in favor of the motion as stated at common consent. The resolution was referred to the Board for final approval.	The Presiding Officer inquired all members in session for opinion on referring to the Board. All members in session acted in favor of the motion as stated at common consent.

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

## Corporate Governance

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

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

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>convenes with flexibility where necessary. This Committee is responsible for the review and approval or the annual objectives and action plans in all aspects, tracking the pursuit of sustainable development, review of the result, and decision or reference filing of all other matters pertinent to sustainable development. In 2022, the Committee convened to approve the result of the 2021 plan, and the action plans and objectives in all aspects for 2022.</p> <p>The Sustainable Development Committee reports to the Board on the progress of sustainable development at regular intervals of the year (at least once a year). The Board shall review the result of the pursuit of sustainable development of the management team and review the feasibility of all plans with timely recommendation for assuring the inclusion of environmental, social and corporate governance factors in the management policy and business activities of the Bank while pursuing sustainable development in operation and profit.</p>	
2. Did UBOT assess the environmental, social, and corporate governance risks pertinent to its operation under the principle of materiality, and map out related risk management policies or strategies?	√		<p>1. The information disclosed covers the performance of UBOT in sustainable development in 2022 (from January 1 2022 to December 31 2022). The boundary of risk assessment confines to scope of operation and services provided by UBOT and its subsidiaries in Taiwan.</p> <p>2. Each group of the Sustainable Development Committee conducted analysis under the principle of materiality and engaged in communication with the stakeholders through different channels and platforms for collection of opinions with</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons						
	Yes	No	Memo (Note 2)							
			<p>reference to the domestic and overseas financial environment, industry outlook, strategic development, government policy, industry practice and the opinions from external consultants and experts to assess the ESG issues of materiality, and to effectively identify, assess, and control all risks, and formulated corresponding management measures and objectives as follows:</p> <table border="1"> <thead> <tr> <th>Materiality Issues</th> <th>Risk assessment items</th> <th>Explain</th> </tr> </thead> <tbody> <tr> <td>Corporate Governance</td> <td>Operation performance and shareholders equity</td> <td> <p>1. Prepare the Company's annual report regularly as well as quarterly financial reports, publish monthly operation performance, and disclose major information on the Company's website and MOPS for inquiry.</p> <p>2. Hold regular shareholders' meetings and legal person conferences every year to provide smooth two-way communication channels.</p> <p>3. Set up an investor relationship management desk to properly handle shareholders' suggestions and doubts as well as</p> </td> </tr> </tbody> </table>	Materiality Issues	Risk assessment items	Explain	Corporate Governance	Operation performance and shareholders equity	<p>1. Prepare the Company's annual report regularly as well as quarterly financial reports, publish monthly operation performance, and disclose major information on the Company's website and MOPS for inquiry.</p> <p>2. Hold regular shareholders' meetings and legal person conferences every year to provide smooth two-way communication channels.</p> <p>3. Set up an investor relationship management desk to properly handle shareholders' suggestions and doubts as well as</p>	
Materiality Issues	Risk assessment items	Explain								
Corporate Governance	Operation performance and shareholders equity	<p>1. Prepare the Company's annual report regularly as well as quarterly financial reports, publish monthly operation performance, and disclose major information on the Company's website and MOPS for inquiry.</p> <p>2. Hold regular shareholders' meetings and legal person conferences every year to provide smooth two-way communication channels.</p> <p>3. Set up an investor relationship management desk to properly handle shareholders' suggestions and doubts as well as</p>								

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			any disputes among them.	
			<p>Law and compliance, Internal Audit</p> <p>1. The Legal Affairs Section and Compliance Section of the Law and Compliance Department at UBOT are the function for assuring compliance with applicable laws at UBOT. The Chief Compliance Officer at the corporate headquarters and the staff of the department are responsible for the planning, management, and enforcement of the compliance system at UBOT in joint effort.</p> <p>2. The corporate headquarters and the branches have appointed qualified personnel under law as compliance officers charged with matters in law and compliance.</p> <p>3. The law and compliance policy of UBOT currently</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>in effect was designed under the supervision of the competent authority, including prior planning, monitoring and control in the course of pursuit, and verification in the aftermath. All banking staff are reinforced with the notion of law abiding through education, training, and promotion.</p> <p>4. An internal audit body and general audit system were established under the direct supervision of the Board. This body administers the internal audits of the Bank, maps out audit plans, and conducts general audits and special audits at regular intervals.</p>	
			<p>Society Customer privacy and right</p> <p>1. The purpose of collection, the manner of using customer information and the exercise of related rights are explicitly stated at the notification documents for informing the customers voluntarily and</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>base on the free will of the customers.</p> <p>2. UBOT has established effective rules and regulations for the protection of personal information, and the Personal Information Management Committee as the organization for managing personal information system across the departments. This committee review matters pertinent to the protection of personal information at UBOT at regular intervals, and intensify the management in collaboration with the information security team of UBOT for assuring safety of all files containing personal information.</p>	

## Corporate Governance

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

## Corporate Governance

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

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>real estate collateral, customer operation or income.</p> <p>B. Transformation risks: the Bank's costs in carbon reduction and compliance in accordance with policies and regulations and risks posed by customers' response to carbon reduction and sustainable transformation.</p> <p>2. Climate change opportunities:</p> <p>A. Improve the energy efficiency of service sites: reduce operating costs by replacing old energy-consuming products, adopting energy-saving and power-saving products, and promoting energy-saving measures.</p> <p>B. Promote online and paperless services: promote electronic transactions and online services to improve operational performance and benefit from paperless service, so as to reduce operating costs.</p> <p>C. Launch low-carbon financial products or services: increase consumers' favorability toward the Bank's</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>brands by developing and promoting low-carbon products and services, which will increase overall profits.</p> <p>D. Launch green loans and invest in relevant products: provide green loans, invest in green bonds, and encourage enterprises to take actions for sustainable development, to increase the Bank's operating revenue.</p> <p>E. Support energy-saving initiatives and plans: corporate image is the intangible asset of a company. If the Bank works jointly with customers and neighboring stores to support energy-saving initiatives and cut energy expenses, it will positively impact the Company's finance.</p> <p>3. Evaluation results and countermeasures for climate-related issues:</p> <p>A. Physical risks:</p> <ul style="list-style-type: none"> <li>●The Bank has established a backup mechanism for core information equipment, electricity and networks and formulated guidelines for disaster emergency response. The business units shall</li> </ul>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>regularly organize safety protection education, training and drills, and make improvements based on reviews. In addition, they shall buy insurance to cover financial losses that may be caused by extreme climate disasters, evaluate the implementation of the control plans through self-evaluation on operational risk control, and develop additional action plans if necessary.</p> <p>●Those items which are vulnerable to wind, water, drought or geological effects as specified in the appraisal standards for real estate collateral shall be included in the matters that should be paid attention to.</p> <p>●Pay attention to the customer's operating or financial position, continue to strengthen due diligence and control measures for customers, assist customers who have suffered from natural disasters in recovery and reconstruction, and provide funds for recovery after disasters.</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>B. Transformation risks:</p> <ul style="list-style-type: none"> <li>● Set relevant energy-saving goals and prioritize purchasing energy-saving equipment with energy-saving marks, water-saving marks, green building material marks and environmental protection marks, participate in the “Plan for Demonstration and Promotion of Energy Management System in Service Industry” initiated by the Ministry of Economic Affairs, and evaluate the implementation of control plans through self-evaluation on operational risk control and develop additional action plans if necessary.</li> <li>● Pay attention to the customer's operating or financial position, continue to strengthen due diligence and control measures for customers, stay focused on issuance of relevant regulations, and provide customers with working capital in a timely manner to assist them in low-carbon transformation.</li> </ul> <p>C. Climate opportunities:</p> <ul style="list-style-type: none"> <li>● Substitute LED bulbs for old ones, replace old air conditioners,</li> </ul>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>participate in the “Plan for Demonstration and Promotion of Energy Management System in Service Industry” initiated by the Ministry of Economic Affairs, control the temperature set for indoor air conditioners in summer, promote energy-saving and power-saving measures, and renovate the buildings with the utilization rate of green building materials exceeding 45%.</p> <p>●Provide digital deposit accounts and online loan application services, promote electronic bills and policies, and optimize internal operating procedures, to realize energy conservation and carbon reduction.</p> <p>●Issue green credit cards made from environmentally friendly materials and virtual cards, encourage customers to practice green consumption through the Bank’s official website, and launch funds related to ESG or low-carbon goals to meet investors’ needs.</p> <p>●Provide green credit (including renewable</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>energy loans, green building loans, electric (petrol-electric) vehicle loans, etc.), and invest in green bonds, perpetual bonds, and solar power plants.</p> <p>● Respond to the global “Earth Hour”, “Earth Day”, “World Environment Day”, and other energy-saving initiatives, and participate in the "Green Procurement by Private Enterprises and Organizations" organized by the Executive Yuan, to enhance the corporate image.</p>	
(4) Does the Bank collect data for greenhouse gas emissions, water usage and total weight of waste in the past two years, and set energy conservation, carbon reduction, greenhouse gas emissions reduction, water usage reduction and other waste management policies?			<p>(4)</p> <p>1. The Bank has formulated the "Energy and Environmental Management Policy", with the following goals for greenhouse gas reduction (sources of input electricity emissions): With 2020 being the base year, the annual carbon reduction will be 1% in the first five years starting from 2021, and carbon emissions will be reduced by 17.5% in total by 2050. And the Bank will work to achieve “net zero carbon emissions” by 2050 as its ultimate goal.</p> <p>2. A. The Bank’s water consumption: In 2021 was 82,526 m<sup>3</sup>/ In 2022 was</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>64,454 m3.</p> <p>B. The total weight of waste produced by the Bank in 2021 was 173.5 metric tons. The total weight of waste produced by the Bank in 2022 was 155.9 metric tons.</p> <p>3. The buildings harboring the corporate headquarters, Chungshan Branch, Taoying Branch, Minquan Branch, and Lingya Branch have received the ISO14064 greenhouse gas inspection since 2021 and have been certified (valid from January 1 to December 31, 2021). The inspection for 2022 was certified by an external institution in 2023. In 2021, the Bank's direct greenhouse gas emissions amounted to 47.1676 metric tons of carbon dioxide equivalent, and the indirect greenhouse gas emissions amounted to 994.8738 metric tons of carbon dioxide equivalent.</p> <p>4. In 2022, the Bank's indirect greenhouse gas emissions amounted to 4347.746 metric tons of carbon dioxide equivalent (converted from the amount of electricity (kWh).</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
<p>4. Preserving Public Welfare</p> <p>(1) Whether the Bank has established the related management policies and procedures in accordance with the relevant laws and international human right conventions?</p>	V		<p>(1) UBOT recognizes and support the spirit and fundamental principles of the UN “Universal Declaration of Human Rights, “Global Impact”, “International Labour Convention” and other international human rights conventions for the protection of human rights, and established its “Human Right Policy” for the respect and obligation of protecting human rights for the realization of the aforementioned declarations. UBOT seeks to perform its corporate social responsibility to its entirety through the protection of human right at workplace, health and safety at workplace, labor-management relation, protection of personal information, and information security for the protection of the fundamental human right of all staff, customers, and stakeholders.</p>	No material discrepancy
<p>(2) Has the Bank established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?</p>	V		<p>(2) The Bank’s “Guidelines for payroll under personnel management regulations” have defined the standards about granting of salary, allowance, compensation and bonuses. In addition, the Bank has enacted the “Criteria for handling employee merit and disciplinary incidents”. The Bank regularly conducts promotion and salary adjustment to provide reasonable remuneration. In</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>order to promote family care welfare and comply with the Labor Standards Act, we have established menstrual leave, pregnancy check-up leave, maternity leave, paternity leave, and miscarriage leave. The Company established an employee welfare committee to provide holiday bonuses, marriage, funeral, maternity and material natural disaster payments. Where there is a profit in the Bank's annual final accounts, the Board of Directors will consider the operating performance of the current year, issue year-end and performance bonuses, and distribute employee compensation (1% to 5% of the profit) to employees. From 2021, the Bank set up an employee stock ownership trust, and qualified employees can join freely to achieve the purposes of long-term savings, wealth accumulation, and ensuring a stable life in the future.</p>	

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
(3) Whether the Bank has provided safe and healthful work environments and training on safety and health for employees on a regular basis?	V		<p>(3) UBOT provides a safe and health work environment for its employees, and provides on-the-job training on topics of occupational health and safety for the employees at regular intervals as required by the competent authority.</p> <p>1. UBOT conducts inspection on the safety of power use, lighting intensity and indoor air quality on all its facilities twice a year for providing a safe and healthy work environment for the employees. UBOT also provides training on occupational safety and health for the new employees, for existing employees, training for personnel in charge of occupational safety, and first-aid staff as required by the competent authority.</p> <p>2. In 2022, there were 33 cases of occupational hazards occurred involving 33 persons or 0.84% of the total employee population. The main cause of the hazards is traffic accidents on the roads to work and from work. The occupational safety and health officers of the branches intensified the education on safety at morning meetings or through training on occupational safety to remind the employees on reducing driving speed and keeping distance in rainy weather, and duly observe traffic safety regulations. The Bank provides employees with safe and healthy work environment and performs labor safety &amp; health on-the-job education and training periodically.</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons												
	Yes	No	Memo (Note 2)													
(4) Whether the Bank has established some effective career development training plan for employees?	V		<p>(4) In responding to the rapid change in the financial environment, the corporate strategy of the Bank and the training of employees in career development, UBOT holds lectures, seminars, professional training programs and sending banking staff to receive training in finance and banking and corporate management from time to time in the year in accordance with the Regulations Governing Continuing Education of Employees and with reference to the career development planning of the employees for enriching them with the required professional knowledge and skills and developing into a full-seasoned talents in finance and banking services. UBOT has installed the E-learning platform for online learning and training. This platform makes available a wide array of digital learning programs online at the education section. Employees may access to the platform at time of their choosing voluntarily for upgrading their professional skills and capacity. Training of employees in career capacity is also carried out through job rotation.</p> <table border="1"> <thead> <tr> <th colspan="4">Continuing education in 2022</th> </tr> <tr> <th>Category of personnel</th> <th>Nature of the program</th> <th>Class</th> <th>Number of participants in training</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Continuing education in 2022				Category of personnel	Nature of the program	Class	Number of participants in training					No material discrepancy
Continuing education in 2022																
Category of personnel	Nature of the program	Class	Number of participants in training													

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons												
	Yes	No	Memo (Note 2)													
			<table border="1"> <tr> <td>New employees</td> <td>Orientation</td> <td>3</td> <td>223</td> </tr> <tr> <td>Employees of all functions</td> <td>Professional courses</td> <td>541</td> <td>42,598</td> </tr> <tr> <td>Newly appointed officer</td> <td>In charge of training</td> <td>16</td> <td>35</td> </tr> </table>	New employees	Orientation	3	223	Employees of all functions	Professional courses	541	42,598	Newly appointed officer	In charge of training	16	35	
New employees	Orientation	3	223													
Employees of all functions	Professional courses	541	42,598													
Newly appointed officer	In charge of training	16	35													
(5) Does the Bank's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?	V		<p>(5) The Bank thinks highly of protecting its customers, and has established a policy of treating customers fairly, so as to increase consumers' confidence in the Bank and ensure its sustainable development. The Bank has implemented a policy of treating customers fairly, and complied with the Financial Consumer Protection Act and related regulations. For the protection of consumers' interests, a "Consumer Dispute Resolution Policy" was formulated and passed during the 2nd meeting of the 9th board on August 26, 2015. The Bank also maintains a 24-hour, all-year-round customer service hotline. When a customer who has business with the Bank claims his rights has been damaged and has disputes over products or services, he or she may file a complaint through proper channels (e.g. telephone, mail, web message, or over the</p>	No material discrepancy												

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			counter at branches). All complaints will be handled in discretion according to the Bank's "Customer Complaint Handling Procedures," and followed up by dedicated department. The Bank will resolve every customer dispute in a fast and efficient manner, and perform statistical analyses on complaint cases to identify rooms for improvement and thereby prevent similar occurrences. A "Consumer Dispute Resolution Team" has also been assembled to resolve disputes arising from business between the Bank and clients that were unable to reach agreement in the hope of resolving the issue with satisfactory result.	
(6) Does the Bank set supplier management policy and request suppliers to comply with related standards on the topics of environmental protection, occupational safety and health or labor right, and their implementation status?	V		(6) 1. The Bank has established a supplier management policy and requires suppliers to follow this policy when interacting with the Bank. When signing contracts, they must sign a commitment letter for "compliance with corporate social responsibility, integrity management policies, and legal requirements to regulate goods and services suppliers" to promise to abide by the environmental protection laws, the Occupational Safety and Health Act, the Labor Standard Act, and other relevant laws and regulations in the process of product manufacturing and provision of services, while	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>paying attention to labor human rights and safety hazards in the work environment, taking measures to prevent hazards from occurring, and complying with the integrity management policy. There are provisions in the contract signed by each supplier that if the supplier violates the above-mentioned policy or has a significant impact on the environment and society, the Bank may terminate or revoke the contract at any time, to avoid business dealings with those who violate the Bank's corporate social responsibility policy.</p> <p>2. UBOT requires all suppliers to fill in the "Supplier Corporate Social Responsibility Self-Assessment Sheet" for understanding the suppliers in pursuing environmental protection, occupational safety and health, human rights of labor, and ethical corporate.</p>	
5. Does the Bank refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Bank? Has the said Report acquire 3rd party accreditation institution's verification or statement of assurance?	v		<p>The Bank's 2021 sustainability report was prepared in accordance with the GRI Standards: Core Option issued by the Global Reporting Initiative (GRI) in 2016. The report has been verified by Ernst &amp; Young Accounting Firm, a third-party verification institute, which has conducted its independent limited assurance in accordance with the No. 1 Assurance Standards Bulletin announced by the Accounting Research and Development Institute of Republic of China, with the assurance report disclosed in the appendix of the report. The Bank's Sustainability</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			Report was disclosed at MOPS and its official website. The Bank's 2022 sustainability report was written in accordance with the new 2021 GRI guidelines, which requires organizations to fully and transparently disclose the impact of their operating activities on the economy, environment, and society by the highest standards.	
6.			UBOT established the “Corporate Social Responsibility Best Practice Principles” by the 8th Board in its 18th session on March 18 2015, and passed by the 11th Board to rename as “Sustainable Development Best Practice Principles” in its 7th session on March 7 2022 thereby related provisions were amended in accordance with the “Sustainability Development Best Practice Principles for TWSE Listed and TPEX Listed Companies” for strengthening the pursuit towards the goal of sustainable development. UBOT reviews the status of implementation in accordance with the Principles and based on the Principles for taking corrective action. There is no difference since the implementation.	
7.			Other important information to facilitate better understanding of the Bank’s corporate social responsibility practices (e.g., environmental protection, community involvement, social contribution, social work, social welfare, consumer rights, human rights, safety and hygiene and the adopted policies and measures to fulfill corporate social responsibilities and the status of performing such responsibilities): Page 166	

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

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
1. Formulate the Policy and Procedures for Ethical Management (1) Whether the Bank has expressly stated the ethical policy and its fulfillment by the board of directors and the management in its Articles of Incorporation and public documents?	V		(1) The Bank’s board of directors has approved the Ethical Corporate Management Best Practice Principles and Guidelines for Conduct of Union Bank of Taiwan, which clearly states that the Board of Directors and senior management shall be committed to putting into practice the principles actively. In order to fulfill its commitments, the Bank has set up a “Corporate Governance Team” under the “Corporate Social Responsibility Committee” of the Board of Directors as the dedicated unit	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
(2) Whether the Bank has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		<p>for the Bank's integrity management, and is responsible for overseeing the implementation of the Bank's integrity management policies and various preventive programs.</p> <p>(2) Each business unit of the Bank has strict internal control and risk control mechanisms. In addition to complying with the regulations of the competent authorities and the head of each business unit, the Bank has compliance, audit, and risk management units for strict supervision. The preventive programs in the preceding paragraph also stipulate relevant regulations on the prohibition of bribery to ensure that the Company operates with integrity. Also, the Bank conducts a self-evaluation on operational risk control every year to understand the effectiveness of various control measures and whether they are implemented as required, and to adopt enhanced measures as appropriate. The evaluation results are compiled into a summary report and reported to the Asset and Liability Management Committee and the Board of Directors.</p>	No material discrepancy
(3) Has the Bank set up operating procedure, behavior guideline, disciplinary actions, and complaint system in the plans to prevent unethical conduct? Does the Bank strictly execute the implementation and periodically revise the afore-mentioned plan?	V		<p>(3) The Bank's program to prevent dishonest conduct is to specify operation process of the Bank, code of conduct, disciplinary action for violation in the Bank's human resource management procedure and work rule. The procedure and rule are periodically reviewed and modified. In addition, the Bank ensures the implementation of preventive measures through the legal compliance system, internal audit and whistle blower system.</p>	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
2. Implementation of Ethical Management (1) Whether the Bank has evaluated the ethical record of trading counterparts and specifically set out the ethical management clause in business contract?	V		(1) The Bank's business activities shall avoid any trading with persons with unethical record, and the Bank planned to expressly state the clause about compliance with the Bank's ethical management policy in contracts. Meanwhile, before conclusion of any contract, the Bank will have the contract reviewed by the legal affairs unit to ensure the right, obligation and validity of the contract.	No material discrepancy
(2) Whether the Bank has set up a unit under the Board which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(2) The "Corporate Governance Team" under the "Corporate Social Responsibility Committee" that reports to the Board is responsible for monitoring the promotion of the Bank's ethical corporate management policies and the implementation of various preventive measures. The team regularly (at least once a year) reports to the Board of Directors.	No material discrepancy
(3) Whether the Bank has defined the policy to prevent conflict of interest and to offer appropriate channels for providing a statement in regard to the situation, and implemented the same precisely?	V		(3) The Bank's policies and channels for preventing conflicts of interest are clearly stipulated in the "Ethical Corporate Management Best Practice Principles and Guidelines for Conduct" in the work rules and employee service regulations (for employees), and the Bank has set up a grievance system and provided smooth communication channels. In addition, a recusal system (for directors) is stipulated in the Bank's Rules of the Meeting of the Board of Directors, and is strictly implemented as required.	No material discrepancy
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		(4) The Bank's accounting policies were established in accordance with relevant laws, FSC-approved IFRS, International Accounting Standards, and Interpretations thereof, and have been adjusted to accommodate existing and future business requirements. The Bank's internal control system was developed based on "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries."	No material discrepancy

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
(5) Whether the Bank has organized internal/external educational and training programs for ethical corporate management periodically?	V		<p>The purpose is to facilitate sound business operation and to provide assurances in effectiveness and efficiency of business performance, reliability of financial reporting, and regulatory compliance. The audit unit drew up relevant audit plans based on the self-evaluation results of operational risk control, to examine the effectiveness of the design and implementation of the internal control system through the internal audit system and self-audit system to audit the compliance with the preventive programs for unethical conduct.</p> <p>(5)            (i) According to the Bank's ethical corporate management best-practice principles, the Bank will organize the internal propagation activity to communicate the importance of ethics to directors, employees and appointees from time to time. The related staff will also attend the related workshops and educational training programs organized by external entities.            (ii) The Bank held internal and external trainings related to ethical management in 2022 (including compliance of ethical management regulations, accounting policy and internal control). There are 4,045 participants in total and 123 courses in total.</p>	No material discrepancy
<p>3. Status of the Bank's complaint system</p> <p>(1) Whether the Bank has defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?</p>	V		<p>The Bank's ethical corporate management best-practice principles have defined the relevant complaint and handling procedures. The Bank also established an internal independent email box and hotline for complaints available to the Bank's internal and external personnel. The dedicated unit will designate competent dedicated personnel subject to the circumstances, declare in writing that it will keep confidential the complainant's ID and contents of the complaint and promise to protect complainants from unfair treatment due to the complaint.</p> <p>(1) The Bank's whistleblowing</p>	No material discrepancy

## Corporate Governance

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

## Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
			complaints.	
4. Enhancing Information Disclosure Whether the Bank has disclosed the content and the status of implementation of its ethical corporate management best practice principles on its websites and the MOPS?	V		The “Corporate Governance Area” is set up on the Bank’s website to disclose the requirements about ethical corporate management best-practice principles and status of the implementation thereof. Further, for transparency of information, the related information has been also uploaded to the MOPS for access by investors.	No material discrepancy
5. If the Bank has established corporate ethical management based on “Corporate Ethical Management Best Practice Principles for TWSE/GTSM-Listed Companies”, please describe any discrepancy between the policies and their implementation: The Bank has established the “Union Bank of Taiwan Corporate Ethical Management Best Practice Principles” and “Work Rules” setting out that employees are required to carry out their duties ethically and dutifully and comply with regulatory requirements, policies, and service standards prescribed by the Bank. The company shall be managed in accordance with regulatory requirements and internal procedures to maximise investor benefits. There is no discrepancy between the Bank’s operation of ethical management and said “Corporate Ethical Management Best Practice Principles for TWSE/GTSE-Listed Companies”.				
6. None.				

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

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

### Union Bank of Taiwan



## Statement of Internal Controls System

March 13, 2023

To Financial Supervisory Commission:

1. On behalf of Union Bank of Taiwan, we hereby state that from January 1, 2022 to December 31, 2022, we have duly complied with the “Enforcement Regulations for Bank Internal Audit Control System” in establishing its internal system, implementing risk management, designating an independent and objective department to conduct audits, and regularly reporting to the Board of Directors and the Supervisors.
2. With respect to the concurrent securities business, evaluation of the effectiveness of the design and implementation of its internal control systems described in the “Regulations Governing the Establishment of Internal Control Systems of Service Enterprises in Securities and Futures Markets”; With respect to the insurance agent or insurance broker business, the Bank evaluates the design and operating effectiveness of its internal control system based on the criteria provided in “Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies”. Criteria for evaluating internal control system according to the afore-mentioned regulation.
3. After prudent evaluation, the internal control and regulatory compliance of the units for the year have been effectively implemented, except for matters set forth in the attached table.
4. This Statement will be included as the main content of the Bank’s annual report and prospectus, and be published to the public. If there is any illegal activity such as fraud or concealment, liabilities under Article 20, 32, 171, and 174 of the Securities and Exchange Law will be involved.
5. This statement was approved by the company’s board of directors during its board meeting on March 13, 2023.

Chairman: Jeff Lin

President: Wei-Wen Hsu

Chief Auditor: Tammy Chang

Compliance Officer of the Bank: Yu-Man Chao

Chief Information Security Officer: Denfer Hung



## Corporate Governance

### Attachment: Internal Control Deficiencies and Improvement Plan

**(Record Date: December 31, 2022)**

Matters that should be improved	Improvement measures	Targeted completion date
The Bank has not requested the issuing enterprises to submit the issuance plan and has not investigated the general reputation of the principle heads of the enterprises in some cases in its engagement in the underwriting business of non-guaranteed commercial paper.	The Bank has amended the “Regulations for Management of Non-Guaranteed Commercial Paper” and formulated control and management measures, and it will carry them out in accordance with relevant regulations so as to implement the internal control system.	Improvement has been completed.
The Bank has violated the relevant provisions of the Insurance Act in its engagement in insurance agency business.	It has discussed with the insurance company, and reviewed and adjusted the contract terms regarding the agreed fees for solicitation by means of telemarketing.	Improvement has been completed.

(12) Legal violations and the Bank’s response for the most recent two years:

Disclosed Matter	Major Deficiency	Status of Improvement
(1) Responsible person or employees of the Bank violated the law when conducting business and resulted in an indictment by a prosecutor.	None	None
(2) Violation of laws that resulted in the Financial Supervisory Commission imposing punishment in accordance with Article 61-1 of the Banking Act. Or a penalty imposed by the Bank on its internal staff for violation of the internal control system, the result of which may have a material impact on shareholders’ equity or securities prices. Or for situation that applies to Article 2 of Regulations for FSC to handle violation of financial regulations, impose punishment, and announce to the public, the punishment, major deficiency, and improvement status.	<ol style="list-style-type: none"> <li>For customers who have removed from the list of “exempted from declaration for large sum currency transaction”, the list of name being removed has not been connected online. As such, the defect of large sum of currency transactions exceeding NT\$500,000 have not been declared with the Ministry of Justice Investigation Bureau on large sum of currency transaction was resulted, which hampered the healthy operation of UBOT. Corrective action has been taken pursuant to Paragraph 1 under Article 61-1 of the Banking Act.</li> <li>The Bank has not requested the</li> </ol>	<ol style="list-style-type: none"> <li>UBOT has taken corrective action and listed the item for self-audit for intensifying the inspection. Additional control and inspection standard have been added to the “Procedures for Review and Declaration of Suspected Money Laundering and Financing of Terrorism” Handbook for control.</li> <li>The Bank has amended the</li> </ol>

## Corporate Governance

Disclosed Matter	Major Deficiency	Status of Improvement
	<p>issuing enterprises to submit the issuance plan and has not investigated the general reputation of the principle heads of the enterprises in some cases in its engagement in the underwriting business of non-guaranteed commercial paper, which shall be corrected in accordance with Paragraph 1, Article 61-1 of the Banking Act.</p> <p>3. The Bank has violated the relevant provisions of the Insurance Act in its engagement in insurance agency business, and thus shall be imposed with a fine of NT\$600,000 in accordance with Article 167-2 of the Insurance Act.</p> <p>4. The Bank has not fully established and implemented the anti-money laundering procedure in its engagement in housing loan business for natural persons, in violation of Paragraph 1, Article 7 of the Money Laundering Control Act, and Article 5 and Article 9 of the Money Laundering Control Measures for Financial Institutions authorized by Paragraph 4, Article 7 of the Money Laundering Control Act. Therefore, the Bank was fined NT\$1,500,000 in accordance with Paragraph 5, Article 7 of the Money Laundering Control Act.</p>	<p>“Regulations for Management of Non-Guaranteed Commercial Paper” and formulated control and management measures, and it will carry them out in accordance with relevant regulations so as to implement the internal control system.</p> <p>3. The Bank has discussed with the insurance company, and reviewed and adjusted the contract terms regarding the agreed fees for solicitation by means of telemarketing.</p> <p>4. The Bank has reviewed and implemented relevant improvement measures.</p>
(3) Accidents occurring as a result of a fraud, major non-recurring incidence or failure to comply with the Guidelines for Maintaining the Security of Financial Institutions, as a result of which individual or accumulated losses during the year amounted to NT\$ 50 million or more and therefore the nature and amount of loss for which shall be disclosed.	None	None
(4) Other necessary disclosures prescribed by the Financial Supervisory Commission.	None	None

## Corporate Governance

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

1. Material resolutions of the shareholders' meeting during 2022 and the status of implementation
  - A. Ratification of the surplus earnings distribution for 2021: The resolution was adopted  
Status of implementation: In the shareholders' meeting, the Bank has resolved on the dividend distribution, the preferred stock dividends of (NT\$ 2.4 per share), the common stock dividends of NT\$ 1.035 per share (cash dividend NT\$0.15 and stock dividend NT\$0.885). The distribution record date was determined to be Jun.26, 2022 and Jul. 12, 2022, the stock and cash dividends were paid on Jul.15, Aug. 08, and Sep. 05, 2022.
  - B. Ratification of the 2021 business report and financial statements: The resolution was adopted.
  - C. The Bank's new issuance of common shares from earnings: The resolution was adopted.  
Status of implementation: The Bank's proposal of capital increase via return earning and employee compensation was adopted by the Financial Supervisory Commission on Jun. 17, 2022, and also adopted by the Ministry of Finance on Aug. 23 and Letter No. 11101138620 was issued, and the shares were listed and traded on the stock market on Sep. 15, 2022.
2. Material resolutions of the Board of Directors meeting during 2022 and during the current fiscal year up to the date of publication of the annual report.
  - A. On January 13, 2022, the 11th Board of Directors resolved in its 6th session to amend the "Regulations Governing the Internal Control Standard of Securities Dealer" for the proprietary trade of securities dealer undertaken by UBOT", the "Internal Control System of UBOT in engagement in Securities Dealer Business", the "replacement of the delegated commission futures merchant for introducing broker operation undertaken by UBOT", leasing of property, and leasing of company vehicles, amend the "Regulations Governing Transactions with Related Parties beyond Financing", amend the "Policy for Anti-money Laundering and Counter-terrorism Financing of Union Bank of Taiwan Co., Ltd. and its subsidiaries", amend the "compliance policy of UBOT and establishment of the 2022 compliance plan", "appointment of the members to the 2nd term of the Director Nomination Committee of UBOT", "Donation by UBOT subsidiary Union Finance & Leasing (Int'l) Corp.", and amend the "Organization Code", "presentation of the 2022 'Operation Budget of UBOT and all Business Types', and the 'Policies for Different Business'".
  - B. On March 7, 2022, the 11th Board of Directors resolved in its 7th session to amend the "Rules of Procedure for Shareholders Meeting", amend the "Internal Control System of UBOT in Engagement in Securities Dealer Business", amend the "Regulations Governing the Salaries and Bonus for Securities Brokers", establish the "Regulations Governing the Performance Assessment on Securities Headquarters (branches) of UBOT", amend the "Regulations Governing the Performance Assessment on Car Loan Business", amend the "Regulations Governing the Assessment of Personnel at Wealth Management Department", "Proposal for cooperation with 00 Company in credit card business", and leasing of real estate property, establish the "Regulations Governing the Evaluation and Reward of

## Corporate Governance

Personnel at Corporate Loan Department”, amend the “Financing Limit and Cut Off Limit of Industries”, “Review on the Undertaking of Financing Secured by the Pledge of Stock and Credit Limit for Financing with Stock not listing at TWSE and TPEX as Collateral in 2022”, amend the “Mortgage Limit for Real Estate Property at Specific Zones” and “Review on Credit Limit with Higher Risk Rating in 2022”, amend the “Credit Limit for Loans with Real Estate Property as Collateral”, amend the “Regulations Governing the Concentration of Credit Risk from Particular Person, Group Enterprise and Industry”, amend the “Corporate Social Responsibility Best Practice Principles of UBOT and the Regulations Governing the Establishment of Corporate Social Responsibility Committee”, amend the “Corporate Governance Best Practice Principles of UBOT”, amend the “Organization Code of UBOT”, amend the “Articles of Incorporation of UBOT”, amend the “Personal Information Protection Guideline”, amend the “Guidelines for Anti-money Laundering and Counter-terrorism Financing in Concurrent Operation of Insurance Agency Business’ of UBOT, ‘Signs of Suspected Money Laundering, Terrorism Financing, and Funding of Proliferation of Weapons of Mass Destruction in Trading for Futures Introducing Broker Business’, and ‘Policy on Evaluation of Money Laundering and Terrorism Financing Risks and Formulation of Prevention Plans for Concurrent Operation of Futures Business’, sign ‘Statement of the Internal Control System for Anti-money Laundering and Counter-terrorism Financing’ and “the evaluation results of the effectiveness of the Bank’s internal control system for 2021 and the proposed Statement of the Internal Control System that can be effectively implemented”, amend the “Service Regulations of UBOT”, amend the “Regulations Governing the Performance Assessment of Business Units”, “Self-prepared Financial Statements and Business Report of UBOT in 2021 preliminarily audited by independent auditors”, the “disbursement of remuneration to employees and directors of UBOT in 2021”, the “proposal for the distribution of earnings of UBOT in 2021”, “capitalization of retained earnings into new shares in 2021”, “capitalization of remuneration to employees into new shares in 2021”, “UBOT’s renewal of appointment of Deloitte Taiwan as Independent Auditors for financial audit and tax audit service on financial statements of UBOT for declaration in 2022 and related matters”, and amend the “Procedure for Acquisition or Disposal of Assets of UBOT” and “donation of NT\$10 million to support the government in raising fund for the Ukraine”.

- C. On May 10, 2022, the 11th Board of Directors resolved in its 8th session to amend the “Internal Control System for Securities Dealer engagement in Futures Introducing Broker Business undertaken by UBOT”, amend the “Internal Control System for UBOT’s Concurrent Operation of Insurance Agency Business” and “Evaluation of the Appropriateness of the Bank’s Investment Policy on Invested Positions Exposed to Risks in Mainland China”, amend the “Evaluation of the Experience in Financial Product Trading of Professional Investors in Wealth Management Business and Revision of the Operating Regulations”, the “reporting of cash flow forecasts to the competent authority by UBOT”, the “renewal of outsourcing service contract on information system with subsidiaries” and the “replacement of large IBM operating mainframes and core switches of main center and expansion of related equipment”, amend the “Policy for Anti-money Laundering and Counter-terrorism Financing of Union Bank of Taiwan Co., Ltd. and its Subsidiaries”, the “Report on the Improvement Based on Inspection Opinions on the Risk Management Project for Digital Financial Services Conducted by the Financial

## Corporate Governance

Supervisory Commission in December 2021”, the “Amendment to the Internal Audit Plan of UBOT with a comparison table attached”, the “plan of UBOT to replace independent auditors from the second quarter of 2022 and the evaluation of the independence of the independent auditors to be appointed”, and the “presentation of the consolidated financial statements of UBOT for the first quarter of 2022”.

- D. On June 20, 2022, the 11th Board of Directors resolved in its 9th session to approve the “Report on the Evaluation of Anti-money Laundering and Counter-terrorism Financing Risks in the Insurance Agency Business of UBOT”, the “presentation of information by UBOT in compliance with the principles of supervision and review in 2022”, and the “formulation of prevention plans based on the evaluation results of money laundering and terrorism financing risks”, and amend the “proposal for designating July 12, 2022 as the base date for distribution of cash dividends and stock dividends of the common shares of UBOT” and the resolutions of the 3rd session of the Bank’s 5th Remuneration Committee.
- E. On August 22, 2022, the 11th Board of Directors resolved in its 10th session to amend the “Standard Operation Procedure for Internal Control of Securities Dealers’ for the proprietary trade of UBOT as securities dealer”, amend the “Internal Control System for Concurrent Operation of Futures Introducing Broker Business undertaken by UBOT as A Securities Dealer”, and amend the “Measures for the Salary and Bonus of Securities Brokers of UBOT”, amend the “System and Procedures for Handling Solicitation in UBOT’s Concurrent Operation of Insurance Agency Business”, amend the “Measures for Real Estate Property Appraisal of UBOT”, amend the “Policy on Pricing of Car Loan Business of UBOT” and review the loan pricing criteria, the “re-review on the loan pricing criteria and to amend the revision of Interest Rate and Rate Check List in accordance with the Guidelines for Corporate Loan Pricing concerning the credit service of UBOT”, the “investment plan of UBOT subsidiaries”, and the “presentation of the Parent Company Only and Consolidated Financial Statements of UBOT for the first half of 2022”.
- F. On October 17, 2022, the 11th Board of Directors resolved in its 11th session to approve the “renewal of the lease contract on official cars”, the “proposed formulation of control measures for loans for unoccupied houses”, formulate the “total credit limit for mainland China and credit limit for high-risk industries in mainland China”, and the “application of Pingtung Branch of UBOT for relocation to a new address for future operation”, and amend “some provisions of the Rules of the Meeting of the Board of Directors of UBOT”.
- G. On November 7, 2022, the 11th Board of Directors resolved in its 12th session to amend the “Internal Control System of UBOT’s Concurrent Operation of Securities Firms in the Broker Business Introducing Futures”, amend the “Guidelines for Product Suitability and KYC” and “Guidelines for Protection of TMU Customers’ Interests” attached to the “Procedures for Derivatives Transaction Undertaken by UBOT”, approve the “Authorization Amount Table for Financial Transactions with Other Banks”, the “Authorization Principles for Investment Limits for Purchasing Guaranteed Short-term Bonds Issued by Domestic Enterprises” and the “Authorization Principles for Limits for Transactions with Insurance Companies and Investment Trust Funds” of UBOT in 2023, amend the “Policy on Fair Treatment of Customers of UBOT”, and update the “Senior Supervisor Accountability System”, the “presentation of the 2023 internal audit plan of UBOT and the 2023 Internal Audit Plan and Declaration of the Implementation of the Plan for the securities dealer and futures introducing broker business undertaken by UBOT, the “planning

## Corporate Governance

and implementation of equipment replacement and installation in computer rooms”, and the “presentation of the Consolidated Financial Statements of UBOT for the third quarter of 2022”.

- H. On January 12, 2023, the 11th Board of Directors resolved in its 13th session to amend the “Regulations Governing the Issuance of Performance Bonuses in the Department of Corporate Loan of UBOT”, the “donation to Union Culture Foundation”, the “renewal of the lease contract on real estate property”, the “second proposal for real estate property purchase” and the “Compliance Plan for 2023”, amend the “2023 Internal Audit Plan and Declaration of the Implementation of the Plan for the securities dealer and futures introducing broker business undertaken by UBOT”, the “presentation of the Report on the Improvement of the General Business of New Service Sites and Chiayi Branch Based on Inspection Opinions Issued by the Financial Supervisory Commission in June, 2022”, amend the “Procedures for Handling Internal Major Information of UBOT”, amend the “Regulations Governing the Performance Assessment on Business Units”, amend the “Regulations Governing the Assessment of Personnel in the Department of Wealth Management”, and amend the “Organization Regulations”, the “Operating Budget of UBOT and Each Business Category for 2023”, the proposed “Operating Guidelines for Each Business” and the resolutions of the 4th session of the Bank’s 5th Remuneration Committee.
- I. On March 13, 2023, the 11th Board of Directors resolved in its 14th session to amend the “Rules of Procedure for Shareholders Meeting”, amend the “Internal Control System of UBOT in Engagement in Securities Dealer Business”, amend the “Internal Control System of UBOT’s Concurrent Operation of Securities Firms in the Broker Business Introducing Futures”, amend the “Regulations Governing the Salaries and Bonus for Securities Brokers”, amend the “Financing Limit and Cut Off Limit of Industry”, amend the “Credit Limit for Loans with Stocks and Stocks not listing at TWSE and TPEx as Collateral”, amend the “Mortgage Limit for Real Estate Property at Specific Zones” and “Review on Credit Limit with Higher Risk Rating in 2023”, amend the “Credit Limit for Loans with Real Estate Property as Collateral”, amend the “Regulations Governing the Concentration of Credit Risk from Particular Person, Group Enterprise and Industry”, amend the “Corporate Governance Best Practice Principles of UBOT”, amend the “Sustainable Development Best Practice Principles of UBOT” and the “renewal of appointment of Deloitte Taiwan to conduct verification for UBOT and replacement of CPAs that have served for seven years and revision of contents concerning independence, audit quality, audit fees and service”, sign “Statement of the Internal Control System for Anti-money Laundering and Counter-terrorism Financing”, “the evaluation results of the effectiveness of the Bank’s internal control system for 2022 and the proposed Statement of the Internal Control System that can be effectively implemented”, amend the “Internal Audit System of UBOT”, amend the “Qualification Standards for Professional Investors Engaging in Wealth Management Business of UBOT”, amend the “Articles of Incorporation”, “The Parent Company Only and Consolidated Financial Statements and Business Report of UBOT for 2022”, the “disbursement of remuneration to employees and Directors of UBOT in 2022”, the “proposal for the distribution of earnings of UBOT in 2022”, “capitalization of retained earnings into new shares in 2022”, and “capitalization of remuneration to employees into new shares in 2022”.

## Corporate Governance

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

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

### 4. Information on CPA professional fees

In NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-Audit Fees	Total Fees	Note
Deloitte & Touche	Jui-Chan Huang	January ~ May 2022	9,190	9,310	18,500	Replace independent auditors in alignment with the accounting firm's internal adjustment
	Kuan-Hao Lee	June ~ December 2022				
	Charles Yang	January ~ December 2022				

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

### 5. Information on change of CPA:

#### (I) Regarding former CPA

Change date	Approved by the Board of Directors on May 10, 2022		
Describe reason for replacement	Internal adjustment within the accounting firm		
Explain why the appointee or CPA is terminated or refuses to accept appointment	Parties involved	Independent Auditors	Appointers
	Condition	Voluntary termination of appointment	Not applicable

## Corporate Governance

	No longer accept (continue) appointment	Not applicable	Not applicable
Review report opinions other than the unqualified opinions issued within the latest 2 years, and why they exist	Not applicable		
Is there any disagreement with the Bank?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Scope or steps of inspection
			Others
	None	✓	
Explain			
Other disclosed matters (Matters that shall be disclosed in Item 1-4, Subparagraph 6, Article 10 of the Standard)	Not applicable		

### (II) Regarding successor CPA

CPA firm name	Deloitte Taiwan
Name of CPA	Kuan-Hao Lee
Date of appointment	Approved by the Board of Directors on May 10, 2022
Prior to appointment, accounting treatment methods for specific transactions or accounting principles as well as consultation matters and results for financial reports that may be issued	None
Written opinion by the successor CPA on the dissenting opinion of the former CPA.	None

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

## Corporate Governance

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

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

Title	Name	2022		Mar. 31, 2023	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Chairman	Jeff Lin	620,727	0	0	0
Independent Managing Director	Guo-Zhang, Li	0	0	0	0
Independent Director	Tzung-Hang Lee	0	0	0	0
Independent Director	Lin-Yu Fan	0	0	0	0
Managing Director	Chen-Chern Investment Co., Ltd.	13,871,874	0	0	0
Director	Union Investment Co., Ltd.	418,311	0	0	0
Director	Yu-Pang Co., Ltd.	4,213,054	0	0	0
Director	Pai-Sheng Investment Co., Ltd.	14,754,104	0	0	0
Director	Herman Tu	42,648			
President	Wei-Wen Hsu	17,953	0	0	0
SEVP	Denfer Hung	18,443/76,000 (P)	0	0	0
SEVP	Grace Lee	0	0	0	0
SEVP	Chu-Chang Yang(Yanger Yang)	18,798	0	0	0
SEVP	Jeng-Ping Liu	17,957	0	0	0
Chief Auditor	Tammy Chang	0	0	0	0
EVP	Feng-Jung Yang (Luke Yang)	22,610	0	0	0
EVP	Hsiao-Chen Lin (Michael Lin)	16,829 (17,000)	0	(14,000)	0
EVP	Chueh-Ling Liu	14,191	0	0	0
EVP	Liang- Kuei Kuo	12,268 (32,000)	0	0	0
EVP	Pi-Chiu Tang(Joy Tang)	17,831 (12,000)	0	0	0
EVP	Lee-Hao Chen	17,965 (8,000)	0	0	0
Manager	Huei-Wen Chang	8,439	0	0	0
Manager	Chuen-Chour Li	6,236	0	0	0
Manager	Chien-Wen Tan	5,868	0	0	0
Manager	Chan-Kwei Chen	15,621	0	0	0
Manager	Hsin-Yi Yang	6,263	0	0	0

## Corporate Governance

Title	Name	2022		Mar. 31, 2023	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Manager	Wendy Chi	17,330	0	0	0
Manager	Ming-Tsan Hung	7,654	0	0	0
Manager	Chien-Hui Li	7,654	0	0	0
Manager	Pao-Ching Lee	0	0	0	0
Manager	Ya-Yun Yang	7,103	0	0	0
Manager	Sabina Tsa	41,688 (9,000)	0	0	0
Manager	Ru-Ji Cheng	9,886	0	0	0
Manager	Kuo-Ming Lin	4,950	0	0	0
Manager	Miao-Hui Chou	4,072	0	0	0
Manager	Cheng-Fa Huang	6,949 (8,000)	0	0	0
Manager	Chia-Yu Chuo	11,165	0	0	0
Manager	Yu-Man Chao	7,688			
Manager	Yei-Chang Hsieh	6,224	0	(2,000)	0
Manager	Yi-Chun Kao (June Kao)	8,668	0	0	0
Manager	Ging-Yang Yu	11,781	0	5,000(P)	0
Manager	Kuo-Kuang Chou	7,781	0	0	0
Manager	Ya-Fang Ko	13,152	0	0	0
Manager	Jacky Liao	8,697	0	0	0
Manager	Hsing-Jung Fei	0	0	0	0
Manager	Anita Hung	10,067 20,000(P)	0	0	0
Manager	Wen-Chi Chiang	7,087	0	0	0
Manager	Ling-Jung Hsiung	15,402	0	0	0
Manager	Hong-Zu Chang	7,123	0	0	0
Manager	Hung-Ming Chien (Peter Chien)	28,661	0	0	0
Manager	Po-Feng Wu	7,096	0	0	0
Manager	Yu-Chang Chang (Russell YC Chang)	25,457	0	0	0
Manager	Ying-Chieh Huang	5,240			
Manager	Gary Tsai	10,050	0	0	0
Manager	Shum-Chen Tu	6,895 (8,000)	0	0	0
Manager	Ching-Shyong Huang	7,854	0	0	0
Manager	Chu-Shih Wei	10,896	0	0	0
Manager	Yu-Mei Tsai	6,382	0	0	0
Manager	Chintsung Wang	5,957	0	0	0
Manager	Chun-Hsien Chang	7,660	0	0	0
Manager	Tsung-Cheng Hsueh	9,370	0	0	0
Manager	Chien-Lung Chen	19,605	0	0	0
Manager	Tawei Shih	9,216	0	0	0
Manager	Shu-Feng Hsueh	8,758	0	0	0
Manager	Jing-Yeh Wang	3,312	0	0	0
Manager	Wen-Ju Huanh	6,876	0	0	0

## Corporate Governance

Title	Name	2022		Mar. 31, 2023	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Manager	Szu-Min Yang	5,094	0	0	0
Manager	David Chang	6,335	0	0	0
Manager	Zhi-Zhong Zhang	6,763 5,000(P)	0	0	0
Manager	Tsai-Ling Liao	5,410 (5,410)	0	0	0
Manager	Yen-Jou Liu	10,618 (9,000)	0	0	0
Manager	Shih-Fu Liu	9,676	0	0	0
Manager	Le Thi Viet Hoa/F/VN	0	0	0	0
Manager	Sheng-Yung Peng	7,456	0	0	0
Manager	I-Ho Ou	7,506	0	0	0
Manager	Ping-Hui Lin	0	0	0	0
Manager	Yu-Jen Cheng	0	0	0	0
Manager	Sheng-Chieh Chang	6,867	0	0	0
Manager	Shis-Wen Lu	7,653	0	0	0
Manager	Hung-Min Chen	11,743	0	0	0
Manager	James Tsai	16,868	0	0	0
Manager	Chung-Chih Yeh	6,611	0	0	0
Manager	Hui-Fen Chao	32,018	0	0	0
Manager	Chia-Wei Lin	7,526	0	0	0
Manager	Wen-Chang Juan	12,236	0	0	0
Manager	Yun-Han Liu	0	0	0	0
Manager	Chien-Tsung Wu	10,502	0	0	0
Manager	Yi-Hsien Wu	9,562	0	0	0
Manager	Lin-Lin Huang	7,127	0	0	0
Manager	Ta-Yu Chin	12,191 (14,000)	0	0	0
Manager	Chi-Fang Chu	8,458	0	0	0
Manager	Roger Chang	7,394	0	0	0
Manager	Hsien-Ming Yen	6,913 (8,000)	0	0	0
Manager	Feng-Li Lin	14,320	0	0	0
Manager	Chuang-Chieh Chung	4,311	0	0	0
Manager	Cheng-Hsien Tseng	9,594	0	0	0
Manager	Jeffery Tsai	13,839	0	0	0
Manager	Ju-Ling Kuo	15,143 (112,000)	0	0	0
Manager	Wen-Hui Lin	11,682	0	0	0
Manager	Miranda Tsai	8,985	0	0	0
Manager	Jyh-Chiang Huang	13,825	0	0	0
Manager	Meng-Wen Tsao	5,267	0	0	0
Manager	Ping-Hui Lin	11,191	0	0	0
Manager	Shiu-Lan Hsieh	10,762	0	0	0
Manager	Tereasa Lin	7,319	0	0	0
Manager	Amy Chung	10,242	0	0	0

## Corporate Governance

Title	Name	2022		Mar. 31, 2023	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Manager	Cooper Kao	12,294	0	0	0
Manager	Shan-Chih Yen	14,105 15,000(P)	0	0	0
Manager	Wen-Hua Yang	5,797	0	0	0
Manager	Jung-Hsiang Chung	10,953	0	0	0
Manager	Kuang-Yi Kuo	9,183	0	0	0
Manager	Chang-Fu Tsai	8,656	0	0	0
Manager	Mei-Chih Lu (Lisa Lu)	13,766	0	0	0
Manager	Liang-Wen Liu	5,916	0	0	0
Manager	Ming-Teng Wu	16,396	0	0	0
Manager	Yu-Ju Lin	9,509	0	0	0
Manager	Mei-Ling Lee	11,469	0	0	0
Manager	Wen-Shien Chu	12,024	0	0	0
Manager	Fei-Kun Lin	9,289	0	0	0
Manager	Shu-Huey Huang	14,212	0	0	0
Manager	Chien-Chou Chen	9,503	0	0	0
Manager	Ru-Chen Yuan	9,213	0	0	0
Manager	Chiou-Ing Fang	7,598	0	0	0
Manager	Ben Tsai	9,987	0	0	0
Manager	Hsiung-Ping Tsai	6,139	0	0	0
Manager	Ming-Hsueh Chen	8,091	0	0	0
Manager	Wen-Chih Cheng	11,976	0	0	0
Manager	Jane Lu	14,517 (5,000)	0	0	0
Major Shareholder	Tsong-Li Investment Co., Ltd.	23,159,184	100,000,000	0	0
Major Shareholder	Pai-Sheng Investment Co., Ltd.	14,754,104	0	0	0
Major Shareholder	Tien-Sheng Investment Co., Ltd.	14,477,662	0	0	0
Major Shareholder	Chen-Chern Investment Co., Ltd.	13,871,874	0	0	0
Major Shareholder	Chien-Tuan Investment Co., Ltd.	13,375,676	12,000,000	0	0
Major Shareholder	Wei-Chih Investment Co., Ltd.	12,805,460	0	0	0
Major Shareholder	Chuo-Pao Investment Co., Ltd.	12,049,113	0	0	0
Major Shareholder	Kun-Che Investment Co., Ltd.	11,593,797	0	0	0
Major Shareholder	Chi-Shun Investment Co., Ltd.	10,768,591	0	0	0
Major Shareholder	Jan-Pang Construction Co., Ltd.	10,690,076	0	0	0
Major Shareholder	Pao-Shing Investment Co., Ltd.	10,092,421	0	0	0
Major Shareholder	Hong-Yu Construction Enterprise Co., Ltd.	10,085,349	0	0	0

## Corporate Governance

Title	Name	2022		Mar. 31, 2023	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Major Shareholder	Hung-Hsiang Investment Co., Ltd.	9,987,468	0	0	0
Major Shareholder	Bai-Ing Investment Co., Ltd.	9,201,953	86,000,000	0	0
Major Shareholder	Chen-Sheng Investment Co., Ltd.	8,658,828	72,000,000	0	0
Major Shareholder	Lin, Chang Su-O	8,608,431	0	0	0
Major Shareholder	Hong-Kong Construction Co., Ltd.	8,384,745 (10,803,231)	0	0	0
Major Shareholder	Lin Rong San Foundation of Culture and Social Welfare	6,901,838	0	(30,000,000)	0
Major Shareholder	Hong-Pern Construction Co., Ltd.	6,571,586	0	0	0
Major Shareholder	Union Recreation Enterprise Co., Ltd.	4,878,817	0	0	0
Major Shareholder	Jianyou Investment Co., Ltd.	15,302,325	0	0	50,000,000
Major Shareholder	Yu-Pang Co., Ltd.	4,213,054	0	0	0

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

(2) Information on Share Transfer: Not applicable as the counter parties to the share transfer are non-related parties.

(3) Information on Share Pledge: Not applicable as there is no change on the share pledge.

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

## Corporate Governance

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

March 31, 2023 Unit: Shares ; %

Shareholder <sup>(Note 1)</sup>	Shareholding		Spouse or minor children's shareholding		Top 10 shareholders being the related parties to each other		Name of and Relationship Between the Top Ten Shareholders Being A Related Party as Defined in Statements of Financial Accounting Standards No. 6	
	Shares (Preferred Stock Included)	%	Shares	%	Shares	%	Name	Relation
Tsong Li Investment Co., Ltd. Representative: Hong-Bung Lin	284,844,879 0	7.50 0	0 0	0 0	0 0	0 0	Tsong Li Investment Co., Ltd. Jan-Pang Construction Co. Ltd.	The Company's responsible person is the same as that of the other company
Pai-Sheng Investment Co., Ltd. Representative: Si-Yong Lin	189,634,432 395,509	4.99 0.01	0 1,996,715	0 0.05	0 0	0 0	Chu-Pao Investment Co., Ltd. Pai-Sheng Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Tien-Sheng Investment Co., Ltd. Representative: Tzung-Hang Lee	176,824,135 78,925	4.66 0	0 0	0 0	0 0	0 0	Tien-Sheng Investment Co., Ltd. Chen-Chern Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Chen-Chern Investment Co., Ltd. Representative: Tzung-Hang Lee	174,862,176 78,925	4.60 0	0 0	0 0	0 0	0 0	Tien-Sheng Investment Co., Ltd. Chen-Chern Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Chien-Yuan Investment Co., Ltd. Representative: C.C. Chang	164,513,265 594,485	4.33 0.01	0 0	0 0	0 0	0 0	-	-
Wei-Chih Investment Co., Ltd. Representative: S.S. Yeh	157,499,930 0	4.15 0	0 0	0 0	0 0	0 0	-	-
Chu-Pao Investment Co., Ltd. Representative: Si-Yong Lin	148,197,290 395,509	3.90 0.01	0 1,996,715	0 0.05	0 0	0 0	Chu-Pao Investment Co., Ltd. Pai-Sheng Investment Co., Ltd.	The Company's responsible person is the same as that of the other company

## Corporate Governance

Shareholder <sup>(Note 1)</sup>	Shareholding		Spouse or minor children's shareholding		Top 10 shareholders being the related parties to each other		Name of and Relationship Between the Top Ten Shareholders Being A Related Party as Defined in Statements of Financial Accounting Standards No. 6	
	Shares (Preferred Stock Included)	%	Shares	%	Shares	%	Name	Relation
Kun-Che Investment Co., Ltd. Representative: Y. C. Huang	142,597,155 11,189	3.75 0	0 0	0 0	0 0	0 0	-	-
Chi-Shun Investment Co., Ltd. Representative: Jyh-Dong Chen	132,447,595 2,000	3.49 0	0 0	0 0	0 0	0 0	-	-
Jan-Pang Construction Co. Ltd. Representative: Hong-Pan Lin	131,481,906 0	3.46 0	0 0	0 0	0 0	0 0	Tsong Li Investment Co., Ltd. Jan-Pang Construction Co. Ltd.	The Company's responsible person is the same as that of the other company

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

## 9. Ownership of Investee Companies

December 31, 2022 Unit: Shares ; %

Investee Companies <sup>Note</sup>	Invested by the Bank (A)		Investments from Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank (B)		Total Investments (C=A+B)	
	Shares	%	Shares	%	Shares	%
Union Finance Int'l (HK)Ltd.	30,000,002	100.00	0	0.00	30,000,002	100.00
Union Information Technology Corp.	9,999,230	99.99	0	0.00	9,999,230	99.99
Union Finance and Leasing Int'l Corp.	161,000,000	100.00	0	0.00	161,000,000	100.00
Union Securities Investment Trust Corp.	31,014,261	99.60	0	0.00	31,014,261	99.60
Union Real-Estate Management Corp.	2,000,000	40.00	0	0.00	2,000,000	40.00
Taiwan Asset Management Corp.	6,000,000	0.57	0	0.00	6,000,000	0.57
Li Yu Venture Corporation	558,255	4.76	0	0.00	558,255	4.76
Taiwan Financial Asset Service Corp.	5,000,000	2.94	0	0.00	5,000,000	2.94
Financial Information Service Co., Ltd.	13,599,039	2.61	0	0.00	13,599,039	2.61

## Corporate Governance

Investee Companies <sup>Note</sup>	Invested by the Bank (A)		Investments from Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank (B)		Total Investments (C=A+B)	
	Shares	%	Shares	%	Shares	%
Taiwan Depository & Clearing Corp.	1,453,672	0.25	0	0.00	1,453,672	0.25
Taiwan Futures Exchange Co., Ltd.	9,752,396	2.04	0	0.00	9,752,396	2.04
Taipei Forex Inc.	160,000	0.81	0	0.00	160,000	0.81
Lian An Service Corporation	125,000	5.00	0	0.00	125,000	5.00
I-Pass Corporation	38,696,603	33.94	0	0.00	38,696,603	33.94
Taipower Corporation	394,879	0.0012	0	0.00	394,879	0.0012
Taiwan Mobile Payment Corporation	600,000	1.00	0	0.00	600,000	1.00
Sunny Asset Management Co.	386,376	6.44	0	0.00	386,376	6.44
LINE BIZ+ Taiwan Limited	5,470,647	10.00	0	0.00	5,470,647	10.00
Union Venture Capital Co., Ltd.	140,000,000	100.00	0	0.00	140,000,000	100.00
Line Bank Taiwan Limited	75,000,000	5.00	0	0.00	75,000,000	5.00

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

# Fund Raising Status

## 1. Capital and Shares

### (1) Sources of Capital

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

## Fund Raising Status

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Fund Raising Status

Type of Shares	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	3,594,046,028	705,953,972	4,500,000,000	Listed shares
Preferred Stock	200,000,000			

### (2) Shareholder Composition

#### A. Common Stock

March 31, 2023

Shareholder Composition Amount	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders	0	0	107	42,631	166	42,904
No. of Shares Held	0	0	2,819,890,563	553,835,475	220,319,990	3,594,046,028
% of Shareholding	0.00%	0.00%	78.46%	15.41%	6.13%	100%

#### B. Preferred Stock

March 31, 2023

Shareholder Composition Amount	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders	0	6	92	7,029	3	7,130
No. of Shares Held	0	10,562,000	119,095,335	70,271,092	71,573	200,000,000
% of Shareholding	0.00%	5.28%	59.55%	35.13%	0.04%	100%

### (3) Distribution of Shareholding

#### A. Common Stock

Par value per share NT\$ 10; March 31, 2023

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding (%)
1 ~ 999	16,651	4,423,774	0.12%
1,000 ~ 5,000	14,839	31,968,130	0.89%
5,001 ~ 10,000	4,023	28,395,480	0.79%
10,001 ~ 15,000	1,982	24,294,673	0.68%
15,001 ~ 20,000	2,284	39,759,431	1.11%
20,001 ~ 30,000	1,057	25,596,868	0.71%
30,001 ~ 40,000	566	19,387,339	0.54%
40,001 ~ 50,000	236	10,510,016	0.29%
50,001 ~ 100,000	589	40,399,409	1.12%
100,001 ~ 200,000	324	44,546,073	1.24%
200,001 ~ 400,000	162	45,340,542	1.26%
400,001 ~ 600,000	49	23,556,250	0.65%
600,001 ~ 800,000	28	19,687,796	0.55%
800,001 ~ 1,000,000	18	16,406,824	0.46%
Over 1,000,001	96	3,219,773,423	89.59%
Total	42,904	3,594,046,028	100.00%

#### B. Preferred Stock

Par value per share NT\$ 50; March 31, 2023

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding (%)
1 ~ 999	1,052	257,761	0.13%

## Fund Raising Status

1,000 ~ 5,000	4,131	6,770,816	3.38%
5,001 ~ 10,000	856	6,890,884	3.45%
10,001 ~ 15,000	169	2,167,810	1.08%
15,001 ~ 20,000	267	5,153,084	2.58%
20,001 ~ 30,000	148	3,916,945	1.96%
30,001 ~ 40,000	106	4,001,846	2.00%
40,001 ~ 50,000	56	2,604,417	1.30%
50,001 ~ 100,000	166	12,472,321	6.24%
100,001 ~ 200,000	101	16,234,270	8.12%
200,001 ~ 400,000	32	9,905,846	4.95%
400,001 ~ 600,000	8	4,040,000	2.02%
600,001 ~ 800,000	5	3,334,000	1.67%
800,001 ~ 1,000,000	4	3,590,000	1.79%
Over 1,000,001	29	118,660,000	59.33%
Total	7,130	200,000,000	100.00%

### (4) Major Shareholders

March 31, 2023

Major Shareholders	Shares	No. of shares Held (preferred stocks included)	% of shareholding
Tsong-Li Investment Co., Ltd. 仲利投資股份有限公司		284,844,879	7.50%
Pai-Sheng Investment Co., Ltd. 百盛投資股份有限公司		189,634,432	4.99%
Tien-Sheng Investment Co., Ltd. 天聖投資股份有限公司		176,824,135	4.66%
Chen-Chern Investment Co., Ltd. 全成投資股份有限公司		174,862,176	4.60%
Chien-Yuan Investment Co., Ltd. 建元投資股份有限公司		164,513,265	4.33%
Wei-Chih Investment Co., Ltd. 偉志投資股份有限公司		157,499,930	4.15%
Chu-Pao Investment Co., Ltd. 鉅寶投資股份有限公司		148,197,290	3.90%
Kun-Che Investment Co., Ltd. 坤哲投資股份有限公司		142,597,155	3.75%
Chi-Shun Investment Co., Ltd. 吉順投資股份有限公司		132,447,595	3.49%
Jen-Pang Construction Co., Ltd. 正邦建設股份有限公司		131,481,906	3.46%
Pao-Shing Investment Co., Ltd. 寶興投資股份有限公司		129,717,838	3.41%
Hongyu Construction Enterprise Co., Ltd. 鴻御建設企業股份有限公司		124,044,097	3.26%
Hung-Hsiang Investment Co., Ltd. 宏祥投資股份有限公司		122,840,221	3.23%
Bai-Ing Investment Co., Ltd. 百英投資股份有限公司		113,178,830	2.98%
Chen-Sheng Investment Co., Ltd. 全勝投資股份有限公司		106,498,698	2.80%
Lin, Chang Su-O 林張素娥		105,878,845	2.79%
Horn-g-Gow Construction Co., Ltd. 鴻構建設股份有限公司		103,127,635	2.71%
Horn-g-Pern Construction Co., Ltd. 鴻鵬建設股份有限公司		80,826,802	2.13%
Union Recreation Enterprise Co., Ltd. 聯邦育樂事業股份有限公司		60,006,703	1.58%
Jianyou Investment Co., Ltd. 建友投資股份有限公司		55,336,325	1.45%
Lin Rong San Foundation of Culture and Social Welfare 財團法人林榮三文化公益基金會		54,888,715	1.44%
Yu-Pang Co., Ltd. 友邦股份有限公司		51,818,186	1.36%

Notes:

1. The list above shows the shareholders with shareholding over 1% or ranked top 10.
2. The number of shares held and the % of shareholding include preferred stocks. 140

## Fund Raising Status

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

Item		Year	2021	2022 (Note 8)
Market price per share	Highest		13.80	17.95
	Lowest		10.30	12.05
	Average		11.66	15.06
Net Worth per share	Before Distribution		16.73	14.21
	After Distribution		16.44	Note 10
Earnings per share	Weighted Average Shares		3,585,605	3,592,764
	Earnings Per Share(NT\$)	Before adjustment	1.21	0.85
		After adjustment	1.11	Note 9
Dividend per share	Cash Dividends		0.15	0.10
	Stock Dividends	Dividends from retained earning	0.885	0.50(Note 10)
		Dividends from capital reserve	-	-
	Accumulated Dividends		-	-
Return on investments	Price/Earning Ratio <sup>Note1</sup>		9.64	17.72
	Price/Dividend Ratio <sup>Note2</sup>		77.73	150.60
	Cash dividends yield rate <sup>Note3</sup>		1.29%	0.66%

Notes:

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

- List the highest and lowest market prices over the years and calculate the average market price of respective years according to each year's trading value and volume.
- Please fill in based on number of shares issued at the end of the year and distribution amount resolved by the shareholders' meeting held in the following year.
- Where retroactive adjustment is necessary due to issuance of stock dividend, earnings per share before and after the adjustment shall be listed.
- If the terms of equity securities issuance allow unpaid dividends to be accumulated to subsequent profitable years, the Company shall respectively disclose the accumulated unpaid dividends up to the current year.
- P/E ratio= Average closing share price for the current fiscal year/ earnings per share.
- P/D ratio= Average closing share price for the current fiscal year/ cash dividends per share.
- Cash dividend yield to maturity= Cash dividends per share/ average closing share price for the current fiscal year.
- The current year data should be updated to the annual report publish date.
- The 2023 Annual General Meeting has not been held and therefore the adjusted earnings per share for 2022 has not been disclosed.
- The distribution of 2022 earnings will be confirmed when ratified at the 2023 Shareholders' Meeting

### (6) Dividend Policy and Implementation

#### A. Dividend policy set out in the Bank's Articles of Incorporation:

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

## Fund Raising Status

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

**B. Proposal for dividend distribution for the current year:**

The Board of Directors resolved in the meeting held on March 13, 2023 to approve the earnings distribution proposal for 2022 as follows: cash dividends on preferred stocks are NT\$ 2.4 per share (the dividend rate of 4.8%); stock dividends are NT\$0.50 per share and cash dividends are NT\$ 0.10 per share on common shares. The actual earnings per share distributed described above may be adjusted by the Board of Directors based on the number of outstanding shares as recorded in the common shareholders' register on the record date.

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

Item	Year	Year2023 (Forecast)
Beginning Paid-In Capital		Common shares: NT\$35,940,460,000 Preferred stocks: NT\$2,000,000,000
Stock and Cash Dividend in this Year	Cash Dividend per share	Preferred stocks: NT\$2.4 Common Share: NT\$0.10 dollars per share
	Capitalization of Retained Earnings Stock Dividend per share	0.50 shares per share (common shares)
	Capitalization of Capital Reserves Stock Dividend per share	None
Operation Result Changes	Operating Profit	Not Applicable (Note)
	Ratio of Increase (Decrease) in Operating Profit Compared to the same period last year	
	Net Profit after Tax	
	Ratio of Increase (Decrease) in After Tax Net Profit Compared to the same period last year	
	Earnings per Share (NT\$)	
	Ratio of Increase (Decrease) in Earnings per share Compared to the same period last year	
	Annual Average Return on Investment (Reciprocal of Annual Average Price/Earnings Ratio)	

## Fund Raising Status

Item	Year	Year2023 (Forecast)	
Pro forma Earnings per Share and P/E Ratio	If Capitalization of Surplus is all changed to the Issuance of Cash Dividend	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	
	If Capitalization of Capital Reserve is not conducted.	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	
	If Capitalization of Capital Reserve is not conducted and Capitalization of Surplus is all changed to the Issuance of Cash Dividend	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	

Note: The Bank has not published the financial forecasts for the 2023 fiscal year. According to Tai-Tsai-Zheng Tze (1) Letter No. 00371 issued by the Ministry of Finance on February 1, 2000, companies that have not published their financial forecasts are not required to disclose this information.

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

- A. The percentages or ranges with respect to employee bonuses and director/supervisors' remuneration, as set forth in the Bank's Articles of Incorporation:
- Employees' remuneration: Between 1% and 5% of net profit; where employees' remuneration is paid in shares, the beneficiaries may include employees of subordinated companies that satisfy certain criteria. These criteria shall be determined by the board of directors.
  - Directors' remuneration: No more than 0.1% of net profit.
- The board of directors is authorized to change the rules of employees' and directors' remuneration described above.
- In any case, however, profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employees' and directors' remuneration according to the above percentages.
- B. If the estimated bonus to employees and remuneration to directors and supervisors, differ from the actual amounts subsequently resolved by the stockholders meeting the differences are to be recorded the profit (loss) of the year as result of a change in accounting estimate.
- C. The proposals to distribute remuneration approved by the Board of Directors are as follows:
- Employees' and directors' remuneration distributed by cash or stocks: The Bank's Board of Directors resolved on March 13, 2023 to distribute the employees' remuneration and directors' remuneration in 2022 totaling NT\$ 84,307,606 and NT\$ 4,123,742, respectively. The employees' remuneration will be distributed in stocks and calculated based on the Bank's common stock closing price of NT\$ 16.20 on March 10, 2023, which are 5,204,173 shares in total with face value of NT\$ 10 per share (the remaining remuneration of NT\$ 3 that is not enough for one share will be distributed by cash); the remuneration for directors are all distributed by cash. The amounts mentioned above have no difference with that estimated in the year of expense recognition.

## Fund Raising Status

(2) The ratio of the employees' stock remuneration to the after-tax income in the individual financial report for the current period and the total amount of employees' remuneration: 2.33%.

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

	Amount proposed and passed by the board	Amount actually paid	Difference	Remarks
Employees' remuneration	96,846,461	96,846,461	—	
Directors' and supervisors' remuneration	4,737,055	4,737,055	—	
Total	101,583,516	101,583,516	—	

Note: Directors' and supervisors' remuneration were paid in cash, whereas employees' remuneration was paid in shares. The number of shares issued was calculated based on the closing market price one day before the annual general meeting. Based on this calculation, a total of 7,200,480 shares were issued at NT\$13.45 each.

(9) Share Repurchases by the bank: None

## 2. Issuance of Financial Debentures

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

## Fund Raising Status

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

### 3. Issuance of Preferred Stock:

Item	Issue Date
	October 24, 2017 (Series A Preferred Stock of Union Bank of Taiwan)
Face Value	NT\$ 10
Issue Price	NT\$ 50 per share
Share Number	200,000,000 shares
Total Amount	Total capital stock is NT\$ 2,000,000,000; Total amount issued is NT\$ 10,000,000,000
Duties & Rights	Distribution of Dividends and Surplus 1. Dividend: The dividend rate of Series A Preferred Stock (annually) is 4.8% (=5-yr IRS rate 0.89125% + 3.90875%), and are calculated based on the issue price per share. The 5-yr IRS rate will be reset on the second business day after 5.5 years since the issue date and be reset every 5.5 years afterwards. The pricing record date of the rate reset is two Taipei financial business days before the reset day. The

## Fund Raising Status

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

## Fund Raising Status

	convert		preferred stocks into common stocks, and have no rights in asking the Banks to call back the Series A Preferred Stock they hold. 2. The Bank may call all or part of the preferred stocks at the original issue price anytime under approval of the competent authority on the second day after 5.5 years of the issuance. The preferred stocks not called still satisfy the duties and rights mentioned above. If the Bank's shareholders meeting decides to distribute dividends in the year that Series A Preferred Stock is called, then the dividends that should be distributed until the call day are calculated based on the actual issue days in that year.
Market Price per Share	2021	Highest	53.50
		Lowest	51.00
		Average	52.54
	2022	Highest	53.60
		Lowest	48.90
		Average	51.91
	As of March 31, 2023	Highest	52.30
		Lowest	51.60
		Average	51.84
Other rights attached	Amount converted or bought as of the date Annual Report is printed		The shareholders of Series A Preferred Stock shall not convert the preferred stocks into common stocks.
	Guidelines for issuance and convert or buying		None
Effect of issue terms on the right of shareholders; circumstances that equity may be diluted and the effect on existing shareholders' right			None
Impact of callable preferred stocks on capital to risk-weighted asset ratio			Not applicable

#### 4. **The status of Overseas Depository Receipts and Employee Stock Option:**

None

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

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

## **Fund Raising Status**

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

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

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

# Operational Highlights

## 1. Business Description

### (1) Main Businesses

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

Amount: NT\$ Million

Type	December 31, 2022		December 31, 2021		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (Decrease)	Growth Rate%
Current Deposit	355,052	49.64%	364,716	53.83%	(9,664)	(2.65%)
Time Deposit	360,144	50.36%	312,838	46.17%	47,306	15.12%
Total	715,196	100.00%	677,554	100.00%	37,642	5.56%

### b. Loans

Amount: NT\$ Million

Type	December 31, 2022		December 31, 2021		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (Decrease)	Growth Rate%
Consumer Banking	321,796	62.05%	288,797	63.74%	32,999	11.43%
Corporate Banking	196,791	37.95%	164,306	36.26%	32,485	19.77%
Total	518,587	100.00%	453,103	100.00%	65,484	14.45%

### c. Foreign Exchange

Amount: US\$ Million

Type	December 31, 2022		December 31, 2021		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (decrease)	Growth Rate%
Exports	157	1.32%	92	0.74%	65	70.65%
Imports	465	3.89%	615	4.95%	(150)	(24.39%)
Foreign Remittances	11,324	94.79%	11,715	94.31%	(391)	(3.34%)
Total	11,946	100.00%	12,422	100.00%	(476)	(3.83%)

## Operational Highlights

### d. Trust & Wealth Management

Amount: NT\$ Million

Type		December 31, 2022	December 31, 2021	Comparison	
		Amount	Amount	Increase (decrease)	Growth Rate%
Trust	Non-discretionary Money Trust Invested in Securities	58,235	54,212	4,023	7.42%
	Fund Custody Business	15,470	15,786	(316)	(2%)
	General Trusts	25,711	23,976	1,735	7.24%
Ancillary Service	Other Custody Business	3,889	5,158	(1,269)	(24.60%)
Total		103,305	99,132	4,173	4.21%

### e. Credit Card Business

Unit: NT\$ Million ; Card

Item	December 31, 2022	December 31, 2021	Comparison	
	Amount / Card	Amount / Card	Increase (Decrease)	Growth Rate%
Card in New Issue	361,077	248,291	112,786	45.42%
Cards in Circulation	2,431,532	2,255,449	176,083	7.81%
Valid cards	1,378,137	1,300,127	78,010	6.00%
Credit Amount	112,537	101,599	10,938	10.77%
Cash Advance Amount	529	624	(95)	(15.22%)
Accounts Receivables	19,856	18,299	1,557	8.51%
Revolving Credit Balance	5,649	5,349	300	5.61%

### f. Revenue and Percentage by Business

Item	% of Total Revenue 2022	% of Total Revenue 2021	Changes (%)
Corporate Banking	21.11%	14.77%	6.34%
Consumer Banking	42.95%	35.33%	7.62%
Trust & Wealth Management	8.77%	7.31%	1.46%
Investment Banking	0.50%	25.70%	(25.20%)
Other	26.67%	16.89%	9.78%
Total	100.00%	100.00%	-

## **Operational Highlights**

### (2) Business Plan for 2023

#### A. Deposit business

- a ∖ Evaluated the establishment of new off-bank ATMs to expand the Bank's service sites, enhance the Bank's visibility, and expand the deposit business.
- b ∖ Continued to increase deposits from and salary transfer account business with the Bank's cooperating companies with a reciprocal relationship.
- c ∖ Launched marketing programs across different business activities (acquiring business (subsidy) project for credit card cooperating stores and elder care trust business) to create new sources of customers and deposits.
- d ∖ Continuously launch promotion projects for demand deposits, attract new accounts opened by small and medium enterprises, increase deposit scale through enterprise networks and other transactions, and initiate promotion projects for large-amount demand deposits to attract enterprises and groups with large cash flow.
- e ∖ Organize a deposit competition to accelerate the achievement of KPI target.
- f ∖ Launch deposit projects on an irregular basis depending on the market capital position.

#### B. Corporate banking & foreign exchange

##### ➤ Business

- a ∖ Increase the proportion of self-use financing of industrial and commercial enterprises, and lower the proportion of civil construction financing and household loans, so as to gradually adjust the credit structure of corporate loans.
- b ∖ The Bank continues to implement the “Action Plan for Expanding MIT Factory Loans”, as a step taken to actively expand the MIT factory loan business, and track the business transactions between the borrowers and their related parties on a quarterly basis to improve overall efficiency. The MIT factory loan business will also be included in the evaluation indicators of the branches’ KPI and AO personnel assessment.
- c ∖ Actively expand quality stock financing and loan business.
- d ∖ Strive to improve profitability while controlling risks by taking the following measures:
  - I. In response to the rising market interest rates and increasing capital costs, determine the interest rates based on evaluation of the business transactions, and strive to increase cash flow and enhance the relationship with the business transactions through credit transactions in order to improve overall profitability.
  - II. Moderately increase the processing fee income for complex transactions, high operating costs, or bridge loan cases.
  - III. Apply higher interest rates to loans listed in Article 72-2 of the Banking Act and loans with real estate as collateral and a higher risk weight (LTV 100% or above) applicable to the enhanced debt entitlement.

##### ➤ Corporate Loan Management

- a ∖ Accelerate the audit of "Class A secured loans" and "MIT projects".
- b ∖ Accelerate the cultivation of corporate loan business personnel in response to the growth of the corporate loan business.
- c ∖ Optimize the Loan Integration System (LIS) and continuously introduce crediting processes and related review documents.

## Operational Highlights

- d、Continue to make plans for centralized allocation of funds for the corporate loan business, to integrate human resources and reduce operational risks.
- Foreign exchange
  - a、Stay focused on loans guaranteed by overseas quality financial institutions and national or government agencies and reinforce post-loan management, in response to the increasing risks in the international financial markets. Develop the customer sources of foreign exchange businesses, expand imports, exports and foreign exchange business to increase the Bank's niche in foreign exchange business and market share.
  - b、Review and update the content of guarantee for offshore lending at regular intervals and seek reinforced protection of the Bank's claim to debt through Overseas Credit Guarantee Fund, and assist the branches to expand their business.
  - c、Continuously optimize the convenience of foreign exchange and the foreign exchange deposit system to improve the efficiency of the clerks in charge in executing transactions, and set up relevant training courses to enhance the professional abilities of the clerks.
  - d、Cultivate corporate loan AO assistants with foreign exchange expertise, and encourage branch staff to intern in the Bank's overseas departments to promote the expansion of its foreign exchange business.
  - e、Develop the customer sources of foreign exchange businesses, expand imports, exports and foreign exchange business to increase the Bank's niche in foreign exchange business and market share.
  - f、Establish a large-amount foreign exchange settlement and remittance system for transactions of over NT\$500,000 in order to meet the demands of the Bank's customers for foreign exchange payments in imports and exports through online banking and for management of foreign exchange, so as to increase customers' loyalty with more complete and convenient services, and reduce the Bank's operational risks.
- Bill & Bond Financing Business
  - a、Guarantee business: Actively develop large-scale enterprises rated Grade 1-5 based on Taiwan Corporate Credit Risk Index (TCRI), and prioritize granting self-liquidating credits (e.g. customer instruments) or credits with quality stocks recognized by the Bank as collateral, and continuously track the financial and operational status of credit customers.
  - b、Bill & bond business: In terms of the investment business, actively cultivate financial transaction talents, select high-quality investment targets, and implement relevant risk control disciplines to increase overall revenue, and continue to enlarge customer base, diversify sources of funds, and reduce liquidity risk, so as to increase revenue and maintain our market position.
  - c、Deposit and other businesses: Actively refer credit customers to nearby branches by visiting them together with branch staff, strive to increase their deposits in the Bank or make repurchase agreements on bills and bonds with them, and strive for other business transactions with credit customers depending on their business needs, so as to enhance the relationship between credit customers and the Bank.
- C. Consumer banking
  - a、Continue to focus preferred customers in further depth, keep abreast of the

## **Operational Highlights**

trend of customer need and keep existing customers. Provide customized programs to customers of different segments for intensifying the sources of new customers.

- b 、 New loan services through digital channels target young and digital customer groups, aimed at promoting online channels.
- c 、 To provide services for customers with investment and wealth management needs in the vicinity of our branches, a new "Good Neighbor" loan project will be initiated as a financial service provided for customers around the branches.
- d 、 Actively recruit or train credit AO to increase business, and additionally devise incentive measures for AO to undertake investment and loan businesses to encourage them to increase undertaking volume.
- e 、 In order to effectively leverage the cross marketing value of the businesses of corporate loan branches and the consumer loan center, an incentive program will be launched rewarding corporate loan branches that refer customers who apply for housing loans, in order to increase the source of high-quality customers in need of housing loans in the vicinity of the branches.
- f 、 Stay focused on and further develop high-quality customers in accordance with the existing marketing strategy, and maintain the existing customers' loyalty to the Bank. Cooperate with business units to develop small industrial and commercial enterprise customers, and provide them with employee loans as well as personal loan plans (e.g., quality stocks, real estate overdrafts), and launch loan projects by integrating the cross-product resources of Bank departments to enhance customer loyalty.
- g 、 In response to the transfer of loans offered to small enterprises, wealth management AO are added through evaluation, with personnel of the Bank jointly appointed by the Human Resources Department and Corporate Loan Department in charge. In addition, loans have been offered to small enterprises amid the efforts to increase business and care for the enterprises in the vicinity of the branches.
- h 、 In response to the development trend of digital financial services, we have optimized and expanded the online loan borrowing functions to provide quality loan services via digital channels. We provide 24-hour online loan services and plan to provide services for online applications of revolving limit credit loans for micro-enterprises and of real estate loans, to promote online channels. Unveil special loan programs to targeted customer groups and at specific time point.
- i 、 Consolidate the new car loan business, develop special loan business, and further develop high-quality used car dealers to upscale the Bank's business.

## Operational Highlights

- j、Open credit lines for car loan customers to enhance the close relationship with them.
- k、Strengthen credit verification and evaluate the sources of repayment to ensure loan quality.
- l、Control the management and tracking of the reporting of abnormal cases to strengthen internal control, implement post-loan management to control overdue loans, analyze overdue and doubtful debts to provide reference for credit policy, and take active measures to recover doubtful debts to increase earnings after provision for doubtful debts.

### D. Credit card business

- Concentrate on customer management to enhance customer loyalty and conduct precision marketing to increase the Bank's market share in cardmembers.
  - a、Continuously promote key cards, such as LINE PAY Card, Yoshitsuru Card, Happiness M Card and UBOT Green Card, to introduce differentiated marketing channels based on product features. ◦
  - b、Issue new cards through recognized channels to quickly attract customers and new young customers.
- Strengthen digital platform services to provide a comprehensive online experience
  - a、Increase exposure through publicity and expand digital channels to raise online application rates.
  - b、Promote the fast binding function for payments in stores made through digital platforms to increase competitive advantages.
  - c、In responding to the growing popularity of mobile payment, the Bank adopts the essential channels on hand to promote its credit cards. In addition, the Bank actively seeks to broaden the clientele base for its card bundling business to increase card using frequency.
  - d、Optimize online service functions, such as online card application and online loan application.
- Keep abreast of market trends and seize market opportunities to effectively increase the amount of transactions made by card and card using frequency.
  - a、In the post-epidemic era and upon opening of borders, we will seize the opportunities in domestic and foreign tourism as well as digital and livelihood consumption.
  - b、Unveil themed consumption activities based on key cards, involving transportation, tourism, online shopping, taxation and other fields.
  - c、Make plans for major installment activities that target large expenditures such as taxes, tuition fees, insurance, etc.
- Committed to promoting diversified payment and grabbing the acquiring business of large chain and online contracted stores.
  - a、Integrate different acquiring platforms and provide diversified payment methods to strengthen the promotion of online contracted stores.
  - b、Develop major online contracted stores and chain stores.

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

- a、In response to the trend of an aging society, we will continue to provide training for colleagues to help them obtain the certificate of “Financial Planning Consultant for Seniors”, establish a trust talent pool for the Bank,

## **Operational Highlights**

and cultivate their professional competence, in order to provide seniors with comprehensive financial services and care and fulfill the Bank's social responsibilities.

- b、Integrate trust services to expand trust 2.0 business, strengthen relationship with core customers, and provide customers with customized services.
- c、In order to create a friendly financial environment and facilitate customer transactions, in addition to the original network and APPs, we have opened transaction platforms for applying for mobile wealth management and remote wealth management via mobile phone, and installed an online transaction system for overseas debt and ETF, to improve operating efficiency.
- d、In addition to domestic/overseas funds, foreign bonds and ETF, structured products, U.S. stocks and preference shares are included in the main products of the wealth management business to meet customers' all-round financial needs, expand the scale of specific money trust business, and increase business revenue.
- e、In the future, we will continue to advance in the direction of further developing customers, optimizing operations, strengthening training, and managing risks, so as to enhance the competitiveness of the Bank's financial management business.
- f、In responding to the evolving trend of the aging society and sub-replacement fertility family structure, the Bank will continue to introduce protection, investment and annuity types of insurance products to satisfy the need of customers in full-range wealth management so as to bring in more commission income.
- g、Broaden the scope of trust for elderly care and continue to develop cross-industry strategic alliance to integrate related channels in favor of the elderly and satisfy their full-range need.

### F. Digital banking service:

#### a、Personal electronic banking services

We will implement digital financial business and create a new map of financial transactions. In addition to continuously optimizing the user interface and operation processes, we will also introduce the function of large-amount foreign exchange transactions, services for online settlement of foreign exchange inward remittance, etc., to improve the quality of eBanking online services, in order to facilitate domestic foreign exchange transactions and diversify eBanking transactions, and help enhance the Banks' competitiveness in the digital development of personal online banking and mobile banking.

#### b、Corporate online banking services

Based on user experience and aimed at meeting the requirements of enterprises for accounting management, we will continuously optimize transaction processes, and offer the service of online foreign exchange transaction through eBanking and online investment transaction environment to enterprises, in order to provide them with a more flexible financial service platform, helping them to reduce operating costs, improve operational

## Operational Highlights

performance, and create advantages in market competition.

- c、New New Bank digital banking services
  - (i) The “customer acquisition strategy” focusing on new customers continues to increase the number of accounts opened, aimed at attracting new young customers and increasing market share.
  - (ii) The “customer management strategy” targeting old customers, increases their contribution and loyalty to the products based on cross-business credit cards, securities, funds, and other marketing schemes.
  - (iii) Continue to expand and bolster various forms of online service function in integrating online banking services of loans, credit card application, securities investment account opening, wealth management and investment. Videoconferencing, over-the-counter authentication and priority of opening digital account will also be released to continue the refinement of the process of online account opening with the addition of offline over-the-counter transactions.
  - (iv) Utilize digital banking to enhance the effect of virtual-physical integrated services, and fortify the non-traditional financial service sites such as convenience stores, iPASS MONEY, campus payment to form a banking service chain online and offline.
  - (v) The young digital population will be the target of further development. Resources and financial products of the Bank will be launched through the promotion strategic of special offer, strategic partnership in cross-industry cooperation, and cross marketing for attracting more new accounts and boosting business volume.
- d、Strengthen marketing in social communities and various information platforms

Strengthen the cultivation of the community and upgrade different kinds of information platforms such as LINE BC, text message, and eDM for integrated use, and combine related new function of LINE API to continue the refinement of the texting personal messages, marketing promotion and service application.
- e、Integrate and apply new types of digital financial services
  - (i) Install the big data forecasting model for cross-industry sale in personal and corporate banking, bolster the application and localization of the model for facilitating the cross infiltration of different business into the customers.
  - (ii) Assess different types of cross-system services in supporting the policy of the competent authority (for example, personalization of MyData digital service and Open Banking API service).
  - (iii) Introduce smart customer service and voice recognition system to the

## **Operational Highlights**

customer service system for reducing the cost of human service and upgrade service efficiency and quality.

(iv) Develop methods of OTP SMS verification approved by customer service to enhance identity verification functions.

(v) Video customer service can replace over-the-counter verification and enhance identity verification functions.

(vi) Outsourced foreign customer service assists in handling issues concerning foreign labors, digital saving business and use of APPs.

### **G. Securities financing business:**

a、Strengthen the stability and backup mechanism of the securities trading system, and establish a SOP process for information security and an abnormal trading system.

b、Continue to promote online opening of all accounts, and strive to increase the ratio of active accounts to achieve the market share target.

c、Set up an order taker post, coordinate the Company's resources, and continue to recruit salespersons.

d、Strengthen the connection with branches and boost their contribution to the securities business.

e、Invite futures companies to assist in organizing futures customer seminars on a regular basis to broaden the customer base.

### **H. Others**

a、Actively develop high-quality companies with good liquidity, such as publicly listed companies and well-known groups, to expand commercial paper underwriting business, and continue to strictly implement the post-loan management mechanism to review and adjust credit risks in a timely manner, and prudently control the credit risk from customers for the underwriting guaranteed and non-guaranteed commercial paper while increasing the turnover rate of commercial paper, so as to expand the underwriting market share and increase the underwriting commission income. ) In complying the BASEL rules, UBOT maintains its capital adequacy level to meet the standards of the competent authority in the ratios of different categories of capital, the stable sources of capital and high quality liquidable assets to meet the net stable fund ratio (NSFR) and the liquidity coverage ratio (LCR).

b、UBOT will continue to promote related businesses based on the business opportunities derived from climate risk issues, and to monitor and control the established goals, indicators, and risk management mechanisms. In addition, we will disclose the implementation of governance, strategies, risk management, indicators and objectives, and other relevant aspects in the Bank's ESG sustainability report by the end of June 2023.

I. In terms of investment business, the Bank actively cultivates financial transaction talents; carefully selects investment targets and implement the disciplinary requirements in relation to risk control in capital operation so as to contribute to the Bank's profit; strive to improve the profitability of various assets, strengthen risk management and maintain good asset quality; review the appropriateness of the notes and bond position at all times to maintain better funding flexibility. In investment business, cultivate financial trading talents, choose investment targets

## Operational Highlights

carefully and execute disciplinary financial operations in order to control the risk and increase the Bank's income, do our best to improve the profitability of all assets, strengthen risk management, and maintain good asset quality.

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

### (3) Market Analysis

- A. Region of business: By the end of March 2023, we have 90 domestic business locations, including 49 in Greater Taipei, 18 in Taoyuan and Hsinchu, and 9 in Taichung and Changhua, 6 in Chiayi and Tainan, and 8 in Kaohsiung and Pingtung; and one overseas banking branch. The Bank set up its Ho Chi Minh City Representative Office and Hong Kong Representative Office in Ho Chi Minh City, Hanoi and Hong Kong. The Bank also expand its overseas operation aggressively. The bank got permission from the Financial Supervisory Commission in March, 2019 to set up a branch in Da Nang, Vietnam.
- B. The financial market still holds a positive view on the banking industry in the face of rising interest rates, and bank deposits are predicted to increase. Additionally, the gradual lifting of international border controls against the epidemic will revitalize overseas markets, and the government keeps up efforts to promote multiple policies to encourage industrial development, which will boost investment and lending businesses and increase interest rate spreads of the banking industry. Nevertheless, we shall still put emphasis on the risks posed by the overall international political and economic situation, the domestic and overseas investment environment, customer solvency, and other factors in the future.
- C. Competitive Niches and Advantages/Disadvantages Relating to Development Prospects And Responsive Measures
  - a. Advantages
    - i. In 2023, the United States will maintain the rising trend of interest rates, which helps to increase interest rate spreads across the financial industry.
    - ii. The gradual lifting of international border control over the COVID-19 pandemic has revitalized overseas business of the banking industry, and Taiwan attaches great importance to developing the ASEAN market, which will boost the growth of loan business of Taiwanese enterprises in ASEAN.
    - iii. The COVID-19 pandemic has accelerated the development of digital finance in the banking industry, attracting more customers of all ages due to the convenience of digital finance, and reducing labor costs by using financial technology, thus accelerating the reduction of physical branches

## Operational Highlights

in the banking industry and improving operating performance within the industry.

### b. Disadvantages

- i. Rising interest rates may affect customers' repayment ability and credit quality, leading to an increase in the overdue ratio. In addition, the government continues to implement policies to suppress housing prices, such as the housing-land integration 2.0 initiative and the ban on resale of pre-sale houses. If Taiwan maintains the rising trend of interest rates, the credit risks posed by housing loans and credits will increase accordingly. Therefore, risk control over the financial industry is undoubtedly an issue that must be paid attention to.
- ii. Global inflation has not yet shown a significant decrease, and the world is facing a sluggish economic growth, and the conflict between Ukraine and Russia is continuing, which is not favorable to international financial stability, and increases the risks of overseas investment and loans in Taiwan's banking industry.
- iii. In terms of the new transaction methods derived from technology development, the application of technology to the financial industry must also be accelerated in response to the situation. The competition encountered by participants in the financial industry are not just from industry peers but also from a great variety of other industries. Enterprises in this industry may elect either to transform proactively or being replaced by the easy and convenient digital financial services. In addition, FinTech also triggers a high demand for human resources in information technology, compliance, and information security, which in turn drives up the cost of human resources in the banking industry significantly.

### c. Countermeasures

- i. For the effective management and control of the credit risk deriving from the pledge of property as collateral for loans, UBOT has set the mortgaged loan limit and will continue to support the government in the measures for the control of risk deriving from mortgaged loans.
- ii. Actively supervise domestic and international loans, quickly handle exposures, strengthen training for personnel at all levels, and pay attention to pre-loan customer risk evaluation and post-loan management and tracking.
- iii. In alignment with the development of FinTech, UBOT provides diversified services in real-time. The combination of the digital deposit account with credit card, loans, insurance, and securities, and the link to electronic payment service give customers better convenience. These could help to earn customer loyalty.

## **Operational Highlights**

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

#### **A. Main Financial Instruments and the Size of New Business Departments Introduced During the Past Two Years and the Profit/Loss Status**

- a. Prioritize undertaking of plant loans for enterprises mainly engaged in manufacturing (MIT industry) in Taiwan in corporate finance business, and continue to promote quality stock financing loans, loans for accounts receivable purchase and subsequent advance payment, easily discounted notes, corporate banking foreclosure real estate loans, rooted loans, and preferential loans in government projects so as to offer corporate customers multiple loan choices.
- b. The financing loan business offers a variety of short and medium-term funding options to customers. As of the end of 2022, total loan granted amounted to NT\$28 billion, and the balance of loan amounted to NT\$53.6 billion, representing an increase of 42.13% and 38.50% respectively comparing to 2021.
- c. Wealth management business  
The Bank launched several funds, foreign bonds, ETF and other financial products in 2022. Due to the policy of raising interest rates, the base prices of foreign bonds went down continuously, pushing up the yield to maturity of foreign bonds. Among them, the yield to maturity of investment-grade foreign bonds surged to over 6%, the highest since the financial crisis in 2008, attracting investors to enter the market. The Bank incorporated foreign bonds into its major products and adjusted the wealth management business policy, with the insurance of assets as the mainstream in business operation, to assist customers in adjusting their asset appropriation.  
As of the end of 2022, the Bank's total number of wealth management accounts reached 161,000, up 4.72% compared to 2021, and the total balance of assets under management amounted to NT\$388.4 billion, up 8.04% compared to 2021. The Bank will continue to provide customers with more diversified financial products and transaction channels to increase overall wealth management revenue.
- d. Fortune passbook business  
The Bank promotes Passbook (integrating Taiwan Dollar deposits, foreign exchange deposits, securities, and funds) for people under 18 years old. "Fortune Referral": UBOT has held activities to refer customers to open accounts and cooperated with high-quality children's art and literature contracted stores (including Yunmen Wuchi Dance Classroom, Xinyi Parent-child Game Study, Parent-child World, Chiayu Center, and Jukuo Children's Drama Troupe) to provide special offers. As of December 31, 2022, the balance of assets of the Fortune Passbook holders amounted to NT\$11,376,440,000, representing a 10.05% growth rate compared to NT\$10,337,540,000 as of December 31, 2021.
- e. VISA debit cards  
In 2022, the Bank has launched "PX Mart Spring Festival Bonus Point Up to 2,000", "PX Mart Extra Bonus Point Up to 880", "PX Mart Mid-Autumn Festival Extra Bonus Point Up to 750", "PX Mart Year-end Celebration", "UBOT Card Holder Day", "Free Parking at City Zone", "Discount for Gasoline Refill", and other promotions for credit card usage. In 2022, the consumption amounts through the Bank's Visa debit cards (including Easy Debit Card and iPass Debit Card) totaled NT\$2.0395 billion, representing a

## Operational Highlights

10.33% growth compared to 2021.

- f. Promotion of automated services and e-banking
  - i. In addition to the establishment of ATMs and unmanned banks in the stations along the Kaohsiung/Taoyuan Line, OK marts, the Breeze Center, and Carrefour, the Bank installed a total of 155 ATMs at Show Ba Department Stores in 2019, 2020, 2021 and 2022 to provide customers with more convenient services.
  - ii. The “New New Bank” digital deposit account continued to unveil series of special offers through the combination of deposit, credit card, securities, loan, insurance and iPASS MONEY (previously LINE Pay Money” across different types of business. As of the end of 2022, the number of accounts reached 414,774.
  - iii. Deposit account is lined to electronic payment service. UBOT will continue to launch series of special offers like the account opening with “iPASS MONEY”, link to deposit account, and consumer gift (such as the enhanced bonus for the 5000 Coupon”. As of the end of 2022, more than 189,618 deposit accounts of the Bank had been linked with LINE Pay Money.
  - iv. The Bank continues to optimize the eBanking functions and services based on user experience, improve the functions and user interfaces of personal online banking and mobile banking, and refine transaction processes, in order to improve the competitiveness and overall utilization rate of eBanking services. By the end of 2022, eBanking at UBOT had some 799,114 applications by head count.
- g. The business department set by the Bank in the recent two years: none.

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

- a. R&D expenditure and results

Unit: NTD Thousand

Year	2022	2021
Item		
R&D expenditure	288,152	115,948

- i. In 2022, the Bank maintained growth in the number of mobile payments and the amount of purchases made by mobile payments, and is still one of the few banks in the market that can support all NFC contactless payments and code scanning mobile payments, making it a leader in promotion and use of mobile payments. The number of mobile payments by the end of 2022 has reached 410,000, up 20% compared to 2021, and the amount of purchase (including contactless and code scanning mobile payments) in 2022 amounted to NT\$ 19.6 billion, up 47% compared to 2021, indicating the Bank’s leading position and excellent experience in the promotion and use of mobile payments.
- ii. The Bank continues to improve the system and user interface of personal online banking and mobile banking, with user experience as the core, by enhancing the user experience in transaction services on eBanking platforms, and introducing functions such as foreign currency transfer through virtual accounts, deposit certificates for depositing in installments while paying in lump sums and query of the number of interbank transfer

## Operational Highlights

with discounts. It has increased the amount of remittances in the original currencies in foreign exchange to NT\$3 million, stipulated that the account will become effective on the day when the holder transfers the funds to the account, extended the reservation transaction period to one year, and provided verification for transferring an application with no reservation / changing or adding a new card and other services, hoping to provide customers with multiple service channels and more convenient financial services experience through a new user service interface.

- iii. In order to attract digital customers to make transactions, the Bank continuously optimizes and has added services for New New Bank, and provides diversified service channels based on investment services. It has introduced new services and functions such as fund and securities services, one-click full account opening, reduction or waiving of the service fee for ATM interbank withdrawal for the disabled, and has also provided services for adults aged 18 and above to open accounts in accordance with the amendment to the Civil Code. Meanwhile, in response to the growth of social media, the Bank continues to provide services, such as real-time transactions, target exchange rate notifications, and personalized transaction notifications for wealth management and loan payments through the official LINE account. With the provision of online account opening and personalized messaging services, the Bank will be more in line with users' needs to expand the Bank's digital customer base.
  - iv. To optimize the Bank's anti-money laundering system and correspond to the relevant regulations of the Money Laundering Control Act, the Bank purchased the "anti-money laundering and combating terrorist financing system for banks" and AML-KYC system from the system integrator "Stark Technology, Inc.," and the Bank also purchased a "name scanning database" from "Dow Jones Factiva Limited" to integrate the basic information and transaction information of the Bank's customers with the information system to enhance the efficiency of conducting anti-money laundering operations for the Bank.
  - v. In order to establish a clear and appropriate communication and consultation system for laws and regulations, the Bank plans to set up a database of financial laws and regulations. It will purchase hardware equipment, import the regulatory data issued by the Financial Supervisory Commission and its four bureaus on the open platforms for government data as well as the Bank's internal rules and notices into the database, and enhance the import, establishment and implementation of regulations conducted by the Head Office. With this action, the Bank expects to provide industry peers with a platform where they can search for the Bank's internal and external regulatory materials required in operation, and strengthen the Bank's compliance with laws and regulations.
- b. Future R&D plan
- i. The online loan management system is being continuously optimized to streamline the credit granting process and enhance the operation efficiency. To reduce the credit risk of credit granting, the Bank has built an internal evaluation system for the credit granting to correspond to the credit risk structure of Basel II. UBOT utilizes big data information to screen out the promotion list and provides it to the branches for them to develop potential customers of the Bank, in order to expand the scale of loans for industrial

## Operational Highlights

- and commercial enterprises.
- ii. According to the analysis in VISA's latest "Consumer Payment Attitude Report 4.0", the COVID-19 pandemic in the past three years has led to a significant growth in consumers' acceptance of mobile and contactless payments, boosting the popularity and frequency of mobile payments, which shows that "mobile payments" have become an indispensable payment method. Besides, payment rewards can further stimulate the frequency of mobile payment. More than 60% of consumers use mobile payments for online shopping, and about 80% of consumers use it weekly in physical stores. Moreover, more than 99% of consumers indicate that they will continue to use mobile payments or use it more frequently in the future. These behaviors constitute another focus of observation in the mobile payment market after 2023, and channels, discounts, system stability and smooth user experiences are vital factors to success. Therefore, the Bank will strive to provide more complete channels, attractive discounts, and smoother operation processes to attract more new-generation mobile users, so as to increase the number of transactions and transaction amounts of mobile payments of the Bank.
  - iii. In view of the maturity of mobile devices and the Internet environment, the Bank's research and development of digital financial services will continue to focus on mobile device applications, reinforce the existing e-banking service platforms, and continue to optimize services of personal online banking, corporate online banking, and mobile banking. Also, it will increase online applications of various services and digital banking services, focus on the customer needs as the core for design, and put emphasis on user experience and service interface, while providing customers with more real-time, safe, and convenient e-banking services under the premise of taking into account both transaction efficiency and information security.
  - iv. Continue researching and paying attention to the technologies related to financial markets and the relevant applications, follow the evolution of information technologies, cultivate relevant talents in the fields of new financial technology of AI, block chain, biometric, big data and so on. In response to the trend of changing service types in the future, the Bank will continue doing research on digital services and its application. In 2023, a budget of NT\$74.70 million was allocated for the planning and research in different forms of digital services and areas of application. We aim to strengthen the basis for future development of each business by developing the Bank's digital customers with new digital financial services.
  - v. We will enhance the Bank's wealth management system and improve the efficiency of financial consultants and the control over trading. We will also utilize multi-dimensional analysis and asset allocation to effectively identify wealth management customers, and increase the functions of internal management and control, analysis, and identification. Besides, we will also follow the government's policy by introducing an information and judgment mechanism for money laundering and terrorist financing in order to achieve the function of anti-money laundering and combating terrorist financing and maintain the financial order and trading safety.
  - vi. The Bank plans to establish a shared online collection system for all credit businesses of the Bank to strengthen control over the collection process

## Operational Highlights

and progress. Additionally, it aims to automate some operations by using the information system to improve operational efficiency and accuracy. Therefore, in addition to the collection system purchased from a professional manufacturer (no further payment was made during the system establishment period in 2022), the Bank purchased relevant hardware equipment from the manufacturer in mid-2022, and payment will be made in two installments in 2023.

- vii. For the refinement of the anti-money laundering system at UBOT, the Bank enters into the “AML Risk Executive Maintenance Agreement” with system service providers every year and purchases the “name scanning database” from list service providers at regular intervals to continue the pursuit of AML of the Bank. In 2023, NT\$6,020,000 is expected to spend in this area.
- viii. In order to develop the Bank's digital, automated and intelligent regulatory system, in addition to the "compliance operating system" and the "financial regulation database" (NT \$790,000 will be invested to purchase the hardware equipment of the regulation database in 2023), the Bank plans to establish a compliance platform to conduct collection of external laws and regulations and response tracking, sorting of laws and regulations and risk assessment, self-evaluation and spot checks on compliance, and other compliance monitoring operations, to implement the Bank’s compliance with laws and regulations.

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

- A. Short-term Business Development Plan: Please refer to “Chapter (2) 2023 Business Plan”.
- B. Long-term Business Development Plan: Please refer to page 10 “4. External Factors and Future Development Strategies of I. Letter to Shareholders”

## **2. Employee Analysis**

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

Year		End of 2021	End of 2022	Until Mar. 31, 2023
Number of Employees	Permanent	3,932	3,914	3,940
	Temporary	0	0	0
	Other	0	0	0
	Total	3,932	3,914	3,940
Average age		38.97	39.29	39.30
Average year of service		10.40	10.71	10.68
Education	Doctorate	0.03	0.03	0.03
	Master	7.04	6.97	7.00
	University (College)	87.41	87.58	87.46
	Senior High School	5.52	5.39	5.51
	Junior High School & Under	0	0.03	0
Type of professional certification held by employees		End of 2021	End of 2022	Mar31, 2023
Certified Anti-Money Laundering Specialist (CAMS)		6	7	7

## Operational Highlights

Year	End of 2021	End of 2022	Until Mar. 31, 2023
Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist	338	369	382
Basic Proficiency Test for International Banking Personnel	392	384	381
Proficiency Test on Foreign Exchange Trading	8	9	9
Proficiency Test for Trust Operations Personnel	2,758	2,763	2,757
Subject Test - Laws and Regulations on Trust Businesses	35	35	36
Qualification exam for “General knowledge of Financial Markets and professional code of Ethics”	3,060	3,036	3,026
Financial Risk Manager (FRM)	3	3	3
Class B Accounts Clerk	6	6	6
Class C Accounts Clerk	94	102	103
Basic Proficiency Test for Bank Lending Personnel	431	437	437
Advanced Proficiency Test for Bank Lending Personnel	27	27	25
Proficiency Test for Bank Collateral Appraisal Personnel	10	9	9
Proficiency Test for Financial Planning Personnel	331	327	321
Certified Financial Planner(CFP)	2	4	3
Structured Product Sales Personnel Qualification Test	522	530	532
Qualification exam for securities investment trust and consulting regulations (including professional ethics rules)	17	16	13
For taking “Investment trust & consulting regulations(including self-disciplinary rules)” only	1,326	1,398	1,408
Life insurance salesperson	2,907	2,772	2,784
Investment-oriented insurance salesperson	1,340	1,317	1,305
Fundamental Test of Investment-oriented insurance salesperson and financial market	256	247	245
Property Insurance Salesperson Registration Certificate	1,323	1,329	1,333
Qualification Test for Life Insurance Salesperson Selling Non-Investment Type of Insurance Product in Foreign Currency	1,134	1,172	1,154
Futures specialist	323	320	309
Bill finance specialist	89	88	86
Fin Tech Knowledge Test	64	84	91
Certification Test for Eldercare Financial Planning consultant	0	69	68
Labor safety and health specialists (Class B certificate for labor safety and hygiene)	3	3	3
Class A Manager of Labor Safety & Health Affairs	54	55	52
Class B Manager of Labor Safety & Health Affairs	107	109	105
Class C Manager of Labor Safety & Health Affairs	36	33	33
Fire Fighting Administrator	145	141	138
First Aid Specialist	178	198	198
Bond Specialist	24	23	22
Basic Proficiency Test on Internal Controls	2,263	2,379	2,431
Securities specialist	386	410	406
Senior securities specialist	249	250	246
Securities investment trust and consulting professionals	204	199	192
Securities investment Analyst	3	2	2
Specialist of “Margin and Stock Loans by Securities Firms”	53	55	54
Assistant real estate Brokers	12	13	13

Note: Not include the 3 employees of offshore units.

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

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

## Operational Highlights

and improve the operational procedures.

Item	Dec. 31 2022		
	Internal program	External program	Total
Number of employees trained	41,416	5,301	46,717
Total training expense ( in NT\$ thousand)	5,705	8,039	13,744

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

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

- (1) Cultural Intelligence Education:  
UBOT has engaged in the promotion of social education for a long time to cultivate children's artistic senses and the concept of brotherhood and charity. In 2022, the Bank held the 20th "Let Me Draw My Mommy," a children's charity drawing competition, and donated NT\$10 for each work submitted by children to the special account of the “Local Education Fund Development Account of Nantou County Government” to subsidize elementary school students from disadvantaged families. For the promotion of oil painting art in Taiwan, UBOT and Union Cultural and Education Foundation jointly held the 20th “Union Fine Art Impression Award”, and the 25th “Union Fine Art Rising Star Award” competitions. The Bank also organized 10 itinerant exhibitions in Taipei, Kaohsiung, Taichung, Changhwa, Taoyhuan, Miaoli, Pingtung, Luzhou Lin Chien-Sheng Memorial Library, Taitung, and Yilan. For the promotion of local culture of historic remains in Taiwan, UBOT continued to engage in joint venture with SET TV in the production of “Taiwan Story - Union Bank Tour at Historic Site 3rd Season”. Two episodes have been produced in 2022, including

## Operational Highlights

themes such as visits to Chiayi City and Meinong and Qishan District in Kaohsiung City, for the promotion of public understanding of local history and culture in Taiwan. For broadening the knowledge and concept of conservation and environmental protection, UBOT participated in the fostering of endangered species of Taiwan, the “Prionailurus bengalensis” and the “Phasianus colchicus”.

(2) Sponsoring Arts and Cultural Activities:

UBOT values the development of arts and culture in Taiwan, and actively participates in the arts and cultural events organized by the county governments. In 2022, we played an active part in funding the “2022 Taiwan Lantern Festival” hosted by Kaohsiung City Government, the “Classic and Romantic” concert jointly organized by the “Bureau of Cultural Affairs, Kaohsiung City Government” and the “Kaohsiung Philharmonic Cultural and Arts Foundation”, the concert series at the Kaohsiung Spring Arts Festival, and the “Broadway Tonight” concert. We also invited our customers to participate in the activities in the joint support of carrying forward local arts. In addition, we have established the “UBOT Arts and Cultural Gallery” in the KMRT Formosa Boulevard Station for citizens to appreciate art works.

(3) Social Engagement

- A. Care for community development: We continued adopting “Minyao Park #2 in Songshan District” and the flower beds in front of Luzhou Elementary School in New Taipei City to maintain a public natural environment and facilitate positive symbiosis between enterprise and community.
- B. Support local agriculture: UBOT takes action to support local farmers, and has purchased 39,200 carnations on the eve of the Mother’s Day from the floral plantation farmers at Tienwei in May 2022, and purchased about 6,000 boxes of pomelos from farmers in the production area through “yesgogogo” e-commerce shopping platform, one of UBOT’s subsidiaries, on the Mid-Autumn Festival, as gifts to the Bank’s customers and the public.
- C. Concern for the youth students: UBOT is concerned about the misfortune students and helped them to develop and demonstrate their talent and have their dreams come true by funding the “Male Basketball Team at Dong Shan Senior High School in Taichung”, and sponsored the “2021 National Inter-high school Athletic Meet” organized by Yunlin County Government for the promotion of sports and development of good athletes in Taiwan. UBOT also collaborated with the Union Culture Foundation to raise funds for the “Puzangalan Children's Choir” to finance operation training and subsidize members from disadvantaged families in urgent need of education funds.
- D. Care for local industries: Every year we order a large quantity of Lunar New Year gifts such as ceramic Chinese zodiac piggy banks, calendars, red envelopes, and Spring Festival couplets. Local MIT manufacturers are always our priority contractors.
- E. Participation in disaster aid and relief: Being empathetic of “the starving of others as if I am starving myself, and the drowning of others as if I am drowning myself”, and in the hope of inspiring others by taking actions, UBOT made a donation in response to the government's call for the “2022 International Aid Project for Ukraine” in April, for emergency relief and medical assistance.

## Operational Highlights

### (4) Charity

- A. Donation to charities: the Bank donated to the “Children Are Us Foundation” to hold an annual public performance and purchased handmade lunch boxes, in support of life care and work plans for mentally disabled children, sponsored “Breeze Charity Foundation” in the "2022 Shine like stars Shining Christmas Lighting" public welfare activity, and invited the public to claim the wish boxes and fulfill children’s wishes. Besides, UBOT cooperated with the Eden Social Welfare Foundation in the “Growth Relay for the Slow Flying Angels - Clear the Way for Their Learning”, with Taiwan Weiko Public Welfare Action Association in the “Charity with Love - Save the Youth to Come and Join”, and with the Taipei Parents’ Association for the Blind in “Keep Me Company, Be My Eyes” in donation.
- B. Fundraising and donations: UBOT and Union Culture Foundation jointly unveiled the charity donation platform of “Well-Being Together”. In 2022, we provided assistance to the “Puzangalan Children's Choir”, the “Long-Yan-Lin welfare association at Zhongliu Village of Nantou County”, “Children Are Us Foundation”, the “Service Station for the Elderly and Children at Xuhai Elementary School in Moudan Aboriginal Tribe at Moudan Township of Pingtung County”, “Kitchen for the Elderly in Tounan Township Community Development Association of Yunlin County”, and other public welfare and disadvantaged groups.
- C. Urban charity: In order to create a healthy urban life, the Bank sponsored the Taoyuan Metro Corporation, Taichung Mass Rapid Transit Corporation, and Kaohsiung Rapid Transit Corporation to organize various urban charity events.
  - I. UBOT sponsored Taoyuan MRT to shoot the footage to show its corporate image, expressing its hope that people will gradually resume normal life in the post-pandemic era and move forward with a positive attitude. Additionally, it held the “Charity Travel for Children” to invite disadvantaged children to take the Taoyuan Metro for free.
  - II. UBOT sponsored Taichung MRT to hold the “Exhibition of Products from the Surrounding Areas at the Stations” and “Photography Competition Project” to publicize the company, and organized “Blood Donation Project”, “Family Day Activities”, and “Don’t Cry, Strays” to spread love to every corner of the country.
  - III. UBOT sponsored Kaohsiung MRT to hold the “Kaohsiung MRT Summer Love Cosplay Event”, “Tangerine Confession Train”, “3-to-3 Basketball Tournament”, “Charity Marathon for Tangerine Station Managers at Christmas”, “Charity Symphony Concert”, and other charity activities.
- D. Affinity card donation while spending charity plan
  - I. In 2022, UBOT issued the affinity cards including the 8 Blessing Affinity Card, Guardian Angel Affinity Card, and the Peace Affinity Card. When card holders used credit card charge for payment, a percentage of the payment amount will be donated. A charity budget has also been prepared for feedback to charity organizations and charity purposes at the county or city level.

## Operational Highlights

- II. In supporting the government policy of “Green Finance Action Plan 2.0”, UBOT issued the “UBOT Green Card” in September 2021. Feedback was made via green spending channel to materialize the vision of environmental and social sustainability. This is the first of kind in the industry that a physical card made of environmental material and a virtual card was issued at the same time. A percentage of the spending from credit card charge will be donated to the “Taiwan Environmental Information Association” for better effort in environmental protection, promotion of education in environmental protection and related charity events through the resources of green charity groups.
- E. Collaboration between Union card holders and charity groups in making donation through payment by credit cards: participate in “Lucky Money Packet for Love! Encourage the Child to Become a Better Person” and “Immediate Assistance to Disabled Children” organized by the World Vision. Card holders of UBOT are invited to help and support children from disadvantaged families and impoverished children suffering from hunger to grow up safely and healthily, and motivate them to keep forging ahead.

### (5) Green Environment

In order to practice ESG and fulfill corporate social citizenship responsibilities, UBOT participates in various energy-saving and environmental protection measures with practical actions, in addition to participating in various green environmental protection public welfare activities such as "Earth Hour", "Earth Day" and "World Environment Day", to promote a low-carbon green life. UBOT took the lead in launching the “UBOT Green Card” with energy sustainability and green cycle as the themes in Q3 2021. This is the first card of its kind in the industry which was made of environmental friendly material and issued alongside a virtual credit card. In addition, 0.1% of each transaction amount of the card holders have been used for donation to the “Taiwan Environmental Information Association” in 2022. With the use of the resources from green charity groups, more could be done in environmental protection and education on environmental protection.

## **4. Number of non-managerial staff, amount of employee welfare expenses, and differences from the previous year**

Unit: NT\$ thousands; %

Category	2021	2022	Difference	
Head count	3,681	3,563	(118)	(3.21%)
Average welfare expense	838	856	18	2.15%
Median welfare expense	737	744	(7)	(0.95%)

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

- (1) Maintenance and Allocation of Hardware & Software for major IT systems:
  - A. Operating system server room:

## Operational Highlights

- There are one IBM z15(8562-J02) operating host, one IBM z14(Linux ONE) host for onsite backup, two IBM disk drives, one IBM virtual tape drive, seven IBM RS/6000, one IBM AS/400, and 100 PC servers.
- B. Remote backup server room:  
There are one IBM z14(Linux ONE) host for remote backup, one IBM virtual tape drive, one IBM disk drive, two IBM RS/6000, one IBM AS/400, and 10 PC servers.
- C. Network:  
Several CISCO routers and switches are used for the operating system server room and the remote backup server room, and the two server rooms are connected by optical fibers. Each branch uses two dedicated lines to connect with the two server rooms, respectively, and the two server rooms are the mutual backup.
- D. The Bank has signed a maintenance contract with each of the relevant suppliers/providers for the equipment above.
- (2) Future development or procurement plans:
- A. Updating and implementation of mainframes.
  - B. Optimization of the functions and commissioning and calibration of the performance of mainframes.
  - C. Replacement of the Bank's core switch.
  - D. Replacement of AS400 (funds, trusts, custody and securities) mainframe.
  - E. Establishment of the monitoring system for hardware abnormalities of the open systems.
  - F. Implementation of a dual-center accounting transaction mainframe.
  - G. Establishment of data middle platform.
  - H. Financial STAN promotion plan.
  - I. Plan for optimization of the query for passbook transaction details.
  - J. Plan for improvement of the operating system for corporate loan rating.
  - K. Automation of warehousing batches.
  - L. Installation of big data model.
  - M. Plan for improvement of data storage system.
  - N. Development of foreign currency bond system.
  - O. Plan for optimization of the new collection system.
  - P. Plan for enhancement of financial XML collection and payment backup system.
  - Q. Plan for establishment of the monitoring system for UBOT's system operation.
  - R. Plan for transfer of CMS (small and medium enterprise financing platform) to JTS system.
  - S. Plan for ATMP upgrading and M5000 implementation.
  - T. Plan for adjustment of the specifications of PIN Protection KEY used in international debit card business.
  - U. Implementation of new e-collection and SMS function.
  - V. Installment of OCR transcript recognition system (including transcripts about land, building, household registration).
  - W. Process robot (RPA) application plan.
  - X. LIS system development (integration of corporate loan ratings, real-time credit guarantee, financial statement presentation).
  - Y. Electronic transcript import plan.
  - Z. Living payment plan jointly launched by Pi Pay and eFCS.

## Operational Highlights

- AA. Plan for self-building of official website.
- BB. Implementation of the Financial Information Security Action Plan (Monitoring Standards and Operation Guidelines for Information Security of F-SOC Financial Institutions).
- CC. Project for implementation of the adjusted policies in the Financial Information Security Action Plan.
- DD. Execution of ISMS introduction plan.
- (3) Emergency Backup and Security Protection Measures
  - A. Construct on-site backup device at Neihu computer room with Minsheng computer room serving as the remote backup support.
  - B. Off-site media backup and storage of sensitive documents, separately at Neihu and Minsheng computer rooms.
  - C. Completed the establishment of a remote server room, including access control, surveillance and video recording, line control, fire-fighting equipment, environmental monitoring, power, network, and other systems.
  - D. Conducted computer system information security assessment program, strengthened compliance review and improvement measures.
  - E. Used the information security incident management platform to strengthen the reporting and response of warnings and information security incidents.
  - F. Implemented system source code detection, vulnerability test and penetration test to enhance system security.
  - G. Used mechanisms such as firewalls, email filtering and auditing, intrusion detection and defense, anti-virus detection and containment, threat intelligence handling, etc. to strengthen the depth of information security and ensure network and data security.
  - H. Enact the “Plan for Union Bank of Taiwan IT Security Contingency” and conduct annual rehearsals of on-site and remote backup and fire safety in accordance with the “Plan for Union Bank of Taiwan IT Disaster Contingency”.

## **6. Information Security Management**

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

#### A. Information security risk management framework

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

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

UBOT has established the “Information Security Management Section” under the Information Department in 2017 charged with information security, governance, planning, supervision and enforcement of information security to build up multilateral information security defensive capacity and the awareness of employees in information security. In 2021, a Vice President has been appointed as the Chief Information Security Officer to administer the launch of information security policy and allocation of resources. UBOT delegates a third party professional

## Operational Highlights

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

- b 、 Framework of the corporate information security organization  
UBOT adopts the 3 lines of defense management framework for the internal control of information security: the 1<sup>st</sup> line of defense is guarded by Information Department and all functional units of UBOT in the enforcement of information security. The 2<sup>nd</sup> line of defense is guarded by the information security unit in the design, monitoring and control, and enforcement of information security system and policy. Law and compliance unit is responsible for the assurance of compliance with applicable legal rules. Risk management unit is responsible for information security risk management. The 3<sup>rd</sup> line of defense is guarded by the audit and examination conducted by the internal audit function of UBOT. For the effective control of the damage to and improper use of the information equipment and system at the corporate headquarters and all banking units, or incidents causing significant damage, UBOT established the “Information Security Emergency Response Plan” for the quick reporting and response to the

## Operational Highlights

emergency and can recover in the shortest span of time for assuring normal operation and service. In addition, a standing team, the “Information Security Task Force” was also formed and is responsible for the supervision of the preventive measures on information security taken by respective functional units and reporting on crisis, and response to emergency and related tasks. The Chief Information Security Officer is the convener who administers the subordinated audit team (called by the Internal Audit Department), security prevention team (called by Information Department), crisis management team (jointly formed by the Business Administration Department and Information Department), and the Information Security Reporting and Action units (by respective function heads), for the joint action to tackle with information security issues. All function heads shall be responsibility for the advocacy, coordination and supervision of information security management issues simultaneously, and reporting on information security crisis events.

- c、 Framework of the Personal Information Protection Committee  
For supervising the effective running of the personal information protection system, and assuring security for all personal information data files at UBOT, UBOT established the “Personal Information Management Committee”. A designated Vice President was appointed by the President as the convener of the committee. Members of the committee are the heads of Corporate Banking Department, Business Administration Department, Wealth Management Departments, Credit and Payment Division, Law and Compliance Department, Information Department, and Risk Management Department. The heads of other functional departments may also be invited to the committee meetings where necessary. The Chief Internal Auditor shall be invited as observer. The function of the committee: supervision and management of the personal information protection system of UBOT, tracking on the rectification to the defect of personal information protection at UBOT, examination of the review and corrective action on personal information incidents, other aspects of supervision and management of personal information protection.

### B. Information security policy

The information security policy of UBOT aims at fortifying information security of the Bank for assurance of data, system equipment and network security as the objective. The overall objective of policy pursuit is to assure the confidentiality, integrity and usability of the Bank in the application of information, and prevent any impact of security incidents on the operation of the Bank to reduce possible operation risk. This policy shall be applicable to all personnel, data, application system, hardware, machine room, and Internet facility.

- a、 Corporate information security management strategy and framework

The information security management at UBOT covers the segregation of duties and authorities in information security, information security education and training, computer system security, network security,

## Operational Highlights

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

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

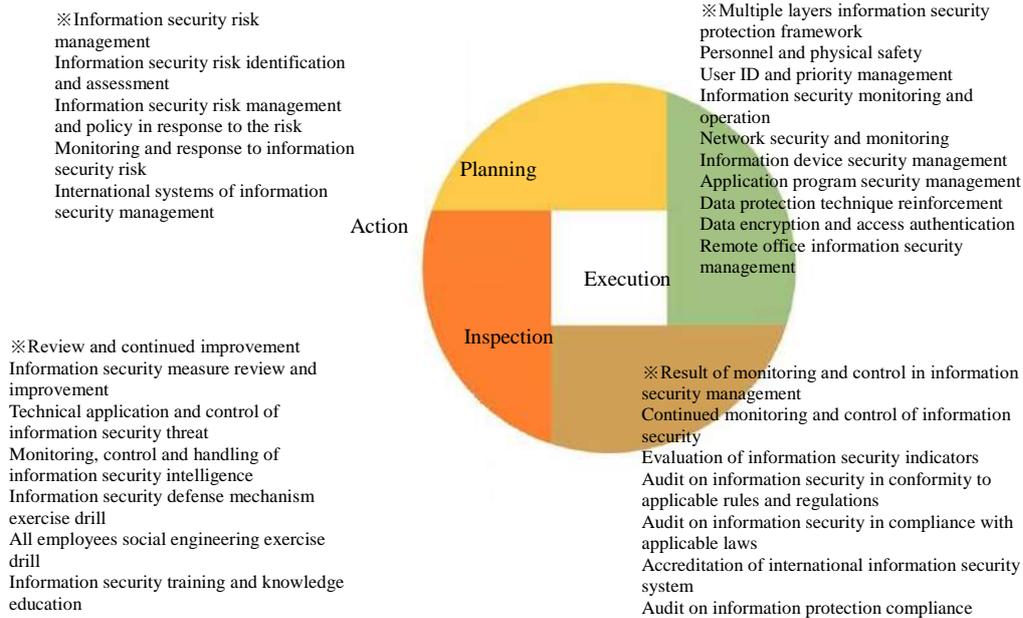
The gravity of work at the doing stage is the buildup of multiple layers of information security protection, fortifying the defense depth and the continued introduction of innovation know-how in information security defense. Information security control mechanism will be integrated and internalized into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

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

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

- b、 Information security risk management and continued improvement cycle management framework

# Operational Highlights



## c、 Information security management substantive plan

### i. Information security management practice

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

### ii. Information system management and control

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

### iii. Information security intelligence application management

UBOT receives the information security intelligence reporting from professional information security service provider and F-ISAC (Financial Information Sharing and Analysis Center) in

## Operational Highlights

accordance with the “Regulations Governing Information Security Intelligence Operation Management” for keeping track of early warning signal of information security in real-time, and conduct risk assessment on the basis of the content of intelligence, scope of influence, risk level and policy recommendation to respond to the situation timely for the prevention of disaster caused by information security incident and reduction of the level of influence.

- iv. Transaction security management and data protection  
For assuring the security of transaction information and accuracy in transmission, UBOT continues to fortify the secrecy, integrity of information and the traceability of the sources, no overlapping and undeniability of information in its information security protective measures as security design, and comply with the regulatory requirements of respective industry associations in strengthening security control mechanism and protection of security of online transaction. In addition, network segregation, access control, weak spot management and related security design and defense strategy are also adopted with continued upgrade of system reliability.
- v. Conduct information security testing and exercise drill  
In responding to the changeable means of external attacks, UBOT has deployed related defense mechanism, and delegated external professional institutions to conduct testing and exercise drill in joint effort for reviewing the effectiveness of the defense and capacity in response to security events. Weakness test and remedy has also been made taken for assuring security in service and using. UBOT organized various kinds of information security exercise drills, including the drill in social engineering, weakness scanning, penetration test, response to personal information hacking meeting drill, and training on response to emergency, information operation failure response management drill, event communication and response meeting drill, DDoS drill, and computer system information security assessment.
- vi. Holding information security education and training  
Designated personnel responsible for information security have to receive at least 15 hours of training in information security topics or professional skills. All employees have to receive at least 3 hours of online program in information security education and pass the test.
- vii. Information system or service outsourced management  
UBOT outsources for information communication system work or services in accordance with the “Guidelines for Outsourcing of Service and Important Notice to Financial Institutions in Outsourcing for Services”, and in compliance with the principles under the “Information Operation Management Code”.
- viii. Information security event response management  
Upon the confirmation of an information security event, respective functional units of UBOT shall respond to the supervisors of respective functions in accordance with the “Information Security Emergency Response Plan”, and fill in the information security information notification form to reflect the situation to or request

## Operational Highlights

support from the Information Department at the corporate Headquarters to complete the process of internal reporting. The “Information Security Task Force” will determine to take appropriate actions on the basis of the report on the incident and the influence and risk tolerance, and adjust the control measures of the information security protection plan and proceed to subsequent operation procedure.

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

No significant defect has been detected in the 2021 information security audit, and no occurrence of critical information security incident in defiance of information security that resulted in the leak of customer information and fine from the authorities.

### C. Resources committed to information security management

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

- a、Additional 2 sets of regulations governing information security have been introduced in 2022.
- b、Compilation of teaching materials for information security training and videotaping of online program in 2022 to convey the message to all employees on important rules and regulations and important notice of information protection and information security.
- c、Installation of new and replacement of obsolete information security hardware and software with proper system upgrade.
- d、Installation of the mechanisms for alternate site and remote office information security protection of whole UBOT in different districts with effective implementation.
- e、Installation of the automatic data backup mechanism. Further to same site backup, the data backup copies will be placed in the computer system at alternate sites with routine data recovery exercise drill.
- f、UBOT has set up firewall, anti-virus system, and network monitoring and control devices, and delegates professional information security service providers to execute weakness scanning, penetration test and DDoS exercise drill at regular intervals of the year for assuring the security of the information system and network. For reducing the risk deriving from DDoS attack to the extent that website service is impaired, UBOT designed and installed related defense mechanisms.
- g、The APP for mobile devices was passed by the testing of a

## Operational Highlights

delegated qualified laboratory in accordance with the information security testing standard under the regulations governing the supply of mobile APP by financial institutions.

- h、 For fortifying the detection and protection from disguised external service website and mobile APP, UBOT continues to check for the existence of phishing sites or act of disguise.
- i、 In the aspect of personnel training, UBOT arranged professional training for the information security staff and upgrade the knowledge and awareness of all in information security through information security training and social engineering exercise drill. In addition, UBOT also delegated professional institutions to offer courses in program security, and established the channels of counseling to upgrade the overall capacity of information personnel in secure development.
- j、 Third party professional institution was delegated to conduct assessment on information security in order to review the effectiveness and security of the control measures in service, and reduce the risk of information security.
- k、 UBOT works in cooperation with F-ISAC for intelligence gathering and sharing in order to keep abreast of the overall information security status and trend in finance and banking, and respond to the risk and threat as early as possible.
- l、 For the proper implementation of international standards in information security, the insurance broker department of UBOT has been accredited with the ISO 27001 system in 2018, and will continue to introduce related international information security systems for accreditation.
- m、 Join the information security joint protection program initiated by F-SOC.

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

## **7. Labor Relations**

- (1) Execution status of employee welfare and retirement policy, labor agreements and protection of employee welfare:
- A. Establish the Employee Welfare Committee. Deduct 0.5% of employees' monthly salaries and appropriate 0.1% of operating revenue and use the fund to administer employee welfare affairs such as Mother's Day Fair and special allowances for marriage, funeral, birth (including spouse) and major accident.
  - B. In order to promote family care and welfare and comply with the Labor Standards Act, we have established menstrual leave, pregnancy check-up leave, maternity leave, paternity leave, and miscarriage leave. Employees with children younger than three years old may apply for child care leave without pay. The Bank also provides quality breastfeeding (collecting) rooms for female employees.
  - C. Offer deposits, loans and unsecured consumer loan for staff at special

## Operational Highlights

rates.

- D. Set up an employee stock ownership trust, and qualified employees can join freely to achieve the purposes of long-term savings, wealth accumulation, and ensuring a stable life in the future.
  - E. Labor insurance and universal health insurance are handled according to the social insurance system, and group insurance (including term life insurance, group injury insurance, work-related injury insurance, occupational disaster insurance, cancer health insurance, and hospitalization medical insurance for employees and dependents) are provided by the Bank.
  - F. The Bank has set up retirement plan for employees and established the Labor Pension Fund Supervisory Committee, and makes monthly contributions of 2% to 15% to the pension reserve fund in the commissioned account in the Bank of Taiwan to protect labor rights. When an employee apply for retirement, and his service years comply with Labor Standards Act or he meets retirement criteria set out by the Bank's employment rules, the Bank will provide pensions. After the implementation of the Labor Pension Act with effect from July 1, 2005, the Bank makes monthly contributions of 6% to the employees' individual pension account in accordance with the retirement scheme applicable to the Ordinance.
  - G. The Bank has set up rules for governing labor-management committee to maintain sound and harmonious labor-management relationship.
  - H. In order to prevent sexual harassment in the workplace and protect employees' rights and interests, the Bank has formulated the "Workplace Sexual Harassment Prevention, Complaint, and Punishment Guidelines" in line with a friendly workplace and the Act of Gender Equality in Employment. In addition, the Bank has formulated the "Program for Illegal Harm During Performance of Duties" to provide employees with complaint channels about physical, psychological, and verbal violence, and sexual harassment in order to maintain a safe work environment.
- (2) List Any Loss Sustained As A Result of Labor Disputes in the Most Recent Fiscal Year, and During the Current Fiscal Year up to The Date of Publication of the annual report, (Including Matters in Violation of the Labor Standards Act According to Labor Inspection, the Date of Punishment, the Number of Punishments, the Regulations Violated, the Content of Regulations Violated, the Content of Punishments Should Be Listed), Disclose an Estimate of Losses Incurred to Date or Likely to Be Incurred in the Future, and Indicate Mitigation Measures Being or to Be Taken. If the Loss Cannot Be Reasonably Estimated, Make a Statement to That Effect :
- In July 2020, an employee engaged in labor mediation and requested confirmation of the existence of the employment relationship due to differences in the perception between the employee and the supervisor for the reasons for severance, and finally both parties reached a settlement with a settlement payment of NTT\$550,000 in January 2022.

## Operational Highlights

### 8. Major Contracts

Mar 31,2023

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Insurance Contract	Central Deposit Insurance Corporation	Since Apr. 27, 1994	Performance bond agreement for the solvency of financial institution in paying depositors	None
Insurance Contract	MSIG Mingtai Insurance Co., Ltd.	Jan. 21, 2023 to Jan. 21, 2024	Bankers Blanket Insurance	None
Outsource Contract	Union Information Technology Corp.	Jan. 01, 2023 to Dec. 31, 2023	Provide the Bank with virtual mainframe resources and conduct website design and maintenance.	None
Outsource Contract	Union Information Technology Corp.	Jul. 01, 2022 to Jun. 30, 2027	Credit card information system	None
Outsource Contract	Kyndryl Taiwan Corporation	Jul. 01, 2022 to Jun. 30, 2026	Credit card information system	None
Outsource Contract	Financial eSolution Co., Ltd.	Since Apr. 14, 2011	Chip card transactions processing	None
Outsource Contract	Union Information Technology Corp.	Jan. 01, 2022 to Dec. 30, 2022	Collections system of Convenient Store and tuition	None
Outsource Contract	Smart Star Software Inc.	Nov. 05, 2021 to Nov. 04, 2022 (Termination)	Maintenance of debt collection System	None
Outsource Contract	Foongtone Technology Co., Ltd.	Mar. 05, 2021 to Mar. 19, 2025	Manufacturing of chip credit cards	None
Outsource Contract	Foongtone Technology Co., Ltd.	Since Aug. 02, 2022	Manufacturing of chip ATM cards	None
Outsource Contract	Taiwan Name Plate Co., Ltd.	Since Sep 01, 2021	Manufacturing of chip credit cards	None
Outsource Contract	TECO Smart Technologies Co., Ltd.	Since Oct. 31,2014	Manufacturing of chip credit cards	None
Outsource Contract	Taiwan Mobile Payment Corporation	Dec. 17, 2014 to Mar. 31, 2021	Manufacturing of credit cards for the mobile payment tools	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Oct. 01, 2018	Printing and mailing Statement	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Oct. 01, 2018	Printing and mailing integrated Statement	None
Outsource Contract	Yuen Foong	Oct. 01, 2022 to	Printing of	None

## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
	Paper Co., Ltd.	Sep. 30 2023	withholding tax statements	
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Dec. 26, 2017	Printing and mailing Insurance documents	None
Outsource Contract	Ma Chiu Consulting Management Co. Ltd.	Since Mar. 01, 2010	Household registration transport apply	None
Outsource Contract	Ma Chiu Consulting Management Co. Ltd.	May. 18, 2021 to May. 17, 2022	Household registration and financial/tax information search	None
Outsource Contract	EVERY8D Co., LTD.	Aug. 01, 2022 to Jul. 31, 2023	Messaging system and message delivery service	None
Outsource Contract	SYSTEX Corporation	Mar. 01, 2016 to May 31, 2021	Mail Printing and Posting of Credit Card	
Outsource Contract	Mitake Inc.	Mar. 01, 2023 to Feb. 28, 2024	Messaging system and message delivery service	None
Outsource Contract	Kyndryl Taiwan Corporation	Jul. 01, 2022 to Jun. 30, 2026	Credit card statement printing	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Printing, the credit card notification letter and aerogram	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Enveloping the credit card notification letter and aerogram	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Delivery Service	None
Outsource Contract	Hou Jeh Co., Ltd.	Jan. 01, 2022 to Dec. 31, 2023	Enveloping of printed mail and delivery	None
Outsource Contract	SYSTEX Corporation	Since Aug. 01, 2018	Delivery of credit card statements	None
Outsource Contract	SYSTEX Corporation	Jan. 01, 2021 to Dec. 31, 2025	Delivery of credit card e-statements	None
Outsource Contract	Leebao Security Co., Ltd	Since Aug. 01, 2007	Cash transportation	None
Outsource Contract	Taiwan Security Co., Ltd.	Since Feb. 01, 2016	Cash transportation	None
Outsource Contract	An Fong Enterprise Co., Ltd.	Since Oct. 01, 2004	ATM banknote replenishment and	None

## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
			troubleshooting operation	
Outsource Contract	Lian-An Service Co., Ltd.	Since Feb. 01, 2014	ATM banknote replenishment and troubleshooting operation	None
Outsource Contract	Transnational Group	Jan. 01, 2023 to Dec. 31, 2024	Check clearing house delivery operation	None
Outsource Contract	Yeah Ju-Cui Conveyancing Office	Since Nov. 25, 2014	Conveyancing services	None
Outsource Contract	Hsin Yaun Conveyancing Office	Since Nov. 14, 2014	Conveyancing services	None
Outsource Contract	Ja Chou Conveyancing Office	Since Nov. 17, 2014	Conveyancing services	None
Outsource Contract	Lin Hsiu-Fan Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Chou Jin-Kuo Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Yuan-Chih Shih Land Agent Firm	Since Nov. 25, 2014	Conveyancing services	None
Outsource Contract	Lin Yin-Hui Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Huang Jin-Yuan Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Pu-Hsin Conveyancing Office	Since Dec 01, 2014	Conveyancing services	None
Outsource Contract	Fong Tai Management Consulting Co., Ltd.	Since Aug. 28, 2007	Lost car search service	None
Outsource Contract	Tai Ding Industrial Co., Ltd.	Since Aug. 28, 2007	Lost car search service	None
Outsource Contract	Hong Jeh Management Consulting Co., Ltd.	Since Dec.01, 2009	Lost car search service	None
Outsource Contract	Chen Xu Management Consulting Co., Ltd.	Jun. 01, 2019 to Nov. 04, 2022 (Termination)	Lost car resell	None
Outsource Contract	SinJang Enterprise Co., Ltd.	Since Jun. 01, 2019	Lost car resell	None
Outsource Contract	Ho Rong Co., Ltd.	Since Oct. 01, 2006	Lost car resell	None
Outsource Contract	Hotai Leasing Corporation	Since Oct 21, 2022	Lost car resell	None

## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Outsource Contract	Lee & Lin Real Estate Consultant	Since Oct 13, 2021	Conveyancing services	None
Outsource Contract	Justor Collection Management Co. Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	YuBan Credit Management Consulting Co., Ltd.	Since Jul. 06, 2007	Collection of receivables	None
Outsource Contract	Sparkle Collection Management Co., Ltd	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	Chung Yu Credit Finance & Credit Management Co., Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	E-HAO MANAGEMENT CONSULTANT LTD	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	Standard Finance & Credit Management Co., Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	United Credit Services Ltd.	Since Oct. 27, 2009	Collection of receivables	None
Outsource Contract	Asia Credit Management Co., Ltd.	Since Oct. 27, 2009	Collection of receivables	None
Outsource Contract	Hung Lih Asset Management Consulting Co., Ltd.	Since Oct. 01, 2011	Collection of receivables	None
Outsource Contract	Uni-President Enterprises Corporation	Since Nov. 01, 2005	Collection of consumer loan payment	None
Outsource Contract	Taiwan FamilyMart Co., Ltd.	Since Jun. 01, 2019	Collection of consumer loan payment	None
Outsource Contract	OK Mart Taiwan	Since Jun. 25, 2019	Collection of credit card payment	None
Outsource Contract	Hi-Life International Co., Ltd	Since Sep. 25, 2018	Collection of credit card payment	None
Outsource Contract	Taiwan FamilyMart Co., Ltd.	Since Jun. 01, 2011	Collection of credit card payment	None
Outsource Contract	Uni-President Enterprises Corporation	Since Nov. 01, 2005	Collection of credit card payment	None
Outsource Contract	iPASS Corporation	Since Sep. 26, 2019	Collection of credit card payment	None
Full Authorization Contract in Security Investment	Union Securities Investment Trust Co., Ltd.	Jun. 01, 2023 to Nov. 31 2023	Conducting security investment with	None

## Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
			full authorization in accordance with Article 74-1 of the Banking Act	
Full Authorization Contract in Security Investment	Prudential Financial Securities Investment Trust Enterprise	Jun. 01, 2023 to Nov. 31 2023	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None
Full Authorization Contract in Security Investment	First Securities Investment Trust Co., Ltd.	Jun. 01, 2023 to Nov. 31 2023	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None
Other major contracts	Stark Technology, Inc.	Oct. 15, 2018 to Sep. 30 2021	Anti-money laundering and combating terrorist financing system for bank	None
Other major contracts	Dow Jones Factiva Limited	Nov. 21, 2022 to Nov. 20 2025	Name scanning database	None
Other major contracts	Stark Technology, Inc.	Oct. 01, 2021 to Sep. 30 2022 Jan. 01, 2023 to Dec. 30 2024	AML Anti-Money Laundering Risk Causes Project Maintenance	None
Other major contracts	Smart Star Software Inc.	Since Apr. 07, 2021	Maintenance of debt collection System	None

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

## **Financial Highlights**

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

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

In NT\$ thousand

Year Item	Financial Data for the Past Five Years ( Note 1 )				
	2018	2019	2020	2021	2022
Cash and equivalent, due from the Central Bank and other banks	43,277,365	29,727,331	33,287,236	43,320,917	37,223,013
Financial assets at fair value through profit or loss	36,709,925	30,917,254	34,881,848	46,643,053	29,047,342
Financial assets at fair value through other comprehensive income	33,393,507	41,236,965	53,403,733	61,748,943	59,513,169
Investments in debt instruments at amortized cost	94,149,872	104,170,149	90,697,662	77,431,542	82,519,002
Available-for-sale financial assets	-	-	-	-	-
Hedging derivative financial instruments	-	-	-	-	-
Securities purchased under resell agreements	68,480,765	51,417,825	63,911,473	57,721,456	43,741,945
Receivable-Net	18,131,482	21,177,107	24,936,576	27,476,621	29,180,983
Current Tax asset	81,020	58,716	50,085	5,133	1,593
Available-for-sale asset-Net	-	-	-	-	-
Discounts & Loans-Net	325,015,686	384,649,673	422,845,363	493,232,510	528,118,601
Held-to-maturity financial asset	-	-	-	-	-
Equity Investment(Equity Method)- Net	1,623,462	1,587,482	1,536,989	1,993,160	1,937,259
Restricted assets	-	-	-	-	-
Other financial asset – Net	2,301,648	3,632,648	4,549,698	1,681,562	1,638,825
Property and equipment- Net	8,007,495	7,969,302	7,925,277	9,967,221	12,518,775
Right-of-use asset-Net	-	1,439,735	1,741,760	1,908,089	1,674,658
Investment property-Net	5,398,908	5,369,780	5,288,112	4,911,521	4,803,059
Intangible asset –Net	2,162,961	2,137,457	2,166,337	2,178,326	2,184,410
Deferred tax asset-Net	791,550	698,921	792,478	925,832	732,966
Other asset	8,060,448	8,970,842	9,543,375	10,443,260	10,164,333
Total asset	647,586,094	695,161,187	757,558,002	841,589,146	844,999,933
Due to the central bank and other banks	12,111,895	11,860,732	12,481,114	10,000,142	5,817,199
Call loans to the central banks and other banks	-	-	3,786,720	7,142,055	904,865

## Financial Highlights

Year	Financial Data for the Past Five Years ( Note 1 )					
	2018	2019	2020	2021	2022	
Item						
Financial liability at fair value through profit or loss	307,799	650,981	206,002	495,421	931,500	
Hedging derivative financial instruments	-	-	-	-	-	
Securities sold under repurchase agreements	44,334,388	65,377,436	44,428,176	51,279,756	34,298,607	
Payable	7,013,422	4,615,289	5,594,014	8,519,964	7,256,873	
Current Income Tax liability	41,221	369,729	121,567	451,475	660,557	
Liabilities directly associated with assets held for sale	-	-	-	-	-	
Deposit and remittance	513,918,075	532,899,100	606,860,499	671,382,858	707,914,334	
Bank debentures	11,180,976	11,673,858	8,664,796	8,747,276	6,001,523	
Liability component of preferred stocks	-	-	524,000	371,500	375,000	
Other financial liability	4,089,464	4,887,786	7,420,161	9,784,240	10,508,961	
Provision	262,482	258,535	268,774	382,688	349,779	
Deferred tax liability	-	1,415,180	1,723,121	1,894,074	1,662,565	
lease liabilities	1,269,570	1,617,201	1,696,935	1,675,426	1,819,261	
Other liability	2,998,047	3,285,481	3,589,711	3,597,202	3,381,987	
Total liability	Before dilution	597,527,339	638,911,308	697,365,590	775,724,077	781,883,011
	After dilution	598,007,339	639,609,737	697,773,348	776,601,514	Note 2
Total equity attributable to owners of parent	49,813,029	56,248,301	60,190,835	65,135,311	61,070,422	
Capital stock	Before dilution	28,900,129	30,844,553	32,933,688	34,952,187	37,940,460
	After dilution	30,844,553	32,933,688	34,952,187	37,940,460	Note 2
Capital surplus	8,032,413	8,035,484	8,040,035	8,051,984	8,076,826	
Retained earnings	Before dilution	11,220,664	12,683,372	13,366,042	16,484,719	15,690,717
	After dilution	8,857,655	9,895,808	10,939,785	12,619,009	Note 2
Others equity	1,659,823	4,684,892	5,851,070	5,646,421	(637,581)	
Treasury Stock	-	-	-	-	-	
Non control Interest	245,726	1,578	1,577	729,758	2,046,500	
Total equity	Before dilution	50,058,755	56,249,879	60,192,412	65,865,069	63,116,922
	After dilution	49,578,755	55,551,450	59,784,654	64,987,632	Note 2

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

Note 2: The 2023 annual general shareholders' meeting has yet to be held. As such, the amount after appropriation for 2022 was not provided.

## Financial Highlights

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

In NT\$ thousand

Year Item	Financial Data for the Past Five Year ( Note 1 )				
	2018	2019	2020	2021	2022
Cash and equivalent, due from the Central Bank and other banks	41,940,353	28,282,170	32,467,132	42,375,505	36,430,421
Financial assets at fair value through profit or loss	36,355,695	30,599,774	33,967,730	45,833,426	27,316,180
Financial assets at fair value through other comprehensive income	33,118,474	40,962,420	52,807,395	60,672,055	58,665,959
Investments in debt instruments at amortized cost	94,149,872	104,170,149	90,697,662	77,431,542	82,519,002
Available-for-sale financial assets	-	-	-	-	-
Hedging derivative financial instruments	-	-	-	-	-
Securities purchased under resell agreements	68,467,365	51,360,225	63,872,973	57,688,435	43,731,932
Receivable-Net	17,870,713	20,432,902	22,703,290	25,351,438	26,655,389
Current Tax asset	73,563	49,185	44,382	-	-
Available-for-sale asset-Net	-	-	-	-	-
Discounts & Loans-Net	326,837,853	386,383,784	424,304,969	493,750,735	528,761,720
Held-to-maturity financial asset	-	-	-	-	-
Equity Investment(Equity Method)-Net	4,725,795	5,375,020	5,863,071	6,523,042	7,044,344
Restricted assets	-	-	-	-	-
Other financial asset – Net	2,204,959	3,520,128	4,471,836	1,605,569	1,520,811
Property and equipment- Net	7,982,503	7,945,393	7,892,451	7,913,431	8,155,271
Right-of-use asset-Net	-	1,361,636	1,639,260	1,590,101	1,341,040
Investment property-Net	-	-	-	-	-
Intangible asset –Net	2,154,587	2,128,179	2,156,130	2,168,088	2,172,048
Deferred tax asset-Net	634,777	540,779	636,906	706,598	504,970
Other asset	2,490,419	3,267,302	2,751,600	2,970,253	3,871,175
Total asset	639,006,928	686,379,046	746,276,787	826,580,218	828,690,262
Due to the central bank and other banks	11,389,841	11,300,923	11,942,863	9,296,313	4,790,895
Call loan to the central bank and other banks	-	-	3,786,720	6,741,390	-

## Financial Highlights

Year Item	Financial Data for the Past Five Year ( Note 1 )					
	2018	2019	2020	2021	2022	
Financial liability at fair value through profit or loss	307,799	650,981	206,002	495,421	931,500	
Hedging derivative financial instrument	-	-	-	-	-	
Securities sold under repurchase agreements	44,334,388	65,377,436	44,428,176	51,279,756	34,298,607	
Payable	6,912,587	4,519,286	5,430,396	8,154,976	7,033,812	
Current Income Tax liability	24,379	364,806	106,676	411,559	637,420	
Liabilities directly associated with assets held for sale	-	-	-	-	-	
Deposit and remittance	514,386,800	533,655,963	608,269,514	672,825,605	710,745,127	
Bank debentures	9,700,000	10,200,000	7,200,000	7,700,000	5,000,000	
Liability component of preferred stocks	-	-	-	-	-	
Other financial liability	11,825	111	115,361	6,446	-	
Provision	252,949	249,967	244,939	361,874	327,115	
Lease liabilities	-	1,338,560	1,621,207	1,576,632	1,325,495	
Deferred tax liability	1,228,719	1,569,639	1,635,842	1,604,370	1,735,860	
Other liability	644,612	903,073	1,098,256	990,565	794,009	
Total liability	Before dilution	589,193,899	630,130,745	686,085,952	761,444,907	767,619,840
	After dilution	588,713,899	630,829,174	686,493,710	762,322,344	Note 2
Capital stock	Before dilution	28,900,129	30,844,553	32,933,688	34,952,187	37,940,460
	After dilution	30,844,553	32,933,688	34,952,187	37,940,460	Note 2
Capital surplus	8,032,413	8,035,484	8,040,035	8,051,984	8,076,826	
Retained earning	Before dilution	11,220,664	12,683,372	13,366,042	16,484,719	15,690,717
	After dilution	8,857,655	9,895,808	10,939,785	12,619,009	Note 2
Other equity	1,659,823	4,684,892	5,851,070	5,646,421	(637,581)	
Treasury stock	-	-	-	-	-	
Total equity	Before dilution	49,813,029	56,248,301	60,190,835	65,135,311	61,070,422
	After dilution	49,333,029	55,549,872	59,783,077	64,257,874	Note 2

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

Note 2: The 2023 annual general shareholders' meeting has yet to be held. As such, the amount after appropriation for 2022 was not provided.

## **Financial Highlights**

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

In NT\$ thousand

Item \ YEAR	Financial Data for the past five years ( Note )				
	2018	2019	2020	2021	2022
Interest Revenue	10,987,708	12,003,109	11,923,484	11,635,599	14,962,590
Less: interest expense	4,285,920	5,525,647	4,282,424	2,973,928	5,120,855
Net interest	6,701,788	6,477,462	7,641,060	8,661,671	9,841,735
Net revenue others than interest	6,030,533	7,388,720	6,789,302	8,027,102	6,143,604
Total net revenue	12,732,321	13,866,182	14,430,362	16,688,773	15,985,339
Provision reversal of allowance for doubtful accounts	293,579	240,675	290,540	805,824	499,377
Operating expense	8,962,158	9,598,051	10,198,147	10,672,705	10,936,188
Income before income tax	3,476,584	4,027,456	3,941,675	5,210,244	4,549,774
Income tax (expense) revenue	(521,583)	(655,978)	(500,170)	(746,848)	(1,008,240)
Income after income tax	2,955,001	3,371,478	3,441,505	4,463,396	3,541,534
Discontinue segment profit/loss	-	-	-	-	-
Net income	2,955,001	3,371,478	3,441,505	4,463,396	3,541,534
Other comprehensive income					
Other comprehensive income after tax	(412,950)	3,500,069	1,194,707	882,183	(6,726,519)
Total comprehensive income	2,542,051	6,871,547	4,636,212	5,345,579	(3,184,985)
Net income attributable to owners of bank	2,956,724	3,359,457	3,441,709	4,463,396	3,539,070
Net income attributable to Non-controlling interests	(1,723)	12,021	(204)	(372)	2,464
Net profit attributable to owners of bank	2,544,240	6,859,589	4,636,413	5,345,944	(3,187,453)
Net profit attributable to Non-controlling interests	(2,189)	11,958	(201)	(365)	2,468
Earnings per share	1.00	0.93	0.90	1.11	0.85

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

## Financial Highlights

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

In NT\$ thousand

Year Item	Financial Data for The Past Five years ( Note )				
	2018	2019	2020	2021	2022
Interest Revenue	11,016,864	12,023,379	11,858,192	11,537,639	14,885,912
less: Interest Expense	4,225,103	5,459,519	4,158,730	2,863,330	4,978,798
Net Interest	6,791,761	6,563,860	7,699,462	8,674,309	9,907,114
Net revenues others than interest	3,779,951	5,096,496	4,379,033	5,490,906	3,439,931
Total net revenue	10,571,712	11,660,356	12,078,495	14,165,215	13,347,045
Provision reversal of allowance for doubtful accounts	291,985	235,584	267,216	776,891	481,754
Operating expenses	6,842,702	7,450,405	7,960,819	8,226,513	8,371,787
Income before income tax	3,437,025	3,974,367	3,850,460	5,161,811	4,493,504
Income tax revenue(expense)	(480,301)	(614,910)	(408,751)	(698,043)	(954,434)
Income after income tax	2,956,724	3,359,457	3,441,709	4,463,768	3,539,070
Discontinue segment profit	-	-	-	-	-
Net income	2,956,724	3,359,457	3,441,709	4,463,768	3,539,070
Other comprehensive income after tax	(412,484)	3,500,132	1,194,704	882,176	(6,726,523)
Total comprehensive income	2,544,240	6,859,589	4,636,413	5,345,944	(3,187,453)
Earnings per share	\$1.00	\$0.93	\$0.90	\$1.11	\$0.85

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

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

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

## Financial Highlights

### 2. Financial Analysis and Capital Adequacy Ratio

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

##### A. Consolidated Financial Report.

In NT\$ thousand

Year		Financial Data for the Past Five Years (Note1)				
		2018	2019	2020	2021	2022
Item(Note2)						
Operating capability	Loans to deposits ratio (%)	64.03	72.99	70.47	74.29	75.51
	Non-performing loan ratio (%)	0.12	0.15	0.14	0.10	0.24
	Interest expense to average total deposits (%)	0.69	0.74	0.55	0.39	0.58
	Interest revenue to average total loans (%)	2.15	2.17	1.97	1.83	2.15
	Total asset turnover (times)	0.0210	0.0207	0.0199	0.0209	0.0190
	Average net income per employee	3,160	3,308	3,329	3,900	3,747
	Average earnings per employee	733	804	794	1,043	830
Profitability	Return on tier 1 capital (%)	7.80	8.52	7.67	9.33	7.95
	Return on assets (%)	0.49	0.50	0.47	0.56	0.42
	Return on equity (%)	7.28	6.70	6.14	7.51	5.62
	Net income ratio (%)	23.21	24.31	23.85	26.74	22.15
	EPS (NT\$)	1.00	0.93	0.90	1.11	0.85
Financial Structure	Total liabilities to total assets ratio (%)	92.24	91.88	92.03	92.13	92.50
	Fixed assets to shareholders' equity ratio (%)	16.00	14.17	13.17	15.13	19.83
Growth rate	Asset growth ratio (%)	14.49	7.35	8.98	11.09	0.405
	Profitability growth ratio (%)	2.66	15.85	(2.13)	32.18	(12.68)
Cash Flow	Cash flow ratio (%)	86.32	-	13.36	-	-
	Cash flow adequacy ratio (%)	1,093.33	917.36	1,030.12	1,182.70	856.83
	Cash flow reinvestment ratio (%)	1,401.87	-	358.20	-	-
Liquid Reserve Ratio (%)		28.35	27.13	26.64	21.93	18.36
Balance of Secured Loans to Related Parties		1,240,019	1,494,031	1,569,623	1,664,714	1,710,192
Total Secured Loans to Related Parties as a % of Total Loans		0.36	0.37	0.35	0.32	0.31
Operation Scale	Market share of asset (%)	1.14	1.17	1.19	1.25	1.17
	Market share of net worth (%)	1.25	1.30	1.34	1.42	1.36
	Market share of deposits (%)	1.21	1.20	1.25	1.29	1.27

## Financial Highlights

Item(Note2)	Year	Financial Data for the Past Five Years (Note1)				
		2018	2019	2020	2021	2022
Market share of loans (%)		1.19	1.34	1.38	1.49	1.48

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

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

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

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

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

Note 2: Financial ratios are computed as follows:

### I. Operating Capability

- i. Loans to deposits ratio= Total loans/ total deposits (excluding redeposits of Chunghwa Post Co.)
- ii. Non-performing loan ratio= Total NPL/ total loans
- iii. Interest expense to average total deposits= Deposits related interest expense/ average total deposits
- iv. Interest revenue to average total loans= Loans related interest revenue/ average total loans
- v. Total asset turnover= Net operating revenue/ average total assets
- vi. Average net income per employee (Note 6) = Net operating revenue/ total number of employees.
- vii. Average earnings per employee= Net income after tax/ total number of employees.

### II. Profitability

- i. Return on tier 1 capital= Net income before tax/ average total tier 1 capital.
- ii. Return on assets= Net income after tax/ average total assets.
- iii. Return on equity= Net income after tax/ average shareholders' equity.
- iv. Net Income ratio= Net income after tax/ net income.
- v. Earnings per share= (Net Income after tax - preferred stock dividend)/weighted average outstanding shares (Note 4)

### III. Financial structure

- i. Total liabilities to total assets ratio=Total liabilities (Note 3)/ total assets.
- ii. Fixed assets and equipment to net worth ratio=Fixed assets and equipment, net/shareholders' equity, net.

### IV. Growth rate

- i. Asset growth ratio= (Total assets as at the end of this year - total assets as at the end of last year)/total assets as at the end of last year.
- ii. Profitability growth ratio= (Net income before tax for the current year- net income before tax for the past year)/net income before tax for the past year.

### V. Cash flow (Note 7)

- i. Cash flow ratio=Net cash from operating activities/(call loans to banks+ CD payable + change in fair value of financial liabilities through the income statement + repurchase securities payable + Liabilities-current portion due within one year).
- ii. Cash flow adequacy ratio=Net cash from operating activities for the past five years/(capital expenditure + cash dividends) incurred for the past 5 years.
- iii. Cash flow reinvestment ratio=Net cash from operating activities/net cash from investing activities.

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

### VII. Operation scale

- i. Market share of assets=Total assets/total assets of all authorized deposit-taking and loan-underwriting financial institutions\*. (Note 5)
- ii. Market share of net worth=Net worth/total net worth of all authorized deposit-taking and loan-underwriting financial institutions\*.
- iii. Market share of deposits=Total deposits/total deposits of all authorized deposit-taking and loan-underwriting financial institutions\*.
- iv. Market share of loans=Total loans/total loans of all authorized deposit-taking and loan-underwriting financial institutions\*.

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

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

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

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

## **Financial Highlights**

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

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

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

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

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

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

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

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

## Financial Highlights

### B. Financial Analysis – Financial Report.

In NT\$ thousand

Year Item(Note2)		Financial Data for the Past Five Years (Note1)				
		2018	2019	2020	2021	2022
Operating capability	Loans to deposits ratio (%)	64.32	73.22	70.55	74.21	75.30
	Non-performing loan ratio (%)	0.12	0.15	0.14	0.10	0.24
	Interest expense to average total deposits (%)	0.69	0.74	0.56	0.38	0.58
	Interest revenue to average total loans (%)	2.15	2.17	1.97	1.83	2.15
	Total asset turnover (times)	0.0177	0.0176	0.0169	0.0180	0.0161
	Average net income per employee	2,813	2,994	3,005	3,595	3,403
	Average earnings per employee	787	863	856	1,133	902
Profitability	Return on tier 1 capital (%)	7.73	8.47	7.56	9.31	7.78
	Return on assets (%)	0.49	0.51	0.48	0.57	0.43
	Return on equity (%)	7.33	6.69	6.14	7.56	5.76
	Net income ratio (%)	27.97	28.81	28.49	31.51	26.52
	EPS (NT\$)	1.00	0.93	0.90	1.11	0.85
Financial Structure	Total liabilities to total assets ratio (%)	92.17	91.77	91.91	92.08	92.59
	Fixed assets to shareholders' equity ratio (%)	16.02	14.13	13.11	12.15	13.35
Growth rate	Asset growth ratio (%)	14.68	7.41	8.73	10.76	0.26
	Profitability growth ratio (%)	3.74	15.63	(3.12)	34.06	(12.95)
Cash Flow	Cash flow ratio (%)	84.52	-	15.77	-	-
	Cash flow adequacy ratio (%)	1,029.33	881.60	1,013.59	1,192.00	905.32
	Cash flow reinvestment ratio (%)	2,380.43	-	3,483.36	-	-
Liquid Reserve Ratio (%)		28.35	27.13	26.64	21.93	18.36
Balance of Secured Loans to Related Parties		3,062,186	3,228,142	3,029,229	2,182,939	2,353,311
Total Secured Loans to Related Parties as a % of Total Loans		0.88	0.79	0.68	0.42	0.42
Operation Scale	Market share of asset (%)	1.13	1.16	1.17	1.23	1.15
	Market share of net worth (%)	1.24	1.30	1.34	1.41	1.31
	Market share of deposits (%)	1.21	1.20	1.25	1.29	1.28
	Market share of loans (%)	1.20	1.35	1.38	1.49	1.48

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

## **Financial Highlights**

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

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

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

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

Note 2: Financial ratios are computed as follows:

### I. Operating Capability

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

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

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

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

Total asset turnover= Net operating revenue/ total assets.

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

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

### II. Profitability

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

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

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

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

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

### III. Financial structure

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

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

### IV. Growth rate

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

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

### V. Cash flow (Note 7)

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

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

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

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

### VII. Operation scale

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

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

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

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

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

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

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

## **Financial Highlights**

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

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

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

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

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

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

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

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

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

## Financial Highlights

### (2) Capital Adequacy

(Unconsolidated)

In NT\$ thousand

Item		Year(Note1)	Capital Adequacy Ratio for the Past Five Years (Note2)					Capital Adequacy Ratio as of the current year
			2018	2019	2020	2021	2022	
Regulatory Capital	Common Stock Equity		33,172,535	37,440,298	40,774,470	45,523,219	44,397,652	As of the date of publication of the annual report, the recent information (2022) certified or audited by the CPA has been presented in the left column and does not need to be disclosed again.
	Other Tier1 Capital of Non- Common Stock Equity		11,720,972	11,559,375	12,096,138	12,552,479	13,000,000	
	Tier2 Capital		4,310,985	6,347,470	8,100,742	7,412,960	8,973,856	
	Regulatory Capital		49,204,492	55,347,143	60,971,350	65,488,658	66,371,508	
Risk Weighted Assets	Credit risk	Standardized Approach	289,940,083	332,391,574	358,778,139	350,479,999	402,836,837	
		Internal Ratings-Based Approach						
		Credit Valuation Adjustment (CVA)	29,221	31,217	51,481	60,217	237,795	
		Asset Securitization	2,343,167	700,692	1,457,002	345,662	288,276	
	Operation risk	Basic Indicator Approach	18,656,113	19,966,470	21,379,484	23,429,481	25,243,857	
		Standardized Approach/ Alternative Standardized Approach						
		Advanced Measurement Approach						
	Market Risk	Standardized Approach	32,534,371	23,513,386	30,328,618	32,880,351	15,438,120	
		Internal Model Approach						
	Total Risk-weighted Assets			343,502,955	376,603,339	411,994,724	407,195,710	444,044,885
Capital Adequacy Ratio			14.32%	14.70%	14.80%	16.08%	14.95%	
Ratio of tier 1 capital to risk-weighted assets			13.07%	13.01%	12.83%	14.26%	12.93%	
Ratio of common stock equity to risk-weighted assets			9.66%	9.94%	9.90%	11.18%	10.00%	
Leverage Ratio			6.48%	6.53%	6.55%	6.53%	6.38%	

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

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

Note3: The ratios are computed as follows:

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

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

# Financial Highlights

(Consolidated)

In NT\$ thousand

Item		Year(Note 1)	Capital Adequacy Ratio for the Past Five Years (Note2)				
			2018	2019	2020	2021	2022
Regulatory Capital	Common Stock Equity		32,575,667	37,013,051	40,287,801	44,997,272	43,005,283
	Other Tier1 Capital of Non- Common Stock Equity		12,496,555	12,506,259	12,984,989	13,419,550	13,000,000
	Tier2 Capital		7,313,533	9,685,896	11,372,099	10,663,854	10,370,633
	Regulatory Capital		52,385,755	59,205,206	64,644,889	69,080,676	66,375,916
Risk Weighted Assets	Credit risk	Standardized Approach	299,979,309	343,055,529	370,780,083	363,691,591	406,881,437
		Internal Ratings-Based Approach					
		Credit Valuation Adjustment (CVA)	29,221	31,217	51,481	60,217	237,795
		Asset Securitization	2,343,167	700,692	1,457,002	345,662	288,276
	Operation risk	Basic Indicator Approach	22,156,450	23,560,822	25,122,017	27,435,045	30,213,797
		Standardized Approach/ Alternative Standardized Approach					
		Advanced Measurement Approach					
	Market Risk	Standardized Approach	33,506,790	24,423,653	32,384,711	34,758,825	17,445,241
		Internal Model Approach					
	Total Risk-weighted Assets		358,014,937	391,771,913	429,795,294	426,291,340	455,066,546
Capital Adequacy Ratio		14.63%	15.11%	15.04%	16.21%	14.59%	
Ratio of tier 1 capital to risk-weighted assets		12.59%	12.64%	12.39%	13.70%	12.31%	
Ratio of common stock equity to risk-weighted assets		9.10%	9.45%	9.37%	10.56%	9.45%	
Leverage Ratio		6.42%	6.52%	6.49%	6.45%	6.11%	

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

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

Note3: The ratios are computed as follows:

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

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

## Financial Highlights

### 3. Supervisors' Report for the 2022 Financial Statements

Union Bank of Taiwan Co., Ltd.

#### Audit Committee's Report

The Bank's 2022 consolidated financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements approved and issued by the Financial Regulatory Commission. The Bank's 2022 individual financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms. The above statements have been audited by CPA Mr. Kuan-Hao Lee and Mr. Charles Yang of Deloitte & Touche and further determined to be correct and accurate by the supervisors. Hence, according to Article 14-4 and 14-36, we hereby submit this report.

To:  
2023 Annual General Shareholders' Meeting of Union Bank of Taiwan  
Co., Ltd

Union Bank of Taiwan Co., Ltd.

Convener of Audit Committee : Guo-Zhang Li



March 13, 2023

## **Financial Highlights**

**4. Financial Statements for 2022:** Please refer to Appendix.

**5. 2022 Individual Financial Statements for certified and audited by the CPA:**

Please refer to Appendix.

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

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

### 1. Financial Status

In NT\$ thousand

Item	Year	Dec. 31, 2022	Dec. 31, 2021	Difference	
				Amount	%
Cash & cash equivalent, Due from Central Bank and other banks (note 1)		37,223,013	43,320,917	(6,097,904)	(14.08)
Financial assets at fair value through profit or loss		29,047,342	46,643,053	(17,595,711)	(37.72)
Fair value through profit or loss financial assets. (note 2)		59,513,169	61,748,943	(2,235,774)	(3.62)
Amortized cost financial assets		82,519,002	77,431,542	5,087,460	6.57
Securities purchased under re-sale agreements		43,741,945	57,721,456	(13,979,511)	(24.22)
Account receivable – net		29,180,983	27,476,621	1,704,362	6.20
Current income tax asset		1,593	5,133	(3,540)	(68.97)
Discount & loans – net		528,118,601	493,232,510	34,886,091	7.07
Stock investments accounted for under the Equity Method		1,937,259	1,993,160	(55,901)	(2.80)
Other Financial Assets – net (Note 3)		1,638,825	1,681,562	(42,737)	(2.54)
Property & equipment – net		12,518,775	9,967,221	2,551,554	25.60
Right-of-use asset		1,674,658	1,908,089	(233,431)	(12.23)
Investment property-net		4,803,059	4,911,521	(108,462)	(2.21)
Intangibles		2,184,410	2,178,326	6,084	0.28
Deferred income tax assets		732,966	925,832	(192,866)	(20.83)
Other assets		10,164,333	10,443,260	(278,927)	(2.67)
Total assets		844,999,933	841,589,146	3,410,787	0.41
Due to Central Bank & other banks		5,817,199	10,000,142	(4,182,943)	(41.83)
Funds Borrowed from Central Bank and banks		904,865	7,142,055	(6,237,190)	(87.33)
Financial liability at fair value through profit or loss		931,500	495,421	436,079	88.02
Securities sold under re-purchase agreement		34,298,607	51,279,756	(16,981,149)	(33.11)
Accounts Payable (note 4)		7,256,873	8,519,964	(1,263,091)	(14.83)
Current income tax liabilities		660,557	451,475	209,082	46.31
Deposit & remittance		707,914,334	671,382,858	36,531,476	5.44
Bank debentures		6,001,523	8,747,276	(2,745,753)	(31.39)
Preferred stock liability		375,000	371,500	3,500	0.94
Other financial liability		10,508,961	9,784,240	724,721	7.41
Provision		349,779	382,688	(32,909)	(8.60)
Finance lease obligations		1,662,565	1,894,074	(231,509)	(12.22)
Deferred income tax liabilities		1,819,261	1,675,426	143,835	8.58
Other liabilities		3,381,987	3,597,202	(215,215)	(5.98)

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

Item	Year	Dec. 31, 2022	Dec. 31, 2021	Difference	
				Amount	%
Total liabilities		781,883,011	775,724,077	6,158,934	0.79
Capital stock		37,940,460	34,952,187	2,988,273	8.55
Capital surplus		8,076,826	8,051,984	24,842	0.31
Retained earnings		15,690,717	16,484,719	(794,002)	(4.82)
Others equity (note 5)		(637,581)	5,646,421	(6,284,002)	(111.29)
Total equity attributable to owners of the Bank		61,070,422	65,135,311	(4,064,889)	(6.24)
Non control interest		2,046,500	729,758	1,316,742	180.44
Total Equity		63,116,922	65,865,069	(2,748,147)	(4.17)

Notes:

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

## 2. Results of Operation

In NT\$ thousand

Item	2022	2021	Change in Amount	Change in %
	Amount	Amount		
Interest Income	9,841,735	8,661,671	1,180,064	13.62
Income other than Interest Income	6,143,604	8,027,102	(1,883,498)	(23.46)
Reversal of Bad debt expense (note 1)	499,377	805,824	(306,447)	(38.03)
Operating expense	10,936,188	10,672,705	263,483	2.47
Income (loss) before tax	4,549,774	5,210,244	(660,470)	(12.68)
Income tax benefits (expense)	1,008,240	746,848	261,392	35.00
Consolidated income	3,541,534	4,463,396	(921,862)	(20.65)
Other comprehensive income, net of income tax (note 2)	(6,726,519)	882,183	(7,608,702)	(862.49)
Total comprehensive income	(3,184,985)	5,345,579	(8,530,564)	(159.58)

Notes of change:

1. Net expenses on doubtful debts: due to the decrease in provision for bad debts.
2. Income tax: the growth of income tax led to an increase in income tax expense for recognition.
3. Other comprehensive income (after-tax): mainly due to the decrease in the profit or loss of the debt instruments measured at fair value through other comprehensive income.

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

### 3. Cash Flow

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

In NT\$ thousand

Item	Year	2022	2021	Change in %
Cash flow ratio (%)		-	-	-
Cash flow adequacy ratio (%)		856.83%	1,182.70%	(325.87%)
Cash flow satisfaction ratio (%)		-	-	-

The surge of the cash flow adequacy ratio is mainly because of the increase of net cash flow from operation over the last 5 years in accumulation.

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

In NT\$ thousand

Opening balance of cash ①	Expected cash inflows (outflows) from operating activities ②	Total expected cash inflows (outflows) ③	Expected cash surplus (deficit) ①+②+③	Corrective measures for cash Deficiency	
				Investment Plan	Financing Plan
56,340,642	31,664,093	(839,405)	87,165,330	-	-

Cash flow analysis:

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

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

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

#### (1) Reinvestment Policy

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

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

The Bank's Investment profit recognized in 2022 totaling NT\$ 15.59 million and the main items recognized are the operating profit and cash dividend income of the reinvestment business.

#### (3) Improvement Plan

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

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

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

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

### 6. Risk Management

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

A. Credit Risk Management System and Capital Requirement:

a. Credit Risk Management System-2022

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

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

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

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

As of Dec 31, 2022

In NT\$ thousand

Type of exposure	Exposure after risk reduction	Capital requirement(Note)
Sovereign states	104,696,823	175,471
Public departments other than the central government	16,809,771	353,005
Banks (including multiple development banks)	32,807,042	1,326,722
Enterprises (including securities and insurance companies)	47,628,429	4,600,977
Retailing credits	68,498,714	5,022,447
Residential real estate	432,812,718	26,908,858
Investments in equity securities	13,170,482	1,986,128
Equity securities investment in funds and venture capital businesses	7,863,829	763,533
Other assets	21,303,696	1,160,727
Total	745,591,504	42,297,868

Note: The capital requirement is exposure after risk reduction multiplying by the statutory minimum capital adequacy ratio (2022: 10.5%).

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

### B. Risk Management System, Risk Exposure and Capital Requirement of Asset Securitization: a. Risk Management System of Asset Securitization in 2022

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

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

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

### b. Status of Asset Securitization as of December 31, 2022

Type	Total issue amount	Outstanding balance	Amount repurchased
None			

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

## c. Exposure & Capital Requirement of Asset Securitization as of December Dec 31, 2022

In NT\$ thousand

Type of exposure	Type of exposure	Conventional			Portfolio		Total			
		Exposures			Exposures	Capital requirement (4)	Capital requirement prior to securitization	Capital requirement (5) = (2) + (4)	Exposures (5) = (1) + (3)	
		Held or Purchased	Liquidity facilities provided	The enhancement of credit provided						Subtotal (1)
					Bank Book	Trade Book	Subtotal			
Book Type	The role of bank	Non-originating bank	CMO					23,062		
			Bank Book	30,182,927					30,182,927	
			Trade Book							
		Subtotal	30,182,927						30,182,927	23,062
		Bank Book								
		Trade Book								
Originating bank	Bank Book									
	Trade Book									
	Subtotal									
Total		30,182,927			23,062			30,182,927	23,062	

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

### d. Information of Securitized commodities investment as of December 31, 2022

#### I. Summary of Investment in Securitized commodities

USD : NTD = 1 : 30.708

In NT\$ thousand

Item	Account	Initial Cost	Cumulative Valuation Gain or Loss	Cumulative Impairment	Carrying Amount
CMO	Financial Assets at Fair Value Through Profit or Loss	27,144	(507)	0	26,637
CMO	Investment in Debt Instruments at Amortized Cost	30,069,987	0	196,630	29,873,357

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

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

#### II.

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

USD : NTD = 1 : 30.708

In NT\$ thousand

Name of Securities	Account (Note)	Currency	Issuer & Place	Purchase Date	Coupon Rate	Credit Rating	Method of Interest Payment & Principal Repayment	Initial Cost	Cumulative Valuation Gain or Loss	Cumulative Impairment	Carrying Amount	Attachment Point	Details of Asset Pool
				Maturity Date									
Ginnie Mae CMO	Non-active market debt instruments	USD	Ginnie Mae	20091130-20211230	2.0%~	Moody's Aaa	Monthly	25,512,174	0	166,757	25,345,417	N/A	N/A
				20290303-20420129	4.75%								
Fannie Mae CMO	Non-active market debt instruments	USD	Fannie Mae	20121030	3.0%	Fitch AAA  S&P AA+	Monthly	350,330	0	2,290	348,040	N/A	N/A
				20340530									

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

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

In NT\$ thousand

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

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

In NT\$ thousand

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

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

In NT\$ thousand

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

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

#### a. Operation Risk Management System

2022

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

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

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

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

### b. Operation Risk Capital Requirement as of Dec.31, 2022

In NT\$ thousand

Year	Gross profit	Capital requirement
2020	11,949,060	
2021	13,894,053	
2022	14,547,058	
Total	40,390,171	2,019,509

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

#### a. Market Risk Management System – 2022

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

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

Item	Contents
	4. Business Units: responsible for the execution of daily market risk management for the business they handle, and reporting the market risk and investment status related information to proper authorization level.
3. Scope and characteristics of the market risk reporting and measurement system	1. Market Risk evaluated trading book position for various financial products and use fair market value or evaluation model as basis to regularly evaluate the profit/loss condition of the position held. 2. All business units and Risk Management Department should make relevant management reports regularly and submit to proper authorization level. 3. Market risk management system combine with front-desk trading position and middle desk evaluation to generate sufficient information for assisting all management levels to execute each individual risk monitoring task, and can support the capital calculation method selected by a bank to generate relevant internal and external reports as the basis for management decision-making.
4. Market risk hedging or risk reduction policies, and strategies and procedures for monitoring the effectiveness of hedges and risk reduction tools	When market risk is excessive or the position limit or stop-loss limit has been exceeded, the bank will take following market risk reduction method: hedging, portfolio adjustment, position adjustment, square stop-loss and stop new transaction.
5. Method used to provide the legal capital	Standardized Approach.

### b. Market Risk Capital Requirement

December 31, 2022

In NT\$ thousand

Type of risk	Capital requirement
Interest rate risk	742,645
Equity securities risk	393,524
Foreign exchange risk	98,881
Product risk	
Total	1,235,050

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

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

December 31, 2022

In NT\$ thousand

Item	Total	The amount of remaining period to maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Main capital inflow on maturity	770,357,952	82,746,783	76,509,732	44,770,724	55,928,310	112,283,998	398,118,405
Main capital outflow on maturity	897,396,073	31,309,977	45,333,895	139,164,174	120,152,690	237,103,483	324,331,854
Gap	(127,038,121)	51,436,806	31,175,837	(94,393,450)	(64,224,380)	(124,819,485)	73,786,551

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

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

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

December 31, 2022

In US\$ thousand

Item	Total	The amount of remaining period to maturity				
		1~30 days	31~90 days	91~180 days	181 days ~1 year	Over 1 year
Main capital inflow on maturity	4,297,854	303,879	1,485,455	65,002	47,222	2,396,296
Main capital outflow on maturity	4,288,316	1,015,543	1,206,915	327,433	819,677	918,748
Gap	9,538	(711,664)	278,540	(262,431)	(772,455)	1,477,548

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

### c. Approach to Manage Assets and Liabilities

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

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

- A. The Financial Supervisory Commission has issued the "Guidelines for Data Sharing between Financial Institutions", and stipulated the guiding principles which financial institutions shall refer to and comply with when sharing customer information. UBT has amended relevant internal control

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

standards in accordance with the Guidelines, which have been reviewed and approved by the Board of Directors, based on the evaluation that no additional increase in labor or expenses has been incurred.

- B. The Financial Supervisory Commission announced the “Fair Treatment of Customer Principles in Financial Service Industry”, and UBT has established its fair treatment of customer policy, principles, strategies and execution plans for enhancing the awareness of the employees in the protection of financial consumers and the compliance with applicable legal rules governing the protection of financial consumers. In addition, UBT has added illustrative examples for the “Friendly Service Principles” and “Principles for Implementation of Ethical Corporate Management”, in accordance with the “Key Points for the Implementation of the Fair Treatment of Customer Principles by Financial Institutions”. And it has made plans to respond to the focuses of the assessment on the implementation of the “Fair Treatment of Customer Principles” in the financial service industry to be conducted by the Financial Supervisory Commission in 2024, the “improvement of the acceptance of the elderly and physically and mentally disabled customers to digital service”, the implementation of the “Suitability of Goods or Services” and “Notification and Disclosure Principles” oriented toward young customers, and has designated the work to the Fair Treatment of Customers Management Committee for further implementation, in order to effectively implement the fair treatment of customer principles, protect customers’ rights and interests, and reduce the risks and expenses of future legal compensation.

- (3) The Effect of Technological and Industrial Changes on the Bank’s Financial Position and Its Response Actions:

- A. The progress of science and technology has boosted the development and application of financial technology, gradually transforming the business mode of the banking industry. The development focus is been turned from traditional physical branches to online and virtual channels, reducing the barriers of consumers’ access to financial services. In response to the changes in digital financial services and technological environment, UBT not only works actively to promote digital financial services to meet the diverse and fast-changing needs of consumers, but also strengthens the information security risk assessment to protect customers’ rights and interests.

Further to the proactive launch of a wide array of financial services and the acceleration of the digitization of financial service products, UBOT also continued to bolster the integration of equipment and information sources under the notion that information security is the fundamental condition for the development of FinTech, and strengthen information security control and protection. In addition, UBOT also values the assessment of information security risk and spares no effort in the protection of customer information and rights for responsible innovation.

- B. Information Technology Security Risk and Management Policy - Seeing that information security is the cornerstone for the development of FinTech, UBOT continues to bolster the integration of equipment and information sources and strengthen information security control and

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

protection. In addition, UBOT also values the assessment of information security risk and spares no effort in the protection of customer information and rights for responsible innovation. UBOT has deployed several protection measures, including the Internet firewall, intrusion detection/protection, application program firewall, data leak protection, DDoS prevention and response, and Advanced Persistent Threat Defense. In addition, UBOT also provided training for the employees' information security to upgrade the awareness of the employees on information security and the ability to respond. For the proper control of overall information security risk, UBOT has delegated a third party professional institution to assess information security annually for inspection and interview on issues pertinent to information security, and assure the security and integrity of the information structure, equipment and process. In responding to the incidents and risks detected from the assessment, UBOT maps out related corrective action plans or control measures of the time limit for tacking with the problems for subsequent follow-up action and a second review. Related reports and result of the second review will be submitted to the senior management and the Board for the proper monitoring and management of information security.

UBOT has installed related information security protective measures for the Internet and computers, but cannot guarantee its information system for operation under control or maintenance can be free from any third party attempt to paralysis the system through attack from the Internet. These attacks from the Internet may be launched through illegal intrusion to the Internet or Intranet system of the Bank so as to inflict damage to the operation and the good will of the Bank. Under severe Internet attack, the system of UBOT may suffer loss on its vital data. Accordingly, operation service may also be interrupted. UBOT has continued to review and assess its information securities rules and regulations and operation procedures for assuring appropriate and effective. Yet, this cannot guarantee the Bank can be free from the influence of emerging information security risks and malicious attacks under the ever evolving information security threats worldwide. Internet attack may be an attempt to steal the business secrets of other confidential information of the Bank, such as the exclusive information on the customers or other stakeholders, and the personal information of the employees of the Bank.

Hackers may also attempt to plant computer virus, riskware and ransomware into the Internet system of the Bank so as to interfere the operation of the Bank, and exert intimidation and extortion against the Bank, acquire the control of the computer system, or probing confidential information. These attacks may inflict loss deriving from the compensation to the customers due to the delay or interruption of services that caused. Or, huge amount of expense is incurred from seeking remedy or improvement so as to fortify the Internet security system defense of the Bank. This may also make the Bank involve in material legal responsibility under lawsuit or investigation of the supervisory body due to the for the leaking of information on its employees, customers or third parties where the Bank has the obligation of keeping this information confidential. In addition, the Bank may also outsource with third party providers for service. Notwithstanding that the Bank and the third party service

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

providers are required to observe confidentiality and/or the requirement of Internet security as stated in the agreement, the Bank cannot guarantee each and every third party service provider will duly observe their obligation of this kind. The network, system and equipment maintained by the aforementioned service providers and/or their contractors may also be vulnerable to the risk of an Internet attack. If the Bank or the aforementioned service providers cannot solve the technical problems caused by these attacks timely, or assure the integrity and usability of the data of the Bank and its customers or third party, or control the computer system of the Bank or the aforementioned service providers, the commitment of the Bank to its customers and other stakeholders may be seriously jeopardized. Accordingly, the result of business operation, financial position, prospect and reputation of the Bank may be unfavorably and significantly affected.

- (4) The effect of change in the Bank's corporate image on the Bank and its response actions:
- A. In the wake of the diversified development of FinTech, and for the availability of convenient and rapid banking services to its customers, UBOT had continued to upgrade and refine its eBanking function and service. UBOT also provide the "New New Bank" digital deposit account, "Union eLoans" online financing platform, and online ordering of securities purchase and related services. Community platform like LINE will be adopted to bolster the cultivation of customer relation. Likewise, big data analysis will be used in the analysis for precision marketing in order to provide the customers will full-range banking products and services.
  - B. In confronting the development trend of ESG banking, UBOT continues to make effort in participating in activities related to corporate social responsibility without reserve, protect the environment and launch green banking product and low carbon life, and will continue to strengthen its internal audit and internal control, and compliance with applicable legal rules and risk management for green governance.
  - C. In addition, to ensure quality communication with the media, and avoid a public relation crisis that would hurt the corporate image, the Bank adopted a spokesperson system and formulated "Guidelines for Union Bank of Taiwan Crisis Management" and "Procedures for Handling Internal material information". When a crisis that would hurt the corporate image arises, the issue will be escalated to accountable departments according to the SOP. Meanwhile, the public will be addressed through a single spokesperson in an appropriate manner to prevent damage from spreading, and thereby protect the Bank's reputation and brand image.
- (5) Expected Result and Possible Risks of Mergers and Acquisitions and Response Actions thereof: None
- (6) Expected Result for Establishing More Business Locations, Possible Risk and Response Actions Thereof:  
The establishment of business unit will not only increase transaction volume of deposits/loans/wealth management but also improve profits as well as provide

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

comprehensive services to our customers. Effectively nevertheless, there is possibility that the economy of scale may not be achieved due to poor branch location or the business activities may be below our expectation. The Bank will then access the needs for relocation.

- (7) Risk in the Over Concentration of Business and Response Action thereof:  
In order to avoid the risk of major losses generated by excessive concentration of business, UBT has established concentration limit management mechanisms for four categories of investment as well as financing businesses, targeting customers, industries, groups and countries, and has also stipulated the proportion of large deposits in deposit business, to enable management from different aspects and regular monitoring.
- (8) The Effect of Change in the Management of the Bank, Possible Risk and Response Action Thereof: The Bank was founded with the mission for sustainable operation. We maintain the management concepts of “Enthusiasm”, “Stability”, “Efficiency” and “Innovation” to provide financial products and services that meet the needs of customers and to service the general public. The Bank employs professional managerial officers to manage the businesses and as such, the Bank’s business management will not change or be impacted significantly as a result of changes in management power. The Bank shall provide the relevant internal management information and enhance the transparency of information disclosure in the event of a change in management power in order to secure investor and consumer confidence.
- (9) The effect that large transfer in shares of director or supervisor, or shareholders holding more than ten percent of shares of the company, Possible Risk and Response Action:  
There has been no significant change in share ownership of the Bank’s shareholders, directors and supervisors. The Bank employs professional managerial officers to manage the Bank’s business. Therefore, the Bank’s operational management will not be impacted as a result of a significant change in share ownership. The Bank shall ensure information transparency in the event of a significant transfer or change in share ownership and files a declaration and makes public announcement with respect to the changes in accordance with the relevant banking regulations to secure investor and consumer confidence.
- (10) Legal Actions and Non-contentious Matters: None.
- (11) Other Major Risks and Response Actions thereof: None.

### **7. Contingency Plan**

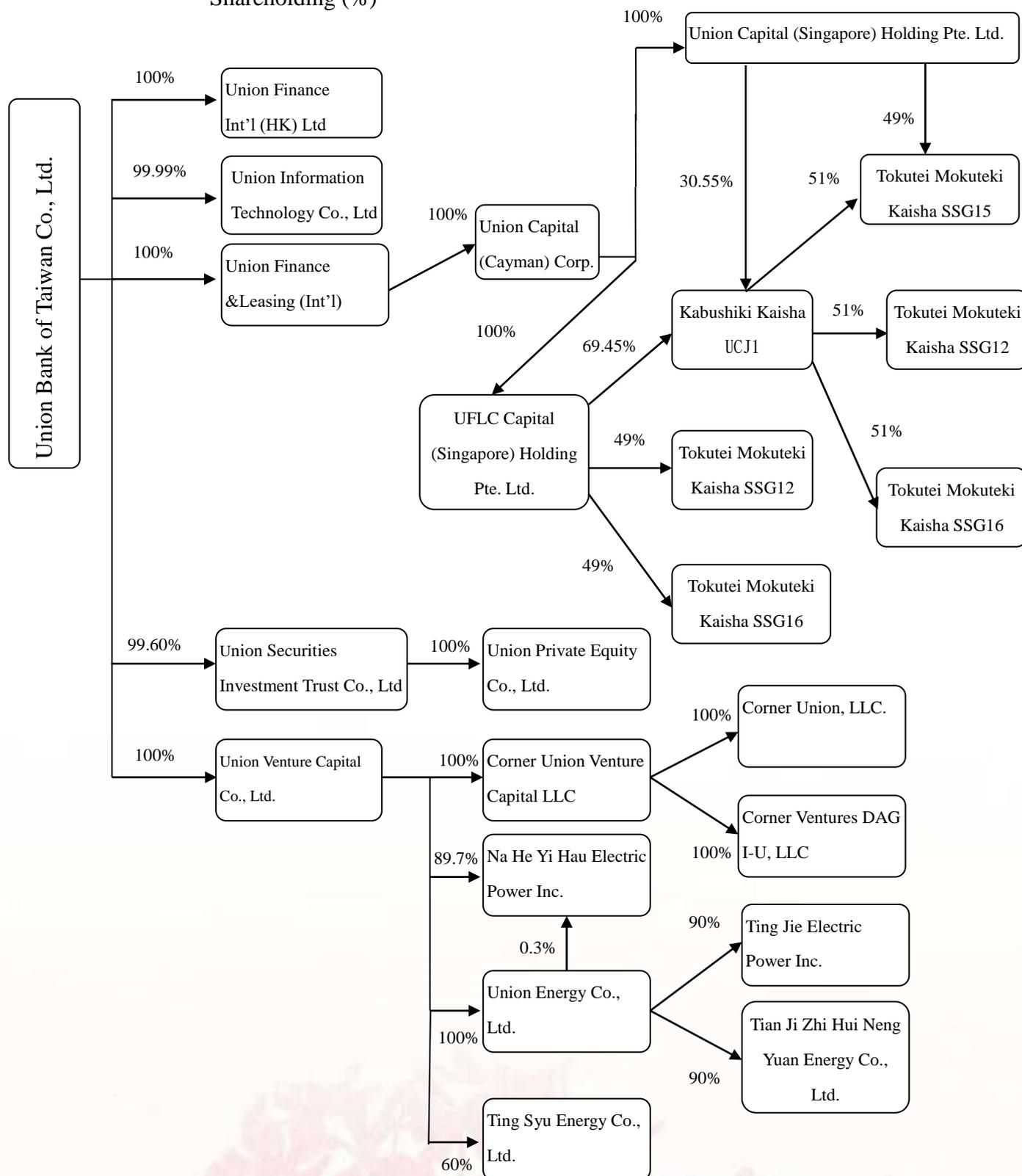
The Bank has enacted the “Essential Points for Urgent Response Action to Disasters” and has set up a crisis management taskforce, urgent contact and report mechanism to execute the disaster rescue measures effectively. The various business units shall perform the disaster education training and drill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

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

# Affiliated and Special Notes

## 1. Information on Affiliated Enterprises

(1) Organization Chart  
Shareholding (%)



## Affiliated and Special Notes

Amount in NTD、JPY、USD thousand

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main Business or Production Activities
Union Finance International (HK) Ltd	1996.04.23	Unit 18, 35/F, West Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong	TWD 118,149	Import and export financing
Union Information Technology Co., Ltd.	1998.08.10	10F, No. 109, Sec. 3, Minsheng E. Road, Taipei, Taiwan	TWD 100,000	IT and software services
Union Finance & Leasing (Int'l) Co., Ltd.	1996.11.11	9F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 1,610,000	Installment purchases, leasing, auto loan and car rental business
Union Securities Investment Trust Co., Ltd.	1998.12.22	6F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 311,400	Securities investment trust
Union Venture Capital Co., Ltd.	2019.11.21	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 1,400,000	Venture Capital
Union Capital (Cayman) Corp.	1997.07.23	P.O.Box 1034, George Town, Grand Cayman, Cayman Islands, British West Indies.	JPY 5,584	Installment purchase and lease investment businesses
Union Capital (Singapore) Holding Pte. Ltd.	2014.09.12	50 RAFFLES PLACE #25-03 SINGAPORE LAND TOWER SINGAPORE (048623)	-	Lease investment businesses °
UFLC Capital (Singapore) Holding Pte. Ltd.	2016.03.11	50 RAFFLES PLACE #25-03 SINGAPORE LAND TOWER SINGAPORE (048623)	-	Lease investment businesses °
Kabushiki Kaisha UCJI	2014.09.12	1 Chome 11, Kanda Jinbocho, Chiyoda ,Tokyo, Japan	JPY 1,515,450	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG15	2014.09.19	1 Chome 11, Kanda Jinbocho, Chiyoda ,Tokyo , Japan	JPY 1,430,200	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG12	2016.02.25	1 Chome 11, Kanda Jinbocho, Chiyoda ,Tokyo , Japan	JPY 1,930,200	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG16	2016.03.31	1 Chome 11, Kanda Jinbocho, Chiyoda ,Tokyo , Japan	JPY 1,300,200	Lease investment businesses °
Union Private Equity Co. ,Ltd.	2020.09.17	6F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 30,000	investment and management of private equity fund
Corner Union Venture Capital LLC	2020.04.20	1013 Centre Road, Suite 403-B, Wilmington, Delaware 19805	TWD 11,004	Overseas investment management consulting business
Corner Union, LLC.	2020.07.14	850 New Burton Road, Suite 201, Dover, Delaware 19904, County of Kent.	USD 1,500	Venture Capital
Corner Ventures DAG I-U, LLC	2020.04.29	850 New Burton Road, Suite 201, Dover, Delaware 19904, County of Kent.	USD 9,497	Venture Capital
Na He Yi Hau Electric Power Inc.	2020.02.20	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 290,000	Power generation, transmission, distribution and energy technology service business
Ting Jie Electric Power Inc.	2020.02.20	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 1,621,000	Power generation, transmission, distribution and energy technology service business
Union Energy Co., Ltd.	2020.12.17	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 465,000	General investment consulting and energy business management
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	2018.08.21	4F., No. 100, Sec. 2, Wenxing Rd., Zhubei City, Hsinchu County, Taiwan	TWD 429,514	Power generation
Ting Syu Energy Co., Ltd.	2022.07.07	3F, 230, Sec. 2, Songjiang Rd, Taipei, Taiwan	TWD 1,000	Power generation, transmission, distribution and energy technology service business

## Affiliated and Special Notes

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

December 31, 2021

Name of Enterprise	Title	Name of Representative	Shareholding	
			Shares	%
Union Finance International (HK) Ltd	Director	Union Bank of Taiwan (Representative: Jeff Lin)	30,000,002	100
	Director	Union Bank of Taiwan (Representative: Denfer Hung)	0	0
	Director & President	Union Bank of Taiwan (Representative: Amanda Lin)	0	0
Union Information Technology Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Pa-Hsan Wu)	9,999,923	99.99
	Director	Union Bank of Taiwan (Representative: Denfer Hung)		
	Director	Union Bank of Taiwan (Representative: Luke Yang)		
	Supervisor	Ling-Jung Hsiung	0	0
	President	Chung-Chieh Hsu	0	0
Union Finance & Leasing (International) Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Cheng-Juh Hsie)	161,000,000	100
	Director	Union Bank of Taiwan (Representative: Yanger Yang)		
	Director	Union Bank of Taiwan (Representative: Chueh-Ling Liu)		
	Director	Union Bank of Taiwan (Representative: Hung-Ming Chien)		
	Director	Union Bank of Taiwan (Representative: Jane Lu)		
	President	Cheng-Juh Hsie	0	0
Union Securities Investment Trust Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Herman Tu)	31,014,261	99.60
	Director	Union Bank of Taiwan (Representative: Grace Lee)		
	Director	Union Bank of Taiwan (Representative: Wen-Chih Cheng)		
	Supervisor	Angela Shen	0	0
	President	Ya-Ching Chuang	0	0
Union Venture Capital Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Pa-Hsan Wu)	140,000,000	100
	Director	Union Bank of Taiwan (Representative: Jane Lu)		
	Director	Union Bank of Taiwan (Representative: Yanger Yang)		
	President	Pa-Hsan Wu	0	0
Union Capital (Cayman) Corp	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	50,000	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)		
Union Capital (Singapore) Holding Pte. Ltd.	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)	1	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	0	0
UFLC Capital (Singapore) Holding Pte. Ltd.	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)	1	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	0	0
Kabushiki, Kaisha UCJ1	Director	Union Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	9,259	31
	Director	UFLC Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	21,050	69
Tokutei Mokuteki Kaisha SSG15	Director	Union Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	14,015	49
	Director	Kabuskiki Kaisha UCJ1 (Representative: Rika Nakamura)	14,586	51
Tokutei Mokuteki Kaisha SSG12	Director	Union Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	18,915	49
	Director	Kabuskiki Kaisha UCJ1 (Representative: Rika Nakamura)	19,686	51

## Affiliated and Special Notes

Name of Enterprise	Title	Name of Representative	Shareholding	
			Shares	%
Tokutei Mokuteki Kaisha SSG16	Director	Union Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	12,741	49
	Director	Kabushiki Kaisha UCJ1 (Representative: Rika Nakamura)	13,260	51
Union Private Equity Co., Ltd.	Chairman	Union Securities Investment Trust Co., Ltd. (Representative: Herman Tu)	3,000,000	100
	Director	Union Securities Investment Trust Co., Ltd. (Representative: Ya-Ting Chuang)		
Corner Union Venture Capital LLC	-	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	-	100
Corner Union, LLC.	-	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	-	100
Corner Ventures DAG I-U, LLC	-	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	-	100
Na He Yi Hau Electric Power Inc.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	14,890,000	89.7
Ting Jie Electric Power Inc.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	1,890,000	90
Union Energy Co., Ltd.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	9,000,000	100
	Supervisor	Yanger Yang	0	0
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	Chairman	Union Energy Co., Ltd. (Representative: Pa-Hsan Wu)	33,904,232	90
	Supervisor	Jane Lu	0	0
Ting Syu Energy Co., Ltd.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	60,000	60

### (3) General Information of Affiliated Enterprises

December 31, 2022      In NT\$ thousands except Earnings per Share (NT\$)

Name of Enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit	Net Income (Loss) After Tax	Earnings Per Share After-tax (\$)
Union Finance International (H.K.) Ltd. Note1	118,149	239,713	80,036	159,677	(2,109)	(11,076)	(13,945)	-
Union Information Technology Co., Ltd.	100,000	267,870	158,540	109,330	197,800	(4,368)	(1,063)	-
Union Finance & Leasing (International) Co., Ltd.	1,610,000	16,488,100	13,590,772	2,897,328	2,449,490	70,001	106,263	0.66
Union Securities Investment Trust Co., Ltd.	311,400	434,057	30,356	403,701	134,095	11,257	4,739	0.15
Union Venture Capital Co., Ltd.	1,400,000	2,357,380	705,822	1,651,558	102,265	92,588	89,539	0.64
Union Capital (Cayman) Corp. Note2	1,360	59,500	21	59,479	5,778	5,648	5,648	112.97
Union Capital (Singapore) Holding PTE. Ltd. Note2	-	714,597	616,295	98,302	27,357	19,635	17,826	17,825,661
Uflic Capital (Singapore) Holding PTE. Ltd. Note2	-	1,415,803	1,296,757	119,046	40,402	24,390	21,502	21,501,673
Kabushiki Kaisha UCJ1 Note2	352,148	1,350,535	1,019,180	331,355	41,530	11,855	2,093	69.06
Tokutei Mokuteki Kaisha SSG15 Note2	332,338	908,190	539,743	368,447	73,049	39,195	35,344	1,235.77

## Affiliated and Special Notes

Name of Enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit	Net Income (Loss) After Tax	Earnings Per Share After-tax (\$)
Tokutei Mokuteki Kaisha SSG12 Note2	448,524	950,643	474,570	476,073	54,506	29,918	26,965	698.55
Tokutei Mokuteki Kaisha SSG16 Note2	302,130	716,665	397,627	319,038	36,807	22,586	16,550	636.51
Union Private Equity Co., Ltd.	30,000	42,877	5,452	37,425	8,564	5,888	6,545	2.18
Corner Union Venture Capital LLC	337,911	439,914	671	439,243	-	(5,018)	(5,020)	-
Corner Union, LLC.	46,062	46,062	3,853	42,209	-	(1,699)	(1,699)	-
Corner Ventures DAG I-U, LLC	291,634	381,572	2,951	378,621	(19,436)	(25,379)	(25,379)	-
Na He Yi Hau Electric Power Inc.	290,000	524,368	246,970	277,398	-	(3,565)	(4,005)	-
Ting Jie Electric Power Inc.	1,621,000	2,449,627	843,204	1,606,423	-	(6,301)	(10,290)	-
Union Energy Co., Ltd.	465,000	393,969	375,230	18,739	-	(27,930)	(2,255)	-
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	429,514	2,644,278	1,977,496	666,782	241,717	81,740	36,540	0.97
Ting Syu Energy Co., Ltd.	1,000	989	-	989	-	(12)	(11)	-

Note1: HKD/TWD: 3.550637 for Asset and Liability items; HKD/TWD: 3.598056 for P/L items

Note 2: JPY/TWD: 0.240532 for Asset and Liability items; JPY/TWD: 0.253779 for P/L items

Note3: USD/TWD: 27.69 for Asset and Liability items; USD/TWD: 27.970833 for P/L items.

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

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

**2. Private placement of marketable securities and financial debentures in the past year and current year up to the printing date of the annual report: None.**

**3. Shares of the Bank held or disposed of by subsidiaries in the past year and current year up to the printing date of the annual report: None.**

**4. Other necessary supplements: None.**

## **Affiliated and Special Notes**

- 5. In the past year and current year up to the printing date of the annual report, any event which has a material impact on shareholders' equity or securities prices pursuant to Article 36.2.2 of the Security and Exchange Law: None.**

# Bank Directory

## Bank Directory

Branch Name	Address	Telephone
Head Office	3F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
International Banking Dept	2F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Trust Department	3F, No.137, Sec. 2, Nanjing E. Rd., Chungshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2507-4066
Credit & Payment Dept.	5F, No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taipei City 105, Taiwan (R.O.C.)	(02)2719-2233
Offshore Banking Branch	2F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Taipei Branch	No.105, Sec. 1, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)2556-8500
Business Department	1F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Changchun Branch	No.328, Changchun Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2545-5588
Nanking East Road Branch	No.137, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2515-1333
East Taipei Branch	No.217, Sec. 5, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2753-0900
Chunghsiao Branch	2F., No.5, Lane 223, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2773-3456
Jenai Branch	No.179, Yanji St., Da'an District, Taipei City 106, Taiwan (R.O.C.)	(02)2781-3366
Tungmen Branch	No.101, Sec. 2, Sinyi Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2358-2345
Hoping Branch	No.68-2, Sec. 3, Heping E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2735-2828
Chungshan Mini Branch	No.83, Sec. 2, Jhongshan N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2571-7890
Kungkuan Branch	No.272, Sec. 3, Roosevelt Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2369-2678
Sungchiang Branch	No.228, Songjiang Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2561-6601
Breeze Center Mini Branch	2F., No.39, Sec. 1, Fusing S. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)8772-2858
Nangang Branch	No. 271, 272, Chongyang Rd., Nangan Dist., Taipei City, Taiwan (R.O.C.)	(02)2788-5200
Taan Branch	No.165, Sec. 4, Hsin-I. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2704-9588
Tonghwa Mini Branch	No.74, Tonghua St., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2739-5888
Yongchun Branch	No.453, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2748-0188
Yungchi Branch	No.306, Yongji Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2748-0329
Neihu branch	No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)2658-6121

## **Bank Directory**

Branch Name	Address	Telephone
Donghu Branch	No.150-3, Sec. 6, Minquan E. Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)-2796-7779
Hsihu Branch	No.88, Sec. 1, Neihu Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)8797-1537
Tachih Branch	No.649, Mingshuei Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2532-3836
Shihlung Branch	No.9, Lane 91, Shihdong Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)2875-6161
Wenlin Branch	No.758, Wunlin Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)2835-1818
Beitou Mini Branch	No.68, Sec. 1, Jhongyang N. Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02)2896-6333
Panchiao Branch	No.226, Mincyuan Rd., Banciao District, New Taipei City 220, Taiwan (R.O.C.)	(02)2965-6600
Houpu Branch	No.77, Chongcing Rd., Banciao District, New Taipei City 220, Taiwan (R.O.C.)	(02)2964-2777
Sanchung Branch	No.10, Sec. 3, Chongsin Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)2977-7666
North Sanchung Branch	No.245, Jhengyi N. Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)2982-6226
Tenshin Branch	No.16, Sec. 3, Jhongsiao Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)8982-1155
JiSian Branch	No.329, Wuhua St., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2855-9996
Sanxia Branch	No.261, Xuecheng Rd., Sanxia Dist., New Taipei City 237, Taiwan (R.O.C.)	(02)2673-0808
Luchou Branch	No.80, Jhongjheng Rd., Lujhou District, New Taipei City 247, Taiwan (R.O.C.)	(02)2848-5577
Chungho Branch	No.150, Jian 1st Rd., Jhonghe District, New Taipei City 235, Taiwan (R.O.C.)	(02)8226-5168
North Chungho Mini Branch	No.146, Sec. 3, Jhongshan Rd., Jhonghe District, New Taipei City 235, Taiwan (R.O.C.)	(02)2221-9698
Shuanho Branch	No.222, Jhongjheng Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02)2945-9898
Yungho Branch	No.137, Sec. 2, Yonghe Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02)8660-0808
Hsintien Branch	No.102, Mincyuan Rd., Sindian District, New Taipei City 231, Taiwan (R.O.C.)	(02)2219-9989
Ankang Branch	No.161, Sec. 2, Ankang Rd., Sindian District, New Taipei City 231, Taiwan (R.O.C.)	(02)2211-9088
Hsinchung Branch	No.601, Sihyuan Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)8522-7799
Fuguo Branch	No.108, Fuguo Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)2205-2299
Chungkung Mini Branch	No.308, Jhonggang Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)2276-9678
Wugu Branch	No.6-1, Sec.3, Chengtai Rd., Wugu District, New Taipei City 248, Taiwan (R.O.C.)	(02)2291-5888
Linkou Branch	No.468, Jhongsiao Rd., Linkou District, New Taipei City 244, Taiwan (R.O.C.)	(02)2600-6969

## Bank Directory

Branch Name	Address	Telephone
Shulin Branch	No.275, Jhonghua Rd., Shulin District, New Taipei City 238, Taiwan (R.O.C.)	(02)8685-8939
Hsichih Branch	No.159, Sec. 1, Sintai 5th Rd., Sijih District, New Taipei City 221, Taiwan (R.O.C.)	(02)8642-5289
Tamsui Mini Branch	No. 16, Sec. 3, Xinshi 2nd Rd., Tamsui Dist., New Taipei City 251, Taiwan (R.O.C.)	(02)2626-0909
Tucheng Branch	No.3, Chengtian Rd., Tucheng District, New Taipei City 236, Taiwan (R.O.C.)	(02)2268-1799
Jincheng Branch	No. 219, Sec. 2, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)8262-7799
Taoyuan Branch	No.332, Sianfu Rd., Taoyuan District City, Taoyuan City 330, Taiwan (R.O.C.)	(03)339-5300
North Taoyuan Branch	No.191, Yong-an Rd., Taoyuan District City, Taoyuan City 330, Taiwan (R.O.C.)	(03)339-6262
South Taoyuan Branch	No.1308, Zhongshan Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)369-7388
Taoying Branch	No.343, Taoying Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)377-9797
Daye Branch	No.388, Sec. 1, Daye Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)357-7388
Chungli Branch	No.62, Sec. 1, Jhongyang W. Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)426-5111
North Chungli Branch	No.222, Yuanhua Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)426-1133
Neili Branch	No. 258, Sec. 1, Jhonghua Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)435-1288
Chenshin Branch	No.189, Jianxing Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)428-0808
Gaorong Branch	No.226, Sec. 5, Minzu Rd., Zhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)490-9777
Nankan Branch	No.137, Jhongjheng Rd., Lujhu District, Taoyuan City 338, Taiwan (R.O.C.)	(03)322-9699
Dajhu Branch	No.43, Dasin Rd., Lujhu District, Taoyuan City 338, Taiwan (R.O.C.)	(03)313-4688
Luzhu Branch	No.3, Sec. 1, Ren'ai Rd., Luzhu District, Taoyuan City 338, Taiwan (R.O.C.)	(03)222-1389
Hueilong Branch	No.253, Sec. 1, Wanshou Rd., Gueishan District, Taoyuan City 333, Taiwan (R.O.C.)	(02)8209-0808
Gueishan Branch	No.688, Sec. 2, Wanshou Rd., Gueishan District, Taoyuan City 333, Taiwan (R.O.C.)	(03)319-2323
Lungtan Branch	No.245, Jhongjheng Rd., Longtan District, Taoyuan City 325, Taiwan (R.O.C.)	(03)470-9188
Tayuan Branch	No.56, Jhongjheng E. Rd., Dayuan District, Taoyuan City 337, Taiwan (R.O.C.)	(03)385-0505
Hsinchu Branch	No.107, Jhongjheng Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03)524-9966
Taichung Branch	No.711, Sec.2, Taiwan Blvd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2328-5666
North Taichung Branch	No.13, Sec. 3, Wunsin Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2311-8555

## **Bank Directory**

Branch Name	Address	Telephone
Wenhsin Branch	No.208-1, Sec. 4, Wunsin Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04)2298-0808
Beitun Branch	No.701, Sec. 4, Wunsin Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	(04)2245-2636
Minchuan Branch	No.135, Mincyuan Rd., West District, Taichung City 403, Taiwan (R.O.C.)	(04)2220-6789
Hsitun Branch	No.277, Sec. 2, Situn Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2702-2152
Singchung Branch	No.406, Sec. 1, Fusing Rd., South District, Taichung City 402, Taiwan (R.O.C.)	(04)2261-4040
Fongyuan Branch	No.102, Fucian St., Fongyuan District, Taichung County 420, Taiwan (R.O.C.)	(04)2522-8800
Yuanlin Branch	No.37, Sanmin St., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.)	(04)834-7666
Chiayi Branch	No.285, Jhongshan Rd., Chiayi City 600, Taiwan (R.O.C.)	(05)228-5908
Tainan Branch	No.271, Sec. 4, Simen Rd., North District, Tainan City 704, Taiwan (R.O.C.)	(06)251-3377
Fucheng Branch	No.92, Jhongjheng Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06)229-0866
Fuchiang Branch	No.15, Sec. 3, Dongmen Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06)260-1268
Kaiyuan Branch	No.229, Kaiyuan Rd., North District, Tainan City 704, Taiwan (R.O.C.)	(06)235-4445
South Tainan Branch	No.379, Sec. 1, Jinhua Rd., South District, Tainan City 702, Taiwan (R.O.C.)	(06)265-5663
Kaohsiung Branch	No.204, Guanghua 1st Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07)226-5353
Lingya Branch	No.30, Sihwei 4th Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07)338-6033
Sanmin Branch	No.73, Jiouru 1st Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)389-0258
Chiuju Branch	No.495, Jiouru 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)311-8871
North Kaohsiung Branch	No.468, Bo'ai 1st Rd., Gushan District, Kaohsiung City 804, Taiwan (R.O.C.)	(07)558-6158
Fengshan Branch	No.224, Kaisyuan Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07)763-8185
Wuchia Branch	No.173, Nanhua Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07)721-5866
Pingtung Branch	No. 130, Chenggong Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)766-0688
Ho Chi Minh Representative Office	Royal Tower Building, 8th Floor, Room 805, 235 Nguyen Van Cu Street, Dist.1, Ho Chi Minh City, Vietnam	(8428)3925-9208
Hanoi Representative Office	No. 1104, 11th Floor, Pacific Place, 83B Ly Thuong Kiet Street, Hoan Kiem district, Hanoi, Vietnam	(8424)3726-5223
Hong Kong Representative Office	Unit 18, 35/F, West Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong	(852)2521-1678

# APPENDIX

# **Union Bank of Taiwan and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

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

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

UNION BANK OF TAIWAN

By:

---

March 13, 2023

## **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, 2022 and 2021, 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, 2022 and 2021, 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.

### **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, 2022. 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, 2022 is described as follows:

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

As of December 31, 2022, the net amount of discounts and loans of the Company was approximately 63% 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, 2022.

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 on loan impairment assessment, refer to Notes 4, 5 and 14 to the consolidated financial statements.

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

1. We obtained an understanding of the relevant internal controls in respect of the Bank's loan impairment assessment and tested the operating effectiveness of such controls.
2. We tested the classification of credit assets in accordance with relevant regulations issued by management and authorities. In addition, we 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, 2022 and 2021 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, 2022 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 Chen-Hsiu Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 15, 2023

Notice to Readers

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

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

## UNION BANK OF TAIWAN AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
	Amount	%	Amount	%
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 12,598,697	2	\$ 13,767,806	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 8)	24,624,316	3	29,553,111	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	29,047,342	3	46,643,053	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9 and 11)	59,513,169	7	61,748,943	7
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 10 and 11)	82,519,002	10	77,431,542	9
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 12)	43,741,945	5	57,721,456	7
RECEIVABLES, NET (Notes 4, 5 and 13)	29,180,983	3	27,476,621	3
CURRENT TAX ASSETS (Note 4)	1,593	-	5,133	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14, 15 and 47)	528,118,601	63	493,232,510	59
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 17)	1,937,259	-	1,993,160	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 18 and 48)	1,638,825	-	1,681,562	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 19)	12,518,775	2	9,967,221	1
RIGHT-OF-USE ASSETS (Notes 4 and 20)	1,674,658	-	1,908,089	-
INVESTMENT PROPERTIES, NET (Notes 4, 21, 31 and 48)	4,803,059	1	4,911,521	1
GOODWILL (Notes 4 and 22)	1,985,307	-	1,985,307	-
COMPUTER SOFTWARE (Note 4)	199,103	-	193,019	-
DEFERRED TAX ASSETS (Notes 4 and 45)	732,966	-	925,832	-
OTHER ASSETS, NET (Notes 4, 23, 34, 47 and 49)	<u>10,164,333</u>	<u>1</u>	<u>10,443,260</u>	<u>1</u>
<b>TOTAL</b>	<b>\$ 844,999,933</b>	<b>100</b>	<b>\$ 841,589,146</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 24)	\$ 5,817,199	1	\$ 10,000,142	1
DUE TO THE CENTRAL BANK AND OTHER BANKS (Notes 25, 31 and 48)	904,865	-	7,142,055	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	931,500	-	495,421	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Note 26)	34,298,607	4	51,279,756	6
PAYABLES (Note 27)	7,256,873	1	8,519,964	1
CURRENT TAX LIABILITIES (Note 4)	660,557	-	451,475	-
DEPOSITS AND REMITTANCES (Notes 28 and 47)	707,914,334	84	671,382,858	80
BANK DEBENTURES (Notes 4 and 29)	5,000,000	1	7,700,000	1
BONDS PAYABLE (Notes 21 and 31)	1,001,523	-	1,047,276	-
PREFERRED STOCK LIABILITY (Note 30)	375,000	-	371,500	-
OTHER FINANCIAL LIABILITIES (Note 32)	10,508,961	1	9,784,240	1
PROVISIONS (Notes 4, 5, 33 and 34)	349,779	-	382,688	-
LEASE LIABILITIES (Notes 4, 20 and 47)	1,662,565	-	1,894,074	-
DEFERRED TAX LIABILITIES (Notes 4 and 45)	1,819,261	-	1,675,426	-
OTHER LIABILITIES (Notes 35 and 49)	<u>3,381,987</u>	<u>1</u>	<u>3,597,202</u>	<u>1</u>
Total liabilities	<u>781,883,011</u>	<u>93</u>	<u>775,724,077</u>	<u>92</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK</b>				
Share capital				
Ordinary shares	35,940,460	4	32,952,187	4
Preference shares	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Total share capital	<u>37,940,460</u>	<u>4</u>	<u>34,952,187</u>	<u>4</u>
Capital surplus	<u>8,076,826</u>	<u>1</u>	<u>8,051,984</u>	<u>1</u>
Retained earnings				
Legal reserve	10,589,878	1	8,924,700	1
Special reserve	627,440	-	627,440	-
Unappropriated earnings	<u>4,473,399</u>	<u>1</u>	<u>6,932,579</u>	<u>1</u>
Total retained earnings	<u>15,690,717</u>	<u>2</u>	<u>16,484,719</u>	<u>2</u>
Other equity	<u>(637,581)</u>	<u>-</u>	<u>5,646,421</u>	<u>1</u>
Total equity attributable to owners of the Bank	61,070,422	7	65,135,311	8
NON-CONTROLLING INTERESTS	<u>2,046,500</u>	<u>-</u>	<u>729,758</u>	<u>-</u>
Total equity	<u>63,116,922</u>	<u>7</u>	<u>65,865,069</u>	<u>8</u>
<b>TOTAL</b>	<b>\$ 844,999,933</b>	<b>100</b>	<b>\$ 841,589,146</b>	<b>100</b>

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

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST (Notes 4, 37 and 47)					
Interest revenue	\$ 14,962,590	94	\$ 11,635,599	70	29
Interest expense	<u>5,120,855</u>	<u>32</u>	<u>2,973,928</u>	<u>18</u>	72
Net interest	<u>9,841,735</u>	<u>62</u>	<u>8,661,671</u>	<u>52</u>	14
NET REVENUE OTHER THAN INTEREST					
Commissions and fee revenue, net (Notes 4, 38 and 47)	3,321,684	21	3,054,372	18	9
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 39)	(203,322)	(1)	589,123	4	(135)
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 40)	788,478	5	893,737	5	(12)
Share of loss of associates (Notes 4 and 17)	(55,901)	-	(7,490)	-	646
Foreign exchange gain (Note 4)	547,695	3	674,680	4	(19)
Impairment loss on assets (Notes 4, 5 and 41)	(1,269,245)	(8)	(153,955)	(1)	724
Securities brokerage fee revenue, net (Note 4)	320,007	2	460,999	3	(31)
Rental revenue (Note 4)	2,318,359	14	2,334,323	14	(1)
Other noninterest gain, net	<u>375,849</u>	<u>2</u>	<u>181,313</u>	<u>1</u>	107
TOTAL NET REVENUE	<u>15,985,339</u>	<u>100</u>	<u>16,688,773</u>	<u>100</u>	(4)
PROVISIONS (Notes 4, 5, 15 and 33)					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>499,377</u>	<u>3</u>	<u>805,824</u>	<u>5</u>	(38)
OPERATING EXPENSES					
Employee benefit expense (Notes 34 and 42)	4,298,695	27	4,301,694	26	-
Depreciation and amortization (Notes 4 and 43)	2,713,880	17	2,637,588	16	3
Others (Notes 44 and 47)	<u>3,923,613</u>	<u>25</u>	<u>3,733,423</u>	<u>22</u>	5
Total operating expenses	<u>10,936,188</u>	<u>69</u>	<u>10,672,705</u>	<u>64</u>	2

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	\$ 4,549,774	28	\$ 5,210,244	31	(13)
INCOME TAX EXPENSE (Notes 4 and 45)	<u>1,008,240</u>	<u>6</u>	<u>746,848</u>	<u>4</u>	35
CONSOLIDATED NET INCOME	<u>3,541,534</u>	<u>22</u>	<u>4,463,396</u>	<u>27</u>	(21)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(77,502)	(1)	287	-	(27,104)
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(1,958,173)	(12)	2,311,402	14	(185)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 45)	(49,876)	-	34,489	-	(245)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	1,409,818	9	(681,737)	(4)	307
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(5,768,822)	(36)	(918,605)	(6)	528
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 45)	<u>(281,964)</u>	<u>(2)</u>	<u>136,347</u>	<u>1</u>	(307)
Other comprehensive income for the year, net of income tax	<u>(6,726,519)</u>	<u>(42)</u>	<u>882,183</u>	<u>5</u>	(862)
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (3,184,985)</u>	<u>(20)</u>	<u>\$ 5,345,579</u>	<u>32</u>	(160)

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 3,539,070	22	\$ 4,463,768	27	(21)
Non-controlling interests	<u>2,464</u>	<u>-</u>	<u>(372)</u>	<u>-</u>	762
	<u>\$ 3,541,534</u>	<u>22</u>	<u>\$ 4,463,396</u>	<u>27</u>	(21)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the Bank	\$ (3,187,453)	(20)	\$ 5,345,944	32	(160)
Non-controlling interests	<u>2,468</u>	<u>-</u>	<u>(365)</u>	<u>-</u>	776
	<u>\$ (3,184,985)</u>	<u>(20)</u>	<u>\$ 5,345,579</u>	<u>32</u>	(160)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 46)					
Basic	<u>\$0.85</u>		<u>\$1.11</u>		
Diluted	<u>\$0.85</u>		<u>\$1.11</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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable Owners of the Company								Other Equity (Notes 4 and 36)			Non-controlling Interests (Notes 30 and 36)	Total Equity	
	Share Capital (Notes 36 and 42)			Capital Surplus (Note 32)	Retained Earnings (Notes 4, 36 and 56)				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gains (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total			Total
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2021	\$ 30,933,688	\$ 2,000,000	\$ 32,933,688	\$ 8,040,035	\$ 7,883,630	\$ 627,440	\$ 4,854,972	\$ 13,366,042	\$ (1,091,223)	\$ 6,942,293	\$ 5,851,070	\$ 60,190,835	\$ 1,577	\$ 60,192,412
Appropriation of the 2020 earnings														
Legal reserve	-	-	-	-	1,041,070	-	(1,041,070)	-	-	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)	-	(480,000)
Stock dividends on common shares	1,951,916	-	1,951,916	-	-	-	(1,951,916)	(1,951,916)	-	-	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	-	4,463,768	4,463,768	-	-	-	4,463,768	(372)	4,463,396
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	228	228	(545,390)	1,427,338	881,948	882,176	7	882,183
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	205,205	205,205
Share-based payment	66,583	-	66,583	5,659	-	-	-	-	-	-	-	72,242	-	72,242
Changes in ownership interests in subsidiaries	-	-	-	6,290	-	-	-	-	-	-	-	6,290	(659)	5,631
Preferred stock liabilities converted to preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	524,000	524,000
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	1,086,597	1,086,597	-	(1,086,597)	(1,086,597)	-	-	-
BALANCE AT DECEMBER 31, 2021	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
Disposal 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	<u>\$ 35,940,460</u>	<u>\$ 2,000,000</u>	<u>\$ 37,940,460</u>	<u>\$ 8,076,826</u>	<u>\$ 10,589,878</u>	<u>\$ 627,440</u>	<u>\$ 4,473,399</u>	<u>\$ 15,690,717</u>	<u>\$ (508,759)</u>	<u>\$ (128,822)</u>	<u>\$ (637,581)</u>	<u>\$ 61,070,422</u>	<u>\$ 2,046,500</u>	<u>\$ 63,116,922</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 4,549,774	\$ 5,210,244
Adjustments for:		
Depreciation expense	2,620,997	2,544,293
Amortization expense	92,883	93,295
Expected credit losses/provision of allowance for doubtful accounts	499,377	805,824
Loss (gain) on disposal of financial assets at fair value through profit or loss	378,723	(535,113)
Interest expense	5,120,855	2,973,928
Interest revenue	(14,962,590)	(11,635,599)
Dividend income	(751,874)	(582,480)
Share of loss of associates	55,901	14,155
Gain on disposal of investments on associates	-	(6,665)
Gain on disposal of properties and equipment	(77,126)	(60,210)
Gain on disposal of investments	(80,305)	(365,267)
Impairment loss on financial assets	1,279,572	22,479
Reversal of impairment loss on financial assets	(8,219)	-
Impairment loss on nonfinancial assets	-	132,193
Reversal of impairment loss on nonfinancial assets	(2,108)	(717)
Loss on disposal of collaterals	1,008	240
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	4,928,795	(5,227,313)
Financial assets at fair value through profit or loss	18,638,526	(10,308,271)
Financial assets at fair value through other comprehensive income	(6,473,341)	(6,432,923)
Investments in debt instruments at amortized cost	(5,181,515)	13,084,558
Receivables	(1,064,363)	(2,163,779)
Discounts and loans	(35,509,315)	(71,090,628)
Other financial assets	48,938	2,927,936
Deposits from the Central Bank and other banks	(3,864,543)	(2,480,972)
Financial liabilities at fair value through profit or loss	(985,460)	(628,402)
Securities sold under repurchase agreements	(16,981,149)	6,851,580
Payables	(1,491,526)	1,037,323
Deposits and remittances	36,531,476	64,522,359
Other financial liabilities	(6,445)	(108,917)
Provision for employee benefits	(75,374)	(1,406)
Other liabilities	(278)	(1,387)
Cash generated used in operations activities	(12,768,706)	(11,409,642)
Interest received	14,507,752	11,587,198
Dividends received	746,684	582,480
Interest paid	(4,750,963)	(3,051,101)
Income tax paid	(790,757)	(412,045)
Net cash used in operating activities	<u>(3,055,990)</u>	<u>(2,703,110)</u>

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of associates	\$ -	\$ (497,844)
Disposal of associates	-	45,007
Acquisition of subsidiary	-	(245,440)
Payments for properties and equipment	(2,116,964)	(365,463)
Proceeds from disposal of properties and equipment	1	75
Payments for investment properties	(11,214)	(18,663)
Increase in settlement fund	-	(3,387)
Decrease in settlement fund	(324)	-
Increase in refundable deposits	(1,025,315)	(243,477)
Payments for intangible assets	(98,967)	(57,808)
Proceeds from disposal of collaterals	1,100	477
Increase in other assets	<u>(1,146,252)</u>	<u>(2,167,885)</u>
Net cash used in investing activities	<u>(4,397,935)</u>	<u>(3,554,408)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to Central Bank and other banks	(6,545,390)	3,355,335
Increase in commercial paper	731,167	2,472,996
Repayment of bonds payable	(10,224)	(227,062)
Proceeds from issue of bank debentures	(2,700,000)	3,000,000
Repayments of bank debentures	-	(2,500,000)
Proceeds from issuance of preferred stock liability	375,000	371,500
Repayments of preferred stock liability	(371,500)	-
Proceeds from guarantee deposits received	-	130,395
Refund of guarantee deposits received	(111,977)	-
Repayment of the principal portion of lease liabilities	(482,985)	(470,599)
Decrease in other liabilities	(147,849)	(225,756)
Dividends paid	(974,282)	(480,000)
Preference shares issued by subsidiaries	1,314,000	-
Changes in non-controlling interests	<u>274</u>	<u>168,410</u>
Net cash generated from (used in) financing activities	<u>(8,923,766)</u>	<u>5,595,219</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>1,229,071</u>	<u>(721,350)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(15,148,620)	(1,383,649)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>71,489,262</u>	<u>72,872,911</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 56,340,642</u>	<u>\$ 71,489,262</u>

(Continued)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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, 2022 and 2021:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents in the consolidated balance sheets	\$ 12,598,697	\$ 13,767,806
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>43,741,945</u>	<u>57,721,456</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 56,340,642</u>	<u>\$ 71,489,262</u>

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

(Concluded)

# UNION BANK OF TAIWAN AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

---

### 1. GENERAL INFORMATION

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

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

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

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

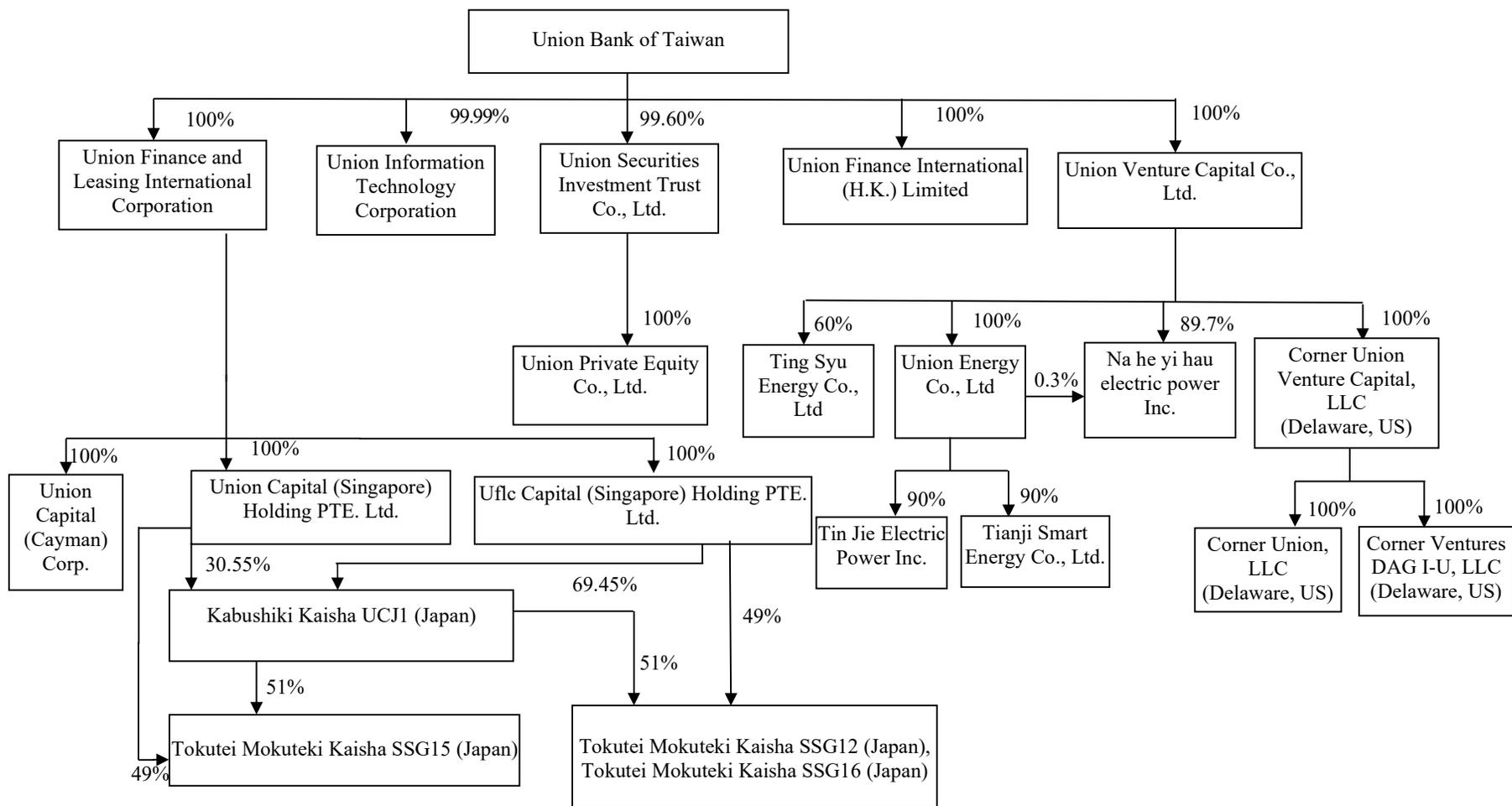
On August 26, 2015, the board of directors of the Company resolved to merge UIB in order to integrate the resources, strengthen management and business synergy. The merger was approved by the Financial Supervisory Commission (FSC) under Rule No. 10502022990. The effective date of this merger was August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

As of December 31, 2022, the Bank’s operating units included Banking, Trust, Wealth Management, Security Finance, Bills Finance, International Banking Department of the Head Office, Insurance Agency Department, an Offshore Banking Unit (OBU), three overseas representative offices in Hong Kong, Ho Chi Minh City and Hanoi, Vietnam, and 90 domestic branches (including the business department).

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

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

The following chart presents the relationship between the Bank and its subsidiaries (collectively referred to as the “Company”) and percentage of ownership as of December 31, 2022:



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

## 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 13, 2023.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

1) Annual Improvements to IFRS Standards 2018-2020

Several standards were amended in the annual improvements and in which the Company applied the amendments to IFRS 9 to modifications and exchanges of financial liabilities that occur on or after January 1, 2022. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 "Reference to the Conceptual Framework"

The Company applied the amendments to business combinations for which the acquisition date is on or after January 1, 2022. The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

- b. The IFRSs endorsed by the FSC for application starting from 2023.

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

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

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

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

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

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Company assesses that the application of above standards and interpretations have no material impact on the Company’s financial position and financial performance

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

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

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

## 2) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

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

### Basis of Preparation

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

### Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Foreign Currencies**

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

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

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

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

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

## **Investments in Associate**

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

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

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

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

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

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

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

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

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

## **Financial Instruments**

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

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

### **a. Financial assets**

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

#### **1) Measurement categories**

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

##### **a) Financial assets at FVTPL**

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

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

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

##### **b) Financial assets at amortized cost**

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

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

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i. The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii. The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at FVTOCI, lease receivables, as well as contract assets.

For financial instruments and contract assets, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In determining the allowance for credit losses and the reserve for losses on guarantees, the Company assesses the balances of discounts and loans, receivables, nonperforming loans, and other financial assets as well as guarantees and acceptances for their collectability and their specific risks or general risks as of the balance sheet date.

Under the regulations issued by the Ministry of Finance (MOF), the Company evaluates credit balances on the basis of their estimated collectability.

The MOF regulations also require the grouping of credit assets into these five classes: Normal, special mention, substandard, doubtful and losses; the minimum loan loss provision and guarantee reserve for the unsound credit assets (those other than normal) should be 2%, 10%, 50% and 100%, respectively, of the outstanding credit balance.

The MOF issued a guideline stating that from January 1, 2014, the minimum loan loss provision and guarantee should be the sum of 1% of the outstanding balance of the normal credit asset's claim, 2% of the balance of special mention credit assets, 10% of the balance of substandard credit assets, 50% of the balance of doubtful credit assets, and the full balance of losses credit assets (excluding assets that represent claims against the central and local government in Taiwan). Also, in accordance with Rule No. 10300329440 issued by FSC, the minimum allowance for mortgage loans should be 1.5%.

Credits deemed uncollectable may be written off if the write-off is approved by the board of directors. Recoveries of amounts previously written off are credited to the allowance account.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

### 3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

### b. Equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

### c. Financial liabilities

#### Subsequent measurement

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- 1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- 2) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- 3) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 52.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

- 1) The amount of the loss allowance reflecting expected credit losses; and
- 2) The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

#### d. Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

#### **Nonperforming Loans**

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the authorities, loans and other credits (including the accrued interests) that remain unpaid on their maturity are transferred immediately to nonperforming loans if the transfer is approved by the board of directors.

Nonperforming loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

## **Repurchase and Resale Transactions**

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

## **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

Depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property and equipment is shorter than its useful life, such asset is depreciated over its lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

For a contract where an owner of land provides land for construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as property, plant and equipment and the exchange transaction has commercial substance.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

## **Investment Properties**

Investment properties are properties owned specifically to generate profit through rental income and/or capital gains. Land for which the future purpose of use has not been decided is also classified under investment properties.

Investment properties are initially recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation by the straight-line method.

Gain or loss recognized on derecognition of an investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the investment property is derecognized.

## **Goodwill**

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## **Intangible Assets**

### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

### Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

## **Foreclosed Collaterals**

Collaterals assumed (included in other assets) are recorded at cost, which includes the assumed prices and any necessary repairs to make the collaterals saleable, and evaluated at the lower of cost or net realizable value as of the balance sheet date.

## **Impairment of Tangible and Intangible Assets (Excluding Goodwill)**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

### a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

### b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

## **Provisions**

Provisions, including those arising from contractual obligation specified in service concession arrangement to maintain or restore infrastructure before it is handed over to the grantor, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## **Employee Benefits**

### **a. Short-term employee benefits**

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### **b. Retirement benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

d. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

## **Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and these differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the amounts expected to be paid to (recovered from) taxation authorities, using the rates or laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets should reflect the tax consequences of how the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the period

For transactions recognized in profit or loss, current and deferred taxes are also recognized in profit or loss; for transactions recognized outside profit or loss, i.e., in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**Interest Revenue and Service Fees**

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Company that are classified as nonperforming loans. The interest revenue on these loans/credits is recognized upon collection. Under the regulations of the Ministry of Finance, the interest revenue on credits covered by agreements that extend their repayment periods is recorded as deferred revenue and recognized as revenue upon collection.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Company and that the amount of income can be measured reliably.

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Company's obligation is fulfilled.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The management of the Company considers the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### Estimated Impairment of Financial Assets

The provision for impairment of loan, receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 53. Where the actual future cash inflows are less than expected, a material impairment loss may arise. In addition, there is a high degree of uncertainty in the estimation of the default rate due to the impact of the military conflict between Russia and Ukraine and related international sanctions on the credit risk of financial assets.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 7,085,416	\$ 6,901,414
Checks for clearing	3,191,491	3,339,499
Due from banks	<u>2,321,790</u>	<u>3,526,893</u>
	<u>\$ 12,598,697</u>	<u>\$ 13,767,806</u>

## 7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Reserve of deposit - account A	\$ 20,882,984	\$ 11,484,835
Reserve of deposit - account B	3,633,854	17,971,361
Reserve of deposit - foreign-currency deposits	<u>107,478</u>	<u>96,915</u>
	<u>\$ 24,624,316</u>	<u>\$ 29,553,111</u>

Under a directive issued by the Central Bank of the ROC, the Company determines monthly NTD-denominated reserve deposits at prescribed rates based on the average balances of customers' NTD-denominated deposits, which are subject to withdrawal restrictions.

In addition, the foreign-currency reserve deposits are determined at rates prescribed for balances of foreign-currency deposits. These reserves may be withdrawn anytime and do not bear interest.

## 8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets designated as at fair value through profit or loss</u>		
Commercial paper	\$ 26,558,195	\$ 42,918,771
Mutal Fund and Beneficiary certificates	824,895	1,455,853
Negotiable certificates of deposits	-	999,902
Domestic listed stocks	1,632	829,450
Overseas listed stocks	92,745	1,390
Overseas unlisted preferred stocks	38,838	35,022
Domestic unlisted preferred stocks	839,680	-
Futures exchange margins	62,175	58,090
Asset-backed securities	<u>26,637</u>	<u>40,877</u>
	<u>28,444,797</u>	<u>46,339,355</u>
Derivative financial instrument		
Foreign currency swap contracts	360,420	159,113
Foreign currency option contracts	162,274	94,064
Forward foreign exchange contracts	<u>79,851</u>	<u>50,521</u>
	<u>602,545</u>	<u>303,698</u>
	<u>\$ 29,047,342</u>	<u>\$ 46,643,053</u>
<u>Held for trading financial liabilities</u>		
Derivative instrument		
Foreign currency swap contracts	\$ 763,931	\$ 395,338
Foreign currency option contracts	162,265	94,042
Forward foreign exchange contracts	<u>5,304</u>	<u>6,041</u>
	<u>\$ 931,500</u>	<u>\$ 495,421</u>

The Company enters into derivative transactions mainly to accommodate its customers and to manage its exposure to adverse changes in exchange rates and interest rates. The Company's strategy for hedging against risk is to reduce most of the market price risk or cash flow risk.

As of December 31, 2022 and 2021, the contract (notional) amounts of derivative transactions of the Company were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Currency swap contracts	\$ 72,703,788	\$ 88,513,566
Forward foreign exchange contracts	2,104,766	2,011,356
Future	15,354	27,690
Foreign currency option contracts		
Buy	4,565,524	2,552,388
Sell	4,565,524	2,552,388

As of December 31, 2022 and 2021, financial assets at fair value through profit and loss in the amounts of \$9,700,254 thousand and \$29,064,605 thousand, respectively, were sold under repurchase agreements.

The open positions of futures transactions of the Company were as follows:

December 31, 2022

Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures Contract	US 10-years note 2023	Sell	5	\$ 15,354	\$ 15,560

December 31, 2021

Items	Products	Open Position		Contract Amount or Premium Paid (Charged)	Fair Value
		Buy/Sell	Number of Contracts		
Futures Contract	US 10-years note 2023	Sell	10	\$ 27,690	\$ 27,766

The Company's futures trading margins receivable were as follows:

	December 31	
	2022	2021
Account balance	\$ 61,969	\$ 58,014
Gain on open position	<u>206</u>	<u>76</u>
Carrying amount	<u>\$ 62,175</u>	<u>\$ 58,090</u>

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	December 31	
	2022	2021
<u>Investments in equity instruments at FVTOCI</u>		
Overseas listed shares	\$ 6,004,389	\$ 5,677,002
Domestic unlisted shares	2,475,730	2,369,241
Domestic listed shares and entering market shares	<u>2,541,262</u>	<u>8,159,160</u>
	<u>11,021,381</u>	<u>16,205,403</u>
<u>Investments in debt instruments at FVTOCI</u>		
Overseas corporate bonds	15,433,031	17,945,996
Overseas government bonds	14,591,455	5,810,431
Corporate bonds	8,028,546	9,417,590
Government bonds	7,266,180	7,058,918
Overseas bond debentures	<u>3,172,576</u>	<u>5,310,605</u>
	<u>48,491,788</u>	<u>45,543,540</u>
	<u>\$ 59,513,169</u>	<u>\$ 61,748,943</u>

Details of the Company's investments in foreign and domestic unlisted shares are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Line Bank Taiwan Limited	\$ 602,263	\$ 357,789
Taiwan Futures Exchange	548,734	510,842
RFD Micro Electricity Co., Ltd.	261,432	529,648
Financial Information Service Co., Ltd.	397,193	356,843
Taiwan Depository & Clearing Corporation	81,609	75,252
Others	<u>584,499</u>	<u>538,867</u>
	<u>\$ 2,475,730</u>	<u>\$ 2,369,241</u>

a. Investments in equity instruments at FVTOCI

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

b. Investments in debt instruments at FVTOCI

For further information regarding credit risk management and impairment assessment of financial assets at FVTOCI, refer to Note 11.

The disposal of financial asset for \$8,999,616 thousand and \$8,789,959 thousand under repurchase agreements as of December 31, 2022 and 2021, respectively.

## 10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Negotiable certificates of deposit in the Central Bank	\$ 42,900,000	\$ 48,100,000
Debt instruments		
Government bonds	29,873,357	9,920,610
Overseas asset-backed securities	<u>9,745,645</u>	<u>19,410,932</u>
	<u>39,619,002</u>	<u>29,331,542</u>
	<u>\$ 82,519,002</u>	<u>\$ 77,431,542</u>

For further information regarding credit risk management and impairment assessment on financial assets at amortized cost, refer to Note 11.

The Company sold financial assets at amortized cost under repurchase agreements in the amounts of \$27,540,026 thousand and \$17,353,068 thousand in 2022 and 2021, respectively.

## 11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

	<b>December 31, 2022</b>		
	<b>Financial Assets at FVTOCI</b>	<b>Financial Assets at Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 56,262,594	\$ 39,815,632	\$ 96,078,226
Loss: Allowance for impairment loss	(1,427,072)	(196,630)	(1,623,702)
Adjustment to fair value	<u>(6,343,734)</u>	<u>-</u>	<u>(6,343,734)</u>
	<u>\$ 48,491,788</u>	<u>\$ 39,619,002</u>	<u>\$ 88,110,790</u>

	<b>December 31, 2021</b>		
	<b>Financial Assets at FVTOCI</b>	<b>Financial Assets at Amortized Cost</b>	<b>Total</b>
Book value	\$ 44,834,401	\$ 29,517,065	\$ 74,351,466
Loss allowance	(71,510)	(185,523)	(257,033)
Fair value adjustment	<u>780,649</u>	<u>-</u>	<u>780,649</u>
	<u>\$ 45,543,540</u>	<u>\$ 29,331,542</u>	<u>\$ 74,875,082</u>

The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Company considers the historical probability of default and loss given default of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries.

The carrying values of financial assets at FVTOCI and at amortized cost sorted by credit rating are as follows:

<b>Credit Ratings</b>	<b>Definition</b>	<b>ECL Recognition Basis</b>	<b>Expected Credit Loss Rate</b>	<b>Carrying Value (Including Premiums and Discounts) on December 31, 2022</b>
Low credit risk	Low credit risk at the reporting date	12-month expected credit losses	0%-3.6518%	\$ 87,514,229
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses	0.3872%-30.4296%	440,869
Default	Objective evidence of impairment at the reporting date	Lifetime expected credit losses	50%	155,692

<b>Credit Ratings</b>	<b>Definition</b>	<b>ECL Recognition Basis</b>	<b>Expected Credit Loss Rate</b>	<b>Carrying Value (Including Premiums and Discounts) on December 31, 2021</b>
Low credit risk	Low credit risk at the reporting date	12-month expected credit losses	0%-1.9406%	\$ 74,875,082
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses	Note	-
Default	Objective evidence of impairment at the reporting date	Lifetime expected credit losses	100%	-

Note: Credit rating of investment in debt instruments was normal, it did not apply.

The following table shows changes in balances of loss allowances of financial assets at FVTOCI and debt instruments at amortized cost, sorted by credit risk ratings resulting from the application of IFRS 9:

	<b>Credit Risk Ratings</b>		
	<b>Performing (12-month ECLs)</b>	<b>Doubtful (Lifetime ECLs - Not Credit Impaired)</b>	<b>In Default (Lifetime ECLs - Credit Impaired)</b>
Balance as of January 1, 2022	\$ 257,033	\$ -	\$ -
Changes in credit risk ratings			
Low credit risk to significant increase in credit risk	(431)	431	-
Significant increase in credit risk to low credit risk	-	-	-
Significant increase in credit risk to default	(2,985)	-	2,985
New debt instruments purchased	44,702	-	-
Derecognition	(16,884)	-	-
Changes in risk or model parameters	(112,484)	191,535	1,164,484
Change in exchange rates	<u>94,944</u>	<u>47</u>	<u>325</u>
Loss allowance on December 31, 2022	<u>\$ 263,895</u>	<u>\$ 192,013</u>	<u>\$1,167,794</u>
Balance as of January 1, 2021	\$ 241,699	\$ -	\$ -
Changes in credit risk ratings			
Low credit risk to significant increase in credit risk	-	-	-
Significant increase in credit risk to low credit risk	-	-	-
Significant increase in credit risk to default	-	-	-
New debt instruments purchased	34,805	-	-
Derecognition	(23,122)	-	-
Changes in risk or model parameters	10,796	-	-
Change in exchange rates	<u>(7,145)</u>	<u>-</u>	<u>-</u>
Loss allowance on December 31, 2021	<u>\$ 257,033</u>	<u>\$ -</u>	<u>\$ -</u>

## 12. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Commercial paper	\$ 25,018,878	\$ 30,079,407
Corporate bonds	15,124,824	26,608,330
Financial debenture	-	33,021
Government bonds	10,013	-
Negotiable certificates of deposit	<u>3,588,230</u>	<u>1,000,698</u>
	<u>\$ 43,741,945</u>	<u>\$ 57,721,456</u>
Maturity date	2023.01	2022.01-2022.02
Resale price	<u>\$ 43,765,496</u>	<u>\$ 57,728,728</u>

The securities purchased under resell agreements had not been sold under repurchase agreements.

## 13. RECEIVABLES, NET

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes and accounts receivable	\$ 22,304,476	\$ 20,430,647
Interest receivable	1,498,757	999,308
Interbank clearing fund receivable	3,500,661	3,500,374
Accounts receivable factored without recourse	799,996	319,884
Investment receivable	720,444	1,075,587
Acceptances	111,093	220,120
Collections receivable	81,765	92,036
Entrusted exchanges	28,507	556,415
Others	<u>347,900</u>	<u>536,326</u>
	29,393,599	27,730,697
Less: Allowance for doubtful accounts	<u>212,616</u>	<u>254,076</u>
	<u>\$ 29,180,983</u>	<u>\$ 27,476,621</u>

Refer to Note 53 for the impairment loss analysis of receivables.

The changes in gross carrying amounts of receivables for the years ended December 31, 2022 and 2021 were as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2022	\$ 26,562,872	\$ 115,944	\$ 1,051,881	\$ 27,730,697
Receivables assessed collectively	(256,378)	43,779	212,599	-
Receivables purchased or originated	10,351,797	35,601	56,049	10,443,447
Write-offs	-	-	(159,521)	(159,521)
Derecognition	<u>(8,291,965)</u>	<u>(52,556)</u>	<u>(276,503)</u>	<u>(8,621,024)</u>
Balance at December 31, 2022	<u>\$ 28,366,326</u>	<u>\$ 142,768</u>	<u>\$ 884,505</u>	<u>\$ 29,393,599</u>
Balance at January 1, 2021	\$ 23,952,958	\$ 109,148	\$ 1,093,153	\$ 25,155,259
Receivables assessed collectively	(269,421)	25,276	244,145	-
Receivables purchased or originated	13,004,039	29,376	113,855	13,147,270
Write-offs	-	-	(163,758)	(163,758)
Derecognition	<u>(10,124,704)</u>	<u>(47,856)</u>	<u>(235,514)</u>	<u>(10,408,074)</u>
Balance at December 31, 2021	<u>\$ 26,562,872</u>	<u>\$ 115,944</u>	<u>\$ 1,051,881</u>	<u>\$ 27,730,697</u>

The Company has accrued an allowance for doubtful accounts receivable, the changes in allowance for doubtful accounts receivable for the years ended December 31, 2022 and 2021 were as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 2022	\$ 75,695	\$ 10,976	\$ 86,908	\$ 173,579	\$ 80,497	\$ 254,076
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(310)	550	(240)	-	-	-
Credit-impaired financial assets	(54,059)	(24,385)	78,444	-	-	-
12-month ECL	292	(230)	(62)	-	-	-
Derecognition of financial assets in the current reporting period	(14,468)	(3,662)	(18,136)	(36,266)	-	(36,266)
New financial assets purchased or originated	116,948	28,897	45,857	191,702	-	191,702
Difference of impairment loss under regulations	-	-	-	-	(56,637)	(56,637)
Write-offs	-	-	(159,521)	(159,521)	-	(159,521)
Recovery of written-off receivables	-	-	206,847	206,847	-	206,847
Change in risk parameters and others	4,972	95	(192,954)	(187,887)	-	(187,887)
Change in exchange rate	<u>302</u>	<u>-</u>	<u>-</u>	<u>302</u>	<u>-</u>	<u>302</u>
Balance at December 31, 2022	<u>\$ 129,372</u>	<u>\$ 12,241</u>	<u>\$ 47,143</u>	<u>\$ 188,756</u>	<u>\$ 23,860</u>	<u>\$ 212,616</u>
Balance at January 1, 2021	\$ 56,939	\$ 16,678	\$ 88,442	\$ 162,059	\$ 56,624	\$ 218,683
Changes from financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(357)	427	(70)	-	-	-
Credit-impaired financial assets	(60,708)	(27,135)	87,843	-	-	-
12-month ECL	606	(428)	(178)	-	-	-
Derecognition of financial assets in the current reporting period	(17,665)	(5,629)	(14,989)	(38,283)	-	(38,283)
New financial assets purchased or originated	97,014	26,927	89,119	213,060	-	213,060

(Continued)

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Difference of impairment loss under regulations	\$ -	\$ -	\$ -	\$ -	\$ 23,873	\$ 23,873
Write-offs	-	-	(163,758)	(163,758)	-	(163,758)
Recovery of written-off receivables	-	-	213,826	213,826	-	213,826
Change in risk parameters and others	(52)	136	(213,327)	(213,243)	-	(213,243)
Change in exchange rate	(82)	-	-	(82)	-	(82)
Balance at December 31, 2021	<u>\$ 75,695</u>	<u>\$ 10,976</u>	<u>\$ 86,908</u>	<u>\$ 173,579</u>	<u>\$ 80,497</u>	<u>\$ 254,076</u>

(Concluded)

#### 14. DISCOUNTS AND LOANS, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Discounts and overdraft	\$ 51,920	\$ 56,480
Accounts receivable - financing	13,440	31,820
Loans		
Short-term - unsecured	33,172,547	59,802,132
- secured	106,608,688	85,411,913
Medium-term - unsecured	42,309,556	36,584,765
- secured	117,975,043	100,683,842
Long-term - unsecured	8,835,580	9,914,334
- secured	224,763,471	205,468,200
Import and export negotiations	17,184	355,235
Overdue loans	<u>595,291</u>	<u>319,748</u>
	534,342,720	498,628,469
Less: Allowance for doubtful accounts	<u>6,224,119</u>	<u>5,395,959</u>
	<u>\$ 528,118,601</u>	<u>\$ 493,232,510</u>

As of December 31, 2022 and 2021, the balances of nonaccrual loans were \$595,291 thousand and \$319,748 thousand, respectively. The unrecognized interest revenues on nonperforming loans were \$10,814 thousand and \$8,002 thousand in 2022 and 2021. As of December 31, 2022 and 2021, the Company only had written off certain credits after completing the required legal procedures.

The Company had set up an allowance for doubtful accounts on discounts and loans. Refer to Note 53 for impairment loss analysis of discounts and loans.

The changes in gross carrying amounts on receivables for the years ended December 31, 2022 and 2021 were as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Total</b>
Balance at January 1, 2022	\$ 495,317,823	\$ 1,972,968	\$ 1,337,678	\$ 498,628,469
Discount and loans assessed collectively	(1,690,994)	646,746	1,044,248	-
Discount and loans purchased or originated	272,767,323	661,759	104,558	273,533,640
Write-offs	-	-	(67,205)	(67,205)
Derecognition	<u>(236,416,397)</u>	<u>(858,215)</u>	<u>(477,572)</u>	<u>(237,752,184)</u>
Balance at December 31, 2022	<u>\$ 529,977,755</u>	<u>\$ 2,423,258</u>	<u>\$ 1,941,707</u>	<u>\$ 534,342,720</u>
Balance at January 1, 2021	\$ 424,210,714	\$ 1,874,264	\$ 1,538,618	\$ 427,623,596
Discount and loans assessed collectively	(831,975)	376,508	455,467	-
Discount and loans purchased or originated	280,892,810	519,789	144,846	281,557,445
Write-offs	-	-	(349,574)	(349,574)
Derecognition	<u>(208,953,726)</u>	<u>(797,593)</u>	<u>(451,679)</u>	<u>(210,202,998)</u>
Balance at December 31, 2021	<u>\$ 495,317,823</u>	<u>\$ 1,972,968</u>	<u>\$ 1,337,678</u>	<u>\$ 498,628,469</u>

The Company has accrued an allowance for doubtful accounts on discount and loans; the changes in allowance for doubtful accounts on discount and loans for the years ended December 31, 2022 and 2021 were as follows:

	<b>12-month ECL</b>	<b>Lifetime ECL (Collective Assessment)</b>	<b>Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)</b>	<b>Impairment Loss under IFRS 9</b>	<b>Difference of Impairment Loss under Regulations</b>	<b>Total</b>
Balance at January 1, 2022	\$ 429,117	\$ 110,659	\$ 373,914	\$ 913,690	\$ 4,482,269	\$ 5,395,959
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(466)	2,362	(1,896)	-	-	-
Credit-impaired financial assets	(422)	(9,651)	10,073	-	-	-
12-month ECL	23,892	(16,948)	(6,944)	-	-	-
Derecognition of financial assets in the current reporting period	(352,297)	(42,002)	(76,592)	(470,891)	-	(470,891)
New financial assets purchased or originated	541,405	145,439	50,337	737,181	-	737,181
Difference of impairment loss under regulations	-	-	-	-	496,663	496,663
Write-offs	-	-	(67,205)	(67,205)	-	(67,205)
Recovery of written-off receivables	-	-	260,706	260,706	-	260,706
Change in risk parameters and others	38,318	12,756	(190,562)	(139,488)	-	(139,488)
Change in exchange rate	<u>11,194</u>	<u>-</u>	<u>-</u>	<u>11,194</u>	<u>-</u>	<u>11,194</u>
Balance at December 31, 2022	<u>\$ 690,741</u>	<u>\$ 202,615</u>	<u>\$ 351,831</u>	<u>\$ 1,245,187</u>	<u>\$ 4,978,932</u>	<u>\$ 6,224,119</u>

(Continued)

	12-month ECL	Lifetime ECL (Collective Assessment)	Lifetime ECL (Non-purchased or Non-originated Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	\$ 245,586	\$ 106,506	\$ 433,757	\$ 785,849	\$ 3,992,384	\$ 4,778,233
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(240)	2,723	(2,483)	-	-	-
Credit-impaired financial assets	(165)	(14,115)	14,280	-	-	-
12-month ECL	15,821	(8,287)	(7,534)	-	-	-
Derecognition of financial assets in the current reporting period	35,215	(349)	(40,763)	(76,327)	-	(76,327)
New financial assets purchased or originated	368,755	40,640	50,121	459,516	-	459,516
Difference of impairment loss under regulations	-	-	-	-	489,885	489,885
Write-offs	(146,938)	(53,551)	(149,085)	(349,574)	-	(349,574)
Recovery of written-off receivables	-	-	266,608	266,608	-	266,608
Change in risk parameters and others	(15,762)	37,092	(190,987)	(169,657)	-	(169,657)
Change in exchange rate	(2,725)	-	-	(2,725)	-	(2,725)
Balance at December 31, 2021	<u>\$ 429,117</u>	<u>\$ 110,659</u>	<u>\$ 373,914</u>	<u>\$ 913,690</u>	<u>\$ 4,482,269</u>	<u>\$ 5,395,959</u>

(Concluded)

## 15. BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES

	<u>For the Year Ended December 31</u>	
	2022	2021
Provision for possible losses on receivables	\$ (89,088)	\$ (14,593)
Provision for possible losses on discounts and loans	623,465	703,417
Provision (reversal of provision) for possible losses on guarantees	(35,000)	100,000
Provision for possible losses on loan commitments	<u>-</u>	<u>17,000</u>
	<u>\$ 499,377</u>	<u>\$ 805,824</u>

## 16. SUBSIDIARIES

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

Investor	Investee	Main Businesses	<u>Percentage of Ownership</u>		
			2022	2021	
The Bank	Union Finance and Leasing International Corporation (UFLIC)	Installment, leasing and accounts receivable factoring.	100.00	100.00	Note 1
	Union Information Technology Corporation (UIT)	Software and hardware product retail and distribution, system programming development, system development outsourcing, website design, e-commerce, etc.	99.99	99.99	Note 2
	Union Finance International (HK) Limited	Import and export financing.	100.00	100.00	Note 3
	Union Securities Investment Trust Corporation (USITC)	Securities investment trust.	99.60	99.60	Note 4
	Union Venture Capital Co., Ltd.	General Business investment	100.00	100.00	Note 5

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership		
			2022	2021	
UFLIC	Union Capital (Cayman) Corp. (Cayman)	Installment and leasing receivable factoring.	100.00	100.00	Note 6
	Union Capital (Singapore) Holding Pte. Ltd. (Union)	Investment, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.	100.00	100.00	Notes 6 and 8
	Uflc Capital (Singapore) Holding PTE. Ltd. (Uflc)	Investment, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.	100.00	100.00	Notes 6 and 8
Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan) (KK)	Sale, purchasing and leasing of real estates, etc.	30.55	30.55	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG15 (Japan) (SSG15)	A real estate securitized special purpose company.	49.00	49.00	Notes 7 and 8
Uflc Capital (Singapore) Holding PTE. Ltd.	Kabushiki Kaisha UCJ1 (Japan) (KK)	Sale, purchasing and leasing of real estates, etc.	69.45	69.45	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG12 (Japan) (SSG12)	A real estate securitized special purpose company.	49.00	49.00	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG16 (Japan) (SSG16)	A real estate securitized special purpose company.	49.00	49.00	Notes 7 and 8
Kabushiki Kaisha UCJ1 (Japan)	Tokutei Mokuteki Kaisha SSG15 (Japan) (SSG15)	A real estate securitized special purpose company.	51.00	51.00	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG12 (Japan) (SSG12)	A real estate securitized special purpose company.	51.00	51.00	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG16 (Japan) (SSG16)	A real estate securitized special purpose company.	51.00	51.00	Notes 7 and 8
Union Venture Capital Co., Ltd.	Corner Union Venture Capital, LLC (Delaware)	General business investment	100.00	100.00	Note 9
	Na He Yi Hau Electric Power Inc.	Energy development and technology service	89.70	89.70	Note 10
	Union Energy Co., Ltd	General business investment	100.00	100.00	Note 12
	Ting Syu Energy Co., Ltd	Energy development and technology service	60.00	-	Note 15
Union Energy Co., Ltd.	Na He Yi Hau Electric Power Inc.	Energy development and technology service	0.30	0.30	Note 10
	Ting Jie Electric Power Inc.	Energy development and technology service	90.00	90.00	Note 11
	Tianji Smart Energy Co., Ltd.	Energy development and technology service	90.00	90.00	Note 14
Corner Union Venture Capital, LLC (Delaware)	Corner Ventures DAG I-U, LLC (Delaware)	General business investment	100.00	100.00	Note 9
	Corner Union, LLC (Delaware)	General business investment	100.00	100.00	Note 9
Union Securities Investment Trust Corporation (USITC)	Union Private Equity Co., Ltd.	General business investment	100.00	100.00	Note 13

(Concluded)

Note 1: Union Finance and Leasing International Corporation (collectively, the “UFLIC”) was established under the Company Law on November 11, 1996. UFLIC trades and leases real estates, motor vehicles and machinery and equipment and does accounts receivable factoring.

On January 12, 2023, the board of directors resolved the increase in capital of UFLIC through the issuance of 40,000 thousand shares amounting to \$400,000 thousand in order to expand its investment capital. As of the date of issue of the financial statements, the capital increase procedures were still in progress.

Note 2: Union Information Technology Corporation (collectively, the “UIT”), which was incorporated on August 10, 1998, mainly renders software services, wholesale and retail of information software and telecommunications equipment, enterprise management consulting, etc.

In response to the rapid development of financial technology and market demand, as well as to promote new businesses, optimize system functions, cultivate talent and strengthen working capital, on February 22, 2022, the board of UIT approved to increase its capital by \$90,000 thousand. On March 7, 2022, the Bank participated in the capital increase in cash of UIT in proportion to its shareholding percentage for a total of \$89,993 thousand, after approval from its board of directors. As of the date of issue of the financial statements, the Bank has invested a total of \$99,992 thousand and holds 99.99% of the shares of UIT.

Note 3: Union Finance International (HK) Limited (collectively, the “UFI (HK)”) was incorporated in Hong Kong on April 23, 1996. It mainly engages in financial services and financial investments.

Note 4: Union Securities Investment Trust Corporation (collectively, the USITC) was incorporated on November 20, 1998. It obtained a securities investment trust enterprise license and started operations on February 26, 1999; it mainly establishes securities investment trust funds by issuing beneficiary certificates.

Note 5: In order to actively support the FSC’s needs to adapt to the nation’s overall industry development and to boost the diversification of the corporate banking business as well as improve the efficiency in the use of funds, the Bank established Union Venture Capital (“UVC”) in coordination with the nation’s financial policies, which was approved by the board of directors on September 26, 2018. The investment was approved by the FSC under Rule No. 10802042270 on March 28, 2019. Union Venture Capital was incorporated on November 21, 2019; it mainly engages in general business investment.

On May 10, 2022, the board of the Company resolved the increase in capital in cash of UVC through the issuance of 60,000 thousand shares for a total of \$600,000 thousand in order to expand its investment capital. The base date of the capital increase was July 13, 2022. As of the date of issue of the financial statements, the Company’s shareholding percentage was 100%, and the total amount of investment in UVC was NT\$1,400,000 thousand.

Note 6: UFLIC held 100% equity interest each in Union Capital (Cayman) Corp. and New Asian Ventures Ltd., which were incorporated in the British West Indies and the British Virgin Islands, in July 1997 and October 1997, respectively; these investees mainly engage in financial investment.

Union and Uflc were established in September 2014 and March 2016 by Cayman in Singapore. The capital was both US\$1. The companies mainly engage in investments, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.

In order to restructure the investment, in February 25, 2020, the board approved to liquidation the subsidiary of UFLIC, New Asian Ventures Ltd., the case was approved by British Virgin Island’s financial services commission on July 13, 2021 and the rest of asset was transfer back on July 23, 2021, New Asian Ventures Ltd. was official liquidated on July 29, 2021.

Note 7: Kabushiki Kaisha UCJ1, Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 are established to acquire real estate for Union Capital (Singapore) Holding Pte. Ltd. and Uflc Capital (Singapore) Holding Pte. Ltd. Kabushiki Kaisha UCJ1 mainly buys, sells, and leases real estate. Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 is a special purpose entity that securitizes real estate.

- Note 8: Union Capital (Singapore) Holding Pte. Ltd., Uflc Capital (Singapore) Holding Pte. Ltd., Kabushiki Kaisha UCJ1, Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 have fiscal year end. The Company applied equity method based on December 31, 2022 balances, adjusted for significant changes.
- Note 9: In order to manage Union Venture Corporation's investment, the board agreed to sign investment advisory contract with Corner Venture Partners, LLC. With the contract, a subsidiary, Corner Union Venture Capital, LLC, and sub-subsidiaries Corner Ventures DAG I-U, LLC and Corner Union, LLC, were established in Delaware, USA, with the approval by Delaware state government in April and July 2020. Union Venture Corporation held 100% equity in the subsidiaries and engages in general business investment.
- Note 10: In order to actively support the FSC's needs to adapt to the nation's overall industry development, on August 14, 2020, the board approved to make investment in green energy technology industry. The investment was in Na He Yi Hau Electric Power Inc. (collectively, the "Na He Yi Hau"), with total investment of \$900 thousand for 90% equity. To promote the subsequent green energy constructions and adjust the Company's investment structure, the capital increase of Na He Yi Hau was jointly participated with Union Energy Co., Ltd. As of December 31, 2022, the Company invested NT\$149,400 thousand for holding 90% equity of Na He Yi Hau.
- Note 11: In order to actively support the FSC's needs to adapt to the nation's overall industry development, on November 24, 2020, the board approved to acquire 90% equity of Ting Jie Electric Power Inc (collectively, the "Ting Jie Electric power"). UVC has invested \$900 thousand. In accordance with the investment development strategy and investment restructuring plan, on July 28, 2021, the board of UVC. approved to sell a total of 900 thousand shares at \$10 dollars per share to Union Energy Co., Ltd. On July 30, 2021, the board of Union Energy Co., Ltd. approved to participated in the capital increase in cash of Ting Jie Electric Power in proportion to its shareholding percentage for a total of \$18,000 thousand. As a result, Union Energy Co., Ltd. has invested a total of \$18,900 thousand and held 90% of equity on December 31, 2022. Ting Jie Electric Power. mainly engages in energy development and technology service.
- Note 12: In order to manage Union Venture Corporation's investment, it established Union Energy Co., Ltd (collectively, the "Union Energy") and held 100% equity on December 17, 2020. UVC has invested a total \$90,000 and held 90% of equity on December 31, 2022. It mainly engages in general business investment management.
- Note 13: USITC actively supports the FSC's needs to adapt to the nation's overall industry development. On January 14, 2020, the board approved to establish Union Private Equity Co., Ltd. on September 17, 2020, with the total investment of \$30,000 thousand and held 100% equity. The company mainly engages in general business investment and investment management advisory.
- Note 14: Union Energy Co., Ltd. actively supports FSC's financial strategy, investment in green energy technology industry and efficiency of fund application. In June 2020, the board of Union Energy Co., Ltd. approved the acquisition of Tianji Smart Energy Co., Ltd. As a result, Union Energy Co., Ltd. has acquired a total of \$394,413 thousand and held 90% equity on December 31, 2022. Tianjin Smart Energy Co., Ltd. mainly engages in energy development and technology service.
- Note 15: In order to actively support the FSC's need to develop startup industries, UVC's board approved to set up Ting Syu Energy Co., Ltd. (collectively, the "Ting Syu Energy") on May 31, 2022, which was incorporated on July 7, 2022. As of December 31, 2022, UVC has invested a total of \$600 thousand, and held 60% of equity on December 31, 2022. Ting Xu Energy is mainly engaged in energy development and technology services.

## 17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Not individually material</u>		
Line Pay Taiwan Limited	\$ 1,510,914	\$ 1,480,143
Union Real-Estate Management Corporation	51,966	52,074
iPass Corporation	261,578	321,802
Blue Borders Medical and Health Management Consulting Co., Ltd.	<u>112,801</u>	<u>139,141</u>
	<u>\$ 1,937,259</u>	<u>\$ 1,993,160</u>

The summarized financial information in respect of the Company's associate is set out below:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net loss	<u>\$ (55,901)</u>	<u>\$ (7,490)</u>

To promote innovative financial technology services and popularize mobile payment endorsed by the government, the board of directors of the Bank approved the investment of Line Pay Taiwan Limited on July 25, 2018 and later acquired 5,471 thousand of their ordinary shares with a price of \$1,579,977 thousand on September 21, 2018 resulting in a 10% shareholding and a seat on the board. The Company has significant influence over Line Pay Taiwan Limited and thus uses the equity method to account for the investment. Acquired Line Pay Taiwan Limited has generated \$977,235 thousand of goodwill and was included in the investment's cost

On October 1, 2021, the board approved to invest in Blue Borders Medical and Health Management Consulting Co., Ltd. On November 15, 2021, total amount invested was \$14,000 thousand for 38.89% equity; the investment was accounted for by using the equity method.

On July 23, 2011, the board of directors of the Company approved its investment in iPASS Corporation (iPass) and the purchase of all the shares held by iPASS from Union Bank's investee accounted for using the equity method, LINE Pay Taiwan Limited, for a total of 35,784 thousand shares. After the purchase of the shares, the Company's shareholding percentage increased from 11.4% to 33.94%. As the Company has significant influence on iPass since November 2021, it was recognized as investments accounted for using the equity method.

Management of the Company considers the fact that numbers quoted from the unaudited financial statements and other comprehensive income, except Union Real-Estate Management Corporation. It will not lead to material misstatements of the Company's consolidated financial statements.

## 18. OTHER FINANCIAL ASSETS, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Pledged assets (Note 48)	\$ 1,513,611	\$ 1,608,573
Due from banks - certificate of deposit	118,014	70,385
Others	<u>7,200</u>	<u>2,604</u>
	<u>\$ 1,638,825</u>	<u>\$ 1,681,562</u>

The amount of due from banks - time deposits with maturities longer than three months or certificate of deposits that cannot be cancelled or used.

## 19. PROPERTY AND EQUIPMENT, NET

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Lease Improvements	Prepayments for Equipment Land and Building	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 3,929,555	\$ 5,213,523	\$ 1,510,107	\$ 334,775	\$ 499,190	\$ 49,727	\$ 11,536,877
Acquisitions through business combinations	-	-	2,190,187	-	-	-	2,190,187
Additions	42,925	38,028	50,281	12,635	46,638	174,956	365,463
Disposals	-	-	(75,762)	(7,781)	-	(31)	(83,574)
Reclassification	-	810	(97,277)	2,198	2,249	(55,194)	(147,214)
Effect of foreign currency exchange differences	-	-	(11)	-	-	-	(11)
Balance at December 31, 2021	<u>3,972,480</u>	<u>5,252,361</u>	<u>3,577,525</u>	<u>341,827</u>	<u>548,077</u>	<u>169,458</u>	<u>13,861,728</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	-	1,913,232	1,112,685	279,202	306,481	-	3,611,600
Acquisitions through business combinations	-	-	60,803	-	-	-	60,803
Depreciation	-	123,169	116,680	15,139	49,412	-	304,400
Disposals	-	-	(74,677)	(7,608)	-	-	(82,285)
Effect of foreign currency exchange differences	-	-	(11)	-	-	-	(11)
Balance at December 31, 2021	-	<u>2,036,401</u>	<u>1,215,480</u>	<u>286,733</u>	<u>355,893</u>	-	<u>3,894,507</u>
Balance at December 31, 2021, net	<u>\$ 3,972,480</u>	<u>\$ 3,215,960</u>	<u>\$ 2,362,045</u>	<u>\$ 55,094</u>	<u>\$ 192,184</u>	<u>\$ 169,458</u>	<u>\$ 9,967,221</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 3,972,480	\$ 5,252,361	\$ 3,577,525	\$ 341,827	\$ 548,077	\$ 169,458	\$ 13,861,727
Additions	4	35,942	90,042	14,235	59,741	1,917,000	2,116,964
Disposals	-	(14,073)	(61,347)	(6,636)	(1,785)	-	(83,841)
Reclassification	-	1,530	102,309	52	3,218	719,143	826,252
Effect of foreign currency exchange differences	-	-	34	-	-	-	34
Balance at December 31, 2022	<u>3,972,484</u>	<u>5,275,760</u>	<u>3,708,563</u>	<u>349,478</u>	<u>609,251</u>	<u>2,805,601</u>	<u>16,721,137</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	-	2,036,401	1,215,480	286,733	355,893	-	3,894,507
Depreciation	-	123,545	198,662	15,560	49,307	-	387,074
Disposals	-	(11,432)	(60,182)	(6,345)	(1,292)	-	(79,251)
Effect of foreign currency exchange differences	-	-	32	-	-	-	32
Balance at December 31, 2022	-	<u>2,148,514</u>	<u>1,353,992</u>	<u>295,948</u>	<u>403,908</u>	-	<u>4,202,362</u>
Balance at December 31, 2022, net	<u>\$ 3,972,484</u>	<u>\$ 3,127,246</u>	<u>\$ 2,354,571</u>	<u>\$ 53,530</u>	<u>\$ 205,343</u>	<u>\$ 2,805,601</u>	<u>\$ 12,518,775</u>

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	33-55 years
Equipment installed in buildings	3-30 years
Machinery and computer equipment	1-30 years
Transportation equipment	1-8 years
Lease improvements	2-5 years

## 20. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Land and buildings	<u>\$ 1,674,658</u>	<u>\$ 1,908,089</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 197,990</u>	<u>\$ 379,101</u>
Depreciation charge for right-of-use assets		
Land and buildings	<u>\$ 484,907</u>	<u>\$ 477,566</u>

### b. Lease liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amounts</u>	<u>\$ 1,662,565</u>	<u>\$ 1,894,074</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Land and buildings	0.72%-1.75%	0.72%-1.78%

### c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 167,498</u>	<u>\$ 201,742</u>
Total cash outflow for leases	<u>\$ (650,483)</u>	<u>\$ (672,341)</u>

The Company's leases of certain assets qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 21. INVESTMENT PROPERTIES, NET

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 4,254,377	\$ 965,340	\$ 5,219,717
Additions	-	11,214	11,214
Net exchange difference	<u>(56,989)</u>	<u>(24,875)</u>	<u>(81,864)</u>
Balance at December 31, 2022	<u>4,197,388</u>	<u>951,679</u>	<u>5,149,067</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	-	(308,196)	(308,196)
Depreciation	-	(42,735)	(42,735)
Net exchange differences	<u>-</u>	<u>4,923</u>	<u>4,923</u>
Balance at December 31, 2022	<u>-</u>	<u>(346,008)</u>	<u>(346,008)</u>
Carrying amount at December 31, 2022	<u>\$ 4,197,388</u>	<u>\$ 605,671</u>	<u>\$ 4,803,059</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 4,505,444	\$ 1,067,141	\$ 5,572,585
Additions	-	6,773	6,773
Net exchange difference	<u>(251,067)</u>	<u>(108,574)</u>	<u>(359,641)</u>
Balance at December 31, 2021	<u>4,254,377</u>	<u>965,340</u>	<u>5,219,717</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	-	(284,473)	(284,473)
Depreciation	-	(45,346)	(45,346)
Net exchange differences	<u>-</u>	<u>21,623</u>	<u>21,623</u>
Balance at December 31, 2021	<u>-</u>	<u>(308,196)</u>	<u>(308,196)</u>
Carrying amount at December 31, 2022	<u>\$ 4,254,377</u>	<u>\$ 657,144</u>	<u>\$ 4,911,521</u>

The Company acquired investment properties amounting to \$986,055 thousand, \$1,026,015 thousand and \$668,984 thousand via SSG15, SSG12 and SSG16 in Japan on September 2014, February 2016 and April 2016, respectively. The amount was based on the valuation by independent appraisers that were not the Company's related parties.

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-50 years
Equipment installed in buildings	6-15 years

The fair values of investment properties were \$6,282,802 thousand and \$6,337,383 thousand as of December 31, 2022 and 2021, respectively. The fair values were based on the valuation at these dates by independent appraisers that were not the Company's related parties and estimated by the management according to the prices of similar properties in the vicinity.

Refer to Note 31 for information relating to investment properties pledged as guarantee.

The investment properties were leased out for 3 to 20 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2022 and 2021, refundable deposits paid under operating leases were \$70,401 thousand and \$68,840 thousand (included in other assets - refundable deposits), respectively.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 65,368	\$ 144,300
Year 2	27,223	56,671
Year 3	12,745	18,322
Year 4	11,912	13,033
Year 5	11,340	12,652
Year 5 onwards	<u>59,692</u>	<u>80,564</u>
	<u>\$ 188,280</u>	<u>\$ 325,542</u>

## 22. GOODWILL

The Company acquired Chung Shing Bank (Chung Shing) on March 19, 2005 and recognized goodwill of \$3,309,000 thousand. The goodwill amortization period was five years, and the amortization expense in 2005 was \$551,500 thousand. However, the amortization of goodwill was no longer required from January 1, 2006.

The Company merged with Union Bills Finance Corporation on August 16, 2010, with the Company as the survivor entity, and recognized goodwill amounting to \$130,498 thousand.

For the impairment test on Chung Shing, the Company treated individual business units as cash-generating units (CGUs). Goodwill resulting from the merger was allocated to the relevant CGUs. The recoverable amount was determined by the value in use of each CGU and was calculated at the present values of the cash flow forecast for the next five years based on the going-concern assumption. Future cash flows were estimated on the basis of Chung Shing's present operations and will be adjusted depending on the business outlook and economic trends.

As of December 31, 2022 and 2021, the balances of accumulated impairment were both \$902,691 thousand. As a result of the Company's evaluation, there was no impairment for the years ended December 31, 2022 and 2021.

**23. OTHER ASSETS, NET**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Assets for leasing, net	\$ 5,791,090	\$ 6,176,559
Refundable deposits	3,520,209	2,494,570
Prepaid expense	545,706	1,449,378
Prepaid pension (Note 34)	190,616	185,368
Others	<u>116,712</u>	<u>137,385</u>
	<u>\$ 10,164,333</u>	<u>\$ 10,443,260</u>

**24. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Deposits from Chunghwa Post Co., Ltd.	\$ 4,574,680	\$ 4,599,730
Call loans from banks	1,026,304	5,040,699
Deposits from the Central Bank and other banks	113,753	306,561
Overdraft	<u>102,462</u>	<u>53,152</u>
	<u>\$ 5,817,199</u>	<u>\$ 10,000,142</u>

**25. DUE TO THE CENTRAL BANK AND OTHER BANKS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Due to the Central Bank (Note 48)	\$ -	\$ 6,741,390
Due to other banks (Note 31)	<u>904,865</u>	<u>400,665</u>
	<u>\$ 904,865</u>	<u>\$ 7,142,055</u>

**26. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Asset-based securities	\$ 15,447,083	\$ 13,730,236
Commercial paper	9,701,184	28,077,810
Corporate bonds	5,395,172	5,974,483
Government bonds	3,399,339	2,253,728
Financial bonds	355,829	242,325
Negotiable certificates of deposit	<u>-</u>	<u>1,001,174</u>
	<u>\$ 34,298,607</u>	<u>\$ 51,279,756</u>
Maturity date	2023.01-2023.02	2022.01-2022.06
Repurchase price	<u>\$ 34,519,536</u>	<u>\$ 51,301,057</u>

## 27. PAYABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Checks for clearing	\$ 3,191,491	\$ 3,339,499
Accrued expenses	1,137,013	1,229,091
Accrued payable	819,072	476,421
Investment payable	670,206	1,070,085
Collections payable	193,548	252,265
Tax payable	162,551	109,227
Remittance payable	138,724	106,560
Acceptances	111,305	220,120
Proceed of delivery	73,094	186,542
Receivable for underwriting of securities	28,420	555,743
Others	<u>731,449</u>	<u>974,411</u>
	<u>\$ 7,256,873</u>	<u>\$ 8,519,964</u>

## 28. DEPOSITS AND REMITTANCES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Savings deposits	\$ 406,072,520	\$ 390,486,917
Demand deposits	143,603,288	157,678,371
Time deposits	148,188,015	115,506,519
Checking deposits	7,208,820	7,197,771
Negotiable certificates of deposit	2,604,500	336,000
Inward and outward remittances	<u>237,191</u>	<u>177,280</u>
	<u>\$ 707,914,334</u>	<u>\$ 671,382,858</u>

## 29. BANK DEBENTURES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
First issue of subordinated bank debentures in 2015; fixed rate at 2.08%; maturity: April 2022	\$ -	\$ 2,200,000
First issue of subordinated bank debentures in 2017; no maturity date and non-cumulative; redeemable at face value plus interest accrued under the approval of the authorities when the issue term is over 5.1 years; fixed rate at 4.20%	-	500,000
First issue of subordinated bank debentures in 2019; fixed rate at 1.10%; maturity: September 2026	500,000	500,000

(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
First issue of subordinated bank debentures in 2019; fixed rate at 1.23%; maturity: September 2029	\$ 1,500,000	\$ 1,500,000
First issue of subordinated bank debentures in 2021; no maturity date and non-cumulative; redeemable at face value plus interest accrued under the approval of the authorities when the issue term is above 5.5 years; fixed rate at 1.92%	<u>3,000,000</u>	<u>3,000,000</u>
	<u>\$ 5,000,000</u>	<u>\$ 7,700,000</u> (Concluded)

### 30. PREFERRED STOCK LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Preferred stock liabilities	<u>\$ 375,000</u>	<u>\$ 371,500</u>

On June 2, 2021, the board of directors of Union Energy approved to issue 37,150 thousand shares of preferred stock. The face value of each stock is \$10. The main terms and conditions of the preferred stock are the following:

- a. Maturity: Preferred stock A up to 20 years.
- b. Interest: The annual interest rate is 5.0%, based on the price of each stock.
- c. Dividend payment: Whereas Union Energy makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. Union Energy has the sole discretion on the distribution of dividends of preferred stocks, which includes but not limited to the discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority's minimum requirement, or if there are other essential considerations. If Union Energy resolves not to distribute dividends to the preferred shareholders, the shareholders of preferred stock shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. Dividends of preferred stocks if distributed will be in cash and in one payment in a year. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements.
- d. Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs, the shareholders of preferred stock are not entitled to participate in the distribution of earnings or capital reserve as cash or stock dividends of ordinary shares.

- e. Redemption: After 3, 6, 9, 12, 15 and 18 years from the issue date, Union Energy may subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock at any time at the issue price plus compensation at 5% annual interest rate for the actual number of issuance days of the same year. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement.
- f. Preferred stock repurchase: Preferred stock cannot be sold by the holder of preferred stock.
- g. Liquidation preference: In the event of liquidation the order of priority for the distribution of the earnings and assets due to the shareholders is first to common shareholders then to the preferred shareholders and not more than the issuance amount of outstanding shares of preferred stock.
- h. Non-voting: Generally, the preferred shares do not assign voting rights to their holders. However, some preferred shares allow its holders to vote on extraordinary events.
- i. Convertibility to common stock: Preferred shares may be converted to a predetermined number of common shares. Some preferred shares specify the date at which the shares can be converted, while others require approval from the board of directors for the conversion.
- j. When Union Energy Co., Ltd. issues new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Energy's preferred stock according to International Accounting Standards 32 "Financial Instruments: Presentation", the preferred stock classified as preferred stock liability.

Union Green Energy I Private Equity Limited Partnership acquired all of the Union Energy issued preferred stock.

Due to business needs, Union Energy redeem 450 thousand and 36,700 thousand preferred stock A at the original issuance price plus compensation of \$4,676 thousand and \$394,701 thousand with the consent of the board on March 28, 2022 and December 16, 2022, respectively.

On December 16, 2022, the boards of directors of Union Energy approved to issue 37,500 thousand shares of preferred stock. The face value of each stock is \$10 dollars, issue amount was 375,000 thousand. The main terms and conditions of the preferred shares B are the following:

- a. Maturity: Preferred stock B up to 20 years.
- b. Interest: The annual interest rate is 5.0%, based on the price of each stock.
- c. Dividend payment: Where Union Energy makes a profit in a fiscal year, apart from paying income tax, the earnings shall first be used to offset the deficits in previous years, appropriated as legal reserve, and appropriated or reversed from the special reserve with respect to the Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Union Energy has the sole discretion on the distribution of dividends of preferential shares, which includes but is not limited to the their discretion to resolve not to distribute dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full will be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.

- d. Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs, the shareholders of preferred stock are not entitled to participate in the distribution of earnings or capital reserve as cash or stock dividends of ordinary shares.
- e. Redemption: Within 30 days from the first day of the 4th year since the issuance date, Union Energy may redeem a portion or all of the outstanding shares of preferential shares at any time at the issuance price plus compensation at 5% annual interest rate for the actual number of issuance days of the same year. The amount of accumulated dividends paid prior to the date of recovery should be deducted. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. If Union Energy wishes to redeem all or part of the preferred shares due to business restructuring needs, the preferred shares shall be redeemed with the approval of a majority of the preferred shareholders and shall be paid at a premium rate of 5% per annum based on the actual issue price plus the actual number of days of issuance since the issue date, less the amount of accumulated dividends paid prior to the redemption date.
- f. Preferred stock repurchase: Preferred shares B cannot be sold by the holder of preferred stock.
- g. Liquidation preference: In the event of liquidation the order of priority for the distribution of the earnings and assets due to the shareholders is first to common shareholders then to the preferred shareholders and not more than the issuance amount of outstanding shares of preferred stock.
- h. Non-voting: Generally, the preferred shares B do not assign voting rights to their holders. However, some preferred shares allow its holders to vote on extraordinary events.
- i. Convertibility to common stock: No conversion of preferred share B into common shares.
- j. When Union Energy Co., Ltd. issue new shares in cash, the shareholders of preferred shares B and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Energy's preferred shares B according to International Accounting Standards 32 "Financial Instruments: Presentation", the preferred stock classified as preferred stock liability.

### 31. BONDS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Overseas corporate bonds - secured	<u>\$ 1,001,523</u>	<u>\$ 1,047,276</u>

#### **SSG15**

To comply with the Japanese law, whenever SSG15 issues secured corporate bonds, UCSH must transfer more than half of the shares of common stock of SSG15 held by UCSH to the legal entity Ippam Shadan Hojin UCJ1 (ISH UCJ1) in order to establish bankruptcy isolation mechanism.

SSG15 issued five-year period secured corporate bonds with a face value of JPY2,200,000 thousand (NT\$511,218 thousand) secured by investment property as a guarantee. The book value of the investment property was JPY3,787,112 thousand (NT\$880,018 thousand). According to the contract, the issuance can be extended by one year, every quarter will pay the interest and installment of JPY11,000 thousand. The overseas corporate bonds - secured has the book value of JPY2,090,000 thousand (NT\$485,657 thousand). The interest rates are as follows:

- a. The first to fifth years: Base interest rate + 0.41%

Base rate: The Tokyo Swap Rate (TSR), six-month LIBOR-based 5-year JPY/JPY-interest swap rate displayed on page 17143 of the Telerate screen at 10:00 am (JST) on the day that is two business days before the issuance date.

- b. The sixth year: Base interest rate + 1.41%

Base rate: The 3-month TIBOR (based on 365 days) displayed as the Japanese yen TIBOR as published by the JBA TIBOR Administration on page 17097 of the Telerate screen at 11:00 am JST on the day that is two business days before the interest payment date.

## **SSG12**

SSG12 issued secured corporate bonds. KK must transfer more than half of the shares of common stock of SSG12 held by KK to the legal entity Ippam Shadan Hojin UCJ2 (ISH UCJ2) in order to establish bankruptcy isolation mechanism.

SSG12 issued five-year period secured corporate bonds with a face value of JPY1,920,000 thousand (NT\$446,154 thousand) secured by investment property as a guarantee. According to the contract, the issuance can be extended by one year. The interest rates are as follows:

- a. The first to fifth years: Base interest rate + 0.5%

Base rate: The five-year yen-yen swap rate displayed on Refinitiv Screen page 17143 as the index rate as of 10 a.m. Tokyo time two business days prior to the issue date.

- b. The sixth year: Base interest rate + 0.5%

Base rate: The three-month yen TIBOR published by JBA TIBOR Administration on page 17097 of the Telerate screen as of 11 a.m., Tokyo time two business days prior to the first day of each interest calculation period during the tail period.

## **SSG16**

SSG16 issued secured corporate bonds. KK must transfer more than half of the shares of common stock of SSG16 held by KK to the legal entity Ippam Shadan Hojin UCJ2 (ISH UCJ2) in order to establish bankruptcy isolation mechanism.

SSG16 issued four-year period secured corporate bonds with a face value of JPY300,000 thousand (NT\$69,712 thousand) and the loan under guarantee of JPY1,250,000 thousand (equivalent to NT\$290,465 thousand) was recorded as interbank financing (Note 25) secured by investment property as a guarantee in September 2021. The interest rate of the corporate bonds and guaranteed borrowings is the base rate + 0.850% (base rate: Tokyo exchange rate - 4-year exchange rate).

### 32. OTHER FINANCIAL LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Commercial paper	\$ 10,508,961	\$ 9,777,795
Principal amounts of structured products	<u>-</u>	<u>6,445</u>
	<u>\$ 10,508,961</u>	<u>\$ 9,784,240</u>

### 33. PROVISIONS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Reserve for losses on guarantees and loan commitment	\$ 298,537	\$ 333,295
Provisions for employee benefits	13,256	11,130
Others	<u>37,986</u>	<u>38,263</u>
	<u>\$ 349,779</u>	<u>\$ 382,688</u>

The Company has accrued an allowance for doubtful guarantees and loan commitments; the changes in allowance for doubtful accounts on guarantees and loan commitment for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>					
	<u>12-month Expected- credit Losses</u>	<u>Lifetime Expected- credit Losses</u>	<u>Lifetime Expected- credit Losses (Credit- impaired Financial Assets)</u>	<u>Impairment Loss under IFRS 9</u>	<u>Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)</u>	<u>Total</u>
Balance at January 1, 2022	\$ 60,190	\$ 1,825	\$ 271	\$ 62,286	\$ 271,009	\$ 333,295
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(79)	79	-	-	-	-
Credit-impaired financial assets	(64)	(5)	69	-	-	-
12-month ECL	195	(195)	-	-	-	-
Derecognition of financial assets in the current reporting period	(34,864)	(1,058)	(133)	(36,055)	-	(36,055)
New financial assets purchased or originated	51,827	3,001	114	54,942	-	54,942
Difference of impairment loss under regulations	-	-	-	-	(53,887)	(53,887)
Change in risk parameters and others	-	-	-	-	-	-
Change in exchange rates	<u>242</u>	<u>-</u>	<u>-</u>	<u>242</u>	<u>-</u>	<u>242</u>
Balance at December 31, 2022	<u>\$ 77,447</u>	<u>\$ 3,647</u>	<u>\$ 321</u>	<u>\$ 81,415</u>	<u>\$ 217,122</u>	<u>\$ 298,537</u>

	12-month Expected- credit Losses	Lifetime Expected- credit Losses	Lifetime Expected- credit Losses (Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)	Total
Balance at January 1, 2021	\$ 49,242	\$ 1,666	\$ 144	\$ 51,052	\$ 165,308	\$ 216,360
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(71)	72	(1)	-	-	-
Credit-impaired financial assets	(93)	(5)	98	-	-	-
12-month ECL	696	(677)	(19)	-	-	-
Derecognition of financial assets in the current reporting period	(30,886)	(534)	(146)	(31,566)	-	(31,566)
New financial assets purchased or originated	41,367	1,303	195	42,865	-	42,865
Difference of impairment loss under regulations	-	-	-	-	105,701	105,701
Change in risk parameters and others	-	-	-	-	-	-
Change in exchange rates	(65)	-	-	(65)	-	(65)
Balance at December 31, 2021	<u>\$ 60,190</u>	<u>\$ 1,825</u>	<u>\$ 271</u>	<u>\$ 62,286</u>	<u>\$ 271,009</u>	<u>\$ 333,295</u>

### 34. RETIREMENT BENEFIT PLANS

#### a. Defined contribution plans

The Company (except for Union Finance International (HK) Limited) adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expenses recognized in profit or loss for 2022 and 2021 of \$161,319 thousand and \$155,958 thousand, respectively, were contributions payable to these plans by the Company at rates specified in the pension plan rules.

#### b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to certain rate of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Company of Taiwan in the committee's name and the employee pension account (opened at Union Bank Of Taiwan Business Dept.). The Company of Taiwan's pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

As of December 31, 2022, under Rule No. 1116032316 dated on January 19, 2022 from the Bureau of Labor Affairs of the Taipei City Government, the Bank withdrew \$75,414 thousand (recorded as prepaid pension) and transferred it to the account of the Labor Retirement Fund Supervisory Committee.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ (1,534,396)	\$ (1,725,510)
Fair value of plan assets	<u>1,636,342</u>	<u>1,899,748</u>
Surplus (deficit)	<u>101,946</u>	<u>174,238</u>
Net defined benefit assets (liabilities)	<u>\$ 101,946</u>	<u>\$ 174,238</u>
Provisions - accrued retirement liabilities	<u>\$ (13,256)</u>	<u>\$ (11,130)</u>
Other assets - prepaid retirement	<u>\$ 115,202</u>	<u>\$ 185,368</u>

Movements in net defined benefit (liabilities) assets were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Total</b>
Balance at January 1, 2021	<u>\$ (1,668,388)</u>	<u>\$ 1,841,695</u>	<u>\$ 173,307</u>
Service cost			
Current service cost	(12,575)	-	(12,575)
Net interest (expense)	<u>(6,380)</u>	<u>7,028</u>	<u>648</u>
Recognized in profit or loss	<u>(18,955)</u>	<u>7,028</u>	<u>(11,927)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	126,990	126,990
Actuarial gain (loss) - changes in financial assumptions	(106,555)	-	(106,555)
Actuarial gain (loss) - experience adjustments	<u>(20,148)</u>	<u>-</u>	<u>(20,148)</u>
Recognized in other comprehensive income	<u>(126,703)</u>	<u>126,990</u>	<u>287</u>
Contributions from the employer	-	12,571	12,571
Benefits paid	<u>88,536</u>	<u>(88,536)</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ (1,725,510)</u>	<u>\$ 1,899,748</u>	<u>\$ 174,238</u>
Balance at January 1, 2022	<u>\$ (1,725,510)</u>	<u>\$ 1,899,748</u>	<u>\$ 174,238</u>
Current service cost	(10,278)	-	(10,278)
Net interest (expense)	<u>(8,633)</u>	<u>9,497</u>	<u>864</u>
Recognized in profit or loss	<u>(18,911)</u>	<u>9,497</u>	<u>(9,414)</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Total</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (201,531)	\$ (201,531)
Actuarial gain (loss) - changes in financial assumptions	169,858	-	169,858
Actuarial gain (loss) - experience adjustments	<u>(45,829)</u>	<u>-</u>	<u>(45,829)</u>
Recognized in other comprehensive income	<u>124,029</u>	<u>(201,531)</u>	<u>(77,502)</u>
Contributions from the employer	-	10,126	10,126
Benefits paid	<u>85,996</u>	<u>(81,498)</u>	<u>4,498</u>
Balance at December 31, 2022	<u>\$ (1,534,396)</u>	<u>\$ 1,636,342</u>	<u>\$ 101,946</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate	1.325%-1.364%	0.475%-0.501%
Expected rates of future salary increase	2.250%-3.000%	1.5%-3.25%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25% increase	<u>\$ (36,619)</u>	<u>\$ (45,199)</u>
0.25% decrease	<u>\$ 37,896</u>	<u>\$ 46,890</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 37,271</u>	<u>\$ 45,528</u>
0.25% decrease	<u>\$ (36,178)</u>	<u>\$ (44,104)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 10,414</u>	<u>\$ 12,970</u>
The average duration of the defined benefit obligation	7-9.95 years	8-13 years

c. Retirement benefits plans of Union Finance International (HK) Limited

Union Finance International (HK) Limited has a defined contribution plan under foreign standards and regulations and is thus not covered by the Labor Pension Act and the Labor Standards Law. Its pension costs were \$78 thousand in 2022 and \$74 thousand in 2022 and 2021.

### 35. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Guarantee deposits received	\$ 2,456,715	\$ 2,568,691
Advance receipts	778,229	944,611
Others	<u>147,043</u>	<u>83,900</u>
	<u>\$ 3,381,987</u>	<u>\$ 3,597,202</u>

### 36. EQUITY

#### a. Capital stock

##### Common stock

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Number of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Amount of shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,594,046</u>	<u>3,295,219</u>
Amount of shares issued	<u>\$ 35,940,460</u>	<u>\$ 32,952,187</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

##### Preferred stock

Due to the capital needs of the Company for future long-term business development and operational scale expansion, the Company's shareholders approved and authorized the board of directors to issue ordinary shares or special shares for domestic cash capital increase (one or both, as appropriate) in accordance with the provisions of the Articles of Incorporation or the relevant laws and regulations, in order to raise the long-term funds. The total funds to be raised through issuing new shares as authorized this time shall not be more than NT\$10 billion (inclusive) as the principle. The number of shares for issue shall not be more than 800,000,000 shares (inclusive) as the principle. On June 28, 2017, the Company's board of directors resolved to issue preferred stock - A totaling 200,000 thousand shares, with a par value of NT\$10, at NT\$50 per share in the total amount of NT\$10,000,000 thousand on December 28, 2017. The issuance of shares has been approved by the FSC under Order No. 1060033586 issued on September 1, 2017.

On October 24, 2017, the capital from issue of preferred stock - A amounted to NT\$10,000,000 thousand. The preferred stock - A was listed on Taiwan Stock Exchange on December 1, 2017.

The rights and other important conditions of issuance of the preferred stock - A are as follows:

- 1) Tenor: Perpetual.
- 2) Dividend yield: An annual dividend yield is set at 4.8% (5-year IRS 0.89125%+3.90875%) per annum of the issue price at the pricing day. The 5-year IRS will be reset on the next business day after each fifth and half anniversary day after issuance thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 5-year IRS rate is the arithmetic mean of 5-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the Company will determine the rate based on reasonable market price with good faith.
- 3) Dividend payment: Whereas the Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. The Company has the sole discretion on the distribution of dividends of preferred stocks - A, which includes but not limited to the Company's discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority's minimum requirement, or if the

Company has other essential considerations. If the Company resolves not to distribute dividends to the preferred shareholders, the shareholders of preferred stock - A shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. The stock dividends of preferred stocks - A are distributed by cash in one payment annually. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock - A for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements.

- 4) Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs herein, the shareholders of preferred stock - A are not entitled to participate in the distribution of cash or stock dividends with regard to the ordinary shares derived from earnings or capital reserves.
- 5) Redemption: After 5.5 years from the issue date, the Company may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock - A at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock - A shall continue as specified herein. If the stockholders' meeting approves the distribution of dividends in the year the Company redeems the outstanding shares of preferred stock - A, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.
- 6) Liquidation preference: In the event of liquidation, except when the competent authority assigned officials to take receivership over the Company, order the Company to suspend and wind up business, or liquidate the Company, in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", the order of priority for the distribution of the earnings and assets of the shareholders of preferred stock - A is the same as that of a common stockholder, the shareholders of preferred stock - A shall be given priority to claim on the Company's remaining assets over the shareholders of common stocks, and equal to shareholders of other preferred stock issued by the Company, but subordinate to the holders of Tier 2 capital, depositors, and other general creditors, and not more than the issuance amount of outstanding shares of preferred stock - A.
- 7) Voting rights or election rights: The shareholders of preferred stock - A are not entitled to any voting rights or election rights in shareholders' meeting. However, they may vote in preferred stock - A shareholders' meetings and in general shareholder meetings with regard to agenda items concerning rights and obligations of the shareholders of preferred stock - A.
- 8) Preferred stock - A shall not be converted into common stocks. The shareholders of the preferred stocks shall not require the Company to redeem the rights of the preferred stocks - A.
- 9) When the Company issues new shares in cash, the shareholders of preferred stock - A and the common stock shall be entitled to equivalent preemptive rights on the new shares.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of preference shares	\$ 8,000,000	\$ 8,000,000
Treasury stock transactions	32,413	32,413
Issuance of ordinary shares	38,123	13,281
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	659	659
Share of changes in capital surplus of associates or joint ventures	<u>5,631</u>	<u>5,631</u>
	<u>\$ 8,076,826</u>	<u>\$ 8,051,984</u>

- 1) The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of ordinary shares and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to a certain percentage of the Company's capital surplus and to once a year.
- 2) The changes in ownership of subsidiaries under capital surplus are generated from the effects of equity transactions recognized due to changes of the subsidiaries' equities, and not due to actual acquisition or disposal of the subsidiaries' equities.

c. Legal reserve

Legal reserve should be appropriated until it equals the Company's paid-in-capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, based on the Banking Act, if the legal reserve is less than the Company's paid-in capital, the amount that may be distributed in cash should not exceed 15% of the Company's paid-in-capital.

d. Special reserve

Items referred to under Rule No. 109015022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company in March 31, 2019.

If a special reserve appropriated on the first-time adoption of IFRSs relates to investment properties other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets.

The above special reserve may be used to offset a deficit; if the reserve has reached at least 50% of the paid-in capital, half of this special reserve may be capitalized.

According to Order No. 10510001510 issued by the FSC, a special reserve should be appropriated between 0.5% and 1% of net income after tax when banks appropriate earnings of 2016 through 2018. Since 2017, the Company is allowed to reverse the special reserve at the amount of the costs of employee transfer and arrangement in connection with the development of financial technology.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 627,440	\$ 627,440
Special reserves appropriated	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 627,440</u>	<u>\$ 627,440</u>

e. Retained earnings and dividend policy

If the Company has made a profit at the end of the fiscal year, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated, then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law or as required for business. The remaining amount together with the accumulated undistributed profit from the previous year shall be subject to a profit distribution proposal prepared by the board of directors and shall be submitted to the shareholders' meeting for a resolution on the distribution of shareholders' dividends and bonuses.

When distributing the surplus of the preceding paragraph, the statutory surplus reserve and the capital reserve by way of issuing new shares, the shareholders' meeting will be held to make a special resolution; the cash assignor is authorized to distribute the surplus by the board of directors with more than two-thirds of the directors attending and resolution of more than half of the directors, and a report of such distribution should be submitted in the shareholders' meeting.

When distributing the surplus of the preceding paragraph, the statutory surplus reserve and the capital reserve by way of issuing new shares, the shareholders' meeting will be held to make a special resolution; the cash assignor is authorized to distribute the surplus by the board of directors with more than two-thirds of the directors attending and resolution of more than half of the directors, and a report of such distribution should be submitted in the shareholders' meeting. The dividends and bonuses under the first paragraph shall be distributed in cash or stock, as determined by the board of directors based on the financial status at the time, future profitability status and capital budget planning of the Company. In principle, if the ratio between the Company's own capital and risky assets after distribution will be lower than the ratio stipulated by the competent authority by 1%, issuance of stock dividend may be given priority; before the level of capital reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of the total capital.

The appropriations from the earnings of 2021 and 2020 were approved in stockholders' meetings on May 27, 2022 and July 20, 2021, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 1,665,178	\$ 1,041,070		
Cash dividends on ordinary shares	494,282	-	\$ 0.15	\$ -
Stock dividends on ordinary shares	2,916,269	1,951,916	0.885	0.631
Cash dividends on preference shares	480,000	480,000	2.4	2.4

On August 11, 2021, the capital increase for 2020 has been approved by the Securities and Futures Bureau, and on August 17, 2021, the board of directors approved the base date of the capital increase as September 7, 2021.

The appropriations from the 2022 earnings were proposed by the board of directors on March 13, 2023. The appropriations, including the dividends per share, were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 928,965	
Special reserve	129,597	
Stock dividends on ordinary shares	1,797,023	\$ 0.5
Cash dividends on common shares	359,405	0.1
Cash dividends on preference shares	480,000	2.4

The appropriation of earnings for 2022 will be approved in stockholders' meeting to be held on June 9, 2023.

f. Other equity items

1) Exchange differences on translating foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (1,636,613)	\$ (1,091,223)
Exchange differences arising on translation the foreign operations	1,409,818	(681,737)
Income tax on exchange differences on translation of the net assets of foreign operations	<u>(281,964)</u>	<u>136,347</u>
Balance at December 31	<u>\$ (508,759)</u>	<u>\$ (1,636,613)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1 (IFRS 9)	\$ <u>7,283,034</u>	\$ <u>6,942,293</u>
Generated this year		
Unrealized gain (loss)		
Debt instruments	(7,044,078)	(562,750)
Equity instruments	(2,023,555)	2,345,943
Adjustments to loss allowance for debt instruments	1,355,562	9,412
Disposal of debt instruments	<u>(80,305)</u>	<u>(365,267)</u>
Other comprehensive income for the year	(7,792,376)	1,427,338
Accumulated gain (loss) transferred to retained earnings from disposal of equity instruments at FVTOCI	<u>380,520</u>	<u>(1,086,597)</u>
Balance at year-end	<u>\$ (128,822)</u>	<u>\$ 7,283,034</u>

g. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 729,758	\$ 1,577
Attributed to non-controlling interests		
Share of profit for the year	2,464	(372)
Unrealized gains (losses) on investments in equity instruments at fair value through gains or losses	4	5
Remeasurement of defined benefit plans	-	2
Preferred stock liabilities converted to preferred stock (Note 30)	-	524,000
Subsidiaries' cash dividends	(133)	(90)
Changes in equity interests in subsidiaries (Note)	-	(659)
Preferential shares issued by subsidiaries	1,314,000	168,500
Acquisition of part of subsidiaries' equities (Note 56)	<u>407</u>	<u>36,795</u>
Balance at December 31	<u>\$ 2,046,500</u>	<u>\$ 729,758</u>

Note: The Company did not subscribe, proportionally to its shareholding, the equity from the cash capital increase of Na He Yi Hau on August 10, 2021, and hence the shareholding percentage was decreased to 90% from 99.93%. The transaction did not change the Company's control over Na He Yi Hau Electric, and the Company treated as an equity transaction.

In 2021, the shareholders of Ting Jie Electric Power resolved in their meeting to amend the issuance conditions of preferential shares A in the Articles of Incorporation. There was a total of 40,000 thousand shares with a face value of NT\$10 per share, for a total of \$400,000 thousand. The amended key issuance conditions of the preferential shares are as below:

- 1) Maturity: Perpetual for the preferential shares A.
- 2) Interest: The annual interest rate is 6.5% per annum for the preferential shares A, based on the price per share.
- 3) Dividend payment: Whereas Ting Jie Electric Power makes a profit in a fiscal year, apart from paying income tax, the earning shall first be used to offset the deficits in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to these Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Ting Jie Electric Power has the sole discretion on the distribution of dividends of preferential shares, which includes but is not limited to the their discretion to resolve not to distribute dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full amount may be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- 4) Distribution of dividends in excess: Preferential shares A, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.

- 5) Redemption of preferential shares A: After 5 years from the issue date, Ting Jie Electric Power may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares A be resolved in the board meeting of Ting Jie Electric Power in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders of preferential shares.
- 7) Liquidation priority: Holders of preferential shares A are entitled to a higher priority than holders of common shares in the distribution of Ting Jie Electric Power's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Ting Jie Electric Power, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares A are not entitled to vote or elect, except for the meeting of holders of preferential shares or meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to the voting rights
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Ting Jie Electric Power to recover their preference shares held.
- 10) When Ting Jie Electric Power issues new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

On April 11, 2022, the board of Ting Jie Electric Power approved to issue 120,000 thousand shares of preferential shares B with a face value of NT\$10, for a total of \$1,200,000 thousand. The main terms and conditions of preferential shares are the following:

- 1) Maturity: Perpetual for the preferential shares B.
- 2) Dividend: The annual interest rate is 6.5% per annum for the preferential shares B, based on the price per share.
- 3) Dividend payment: Whereas Ting Jie Electric Power makes a profit in a fiscal year, apart from paying income tax, the earning shall first be used to offset the deficits in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to these Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Ting Jie Electric Power has the sole discretion on the distribution of dividends of preferential shares, which includes but is not limited to the their discretion to resolve not to distribute dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full amount may be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.
- 4) Distribution of dividends in excess: Preferential shares B, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.

- 5) Redemption of preferential shares B: After 3 years from the issue date, Ting Jie Electric Power may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares B be resolved in the board meeting of Ting Jie Electric Power in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders of preferential shares.
- 7) Liquidation priority: Holders of preferential shares B are entitled to a higher priority than holders of common shares in the distribution of Ting Jie Electric power's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Ting Jie Electric power, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares B are not entitled to vote or elect, except for the meeting of holders of preferential shares or meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to the voting rights.
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Ting Jie Electric power to recover their preference shares held.
- 10) When Ting Jie Electric Power issues new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

The board of Na He Yi Hau approved to revised the main term and conditions of preferential share. Na He Yi Hau issue 12,400 thousand shares of preferential shares B with a face value of NT\$10, for a total of \$124,000 thousand. The main terms and conditions of preferential shares are the following:

- 1) Maturity: Perpetual for the preferential shares A.
- 2) Dividend: The annual interest rate is 6.5% per annum for the preferential shares B, based on the price per share.
- 3) Dividend payment: Whereas Na He Yi Hau makes a profit in a fiscal year, apart from paying income tax, the earning shall first be used to offset the deficits in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to these Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Na He Yi Hau has the sole discretion on the distribution of dividends of preferential shares, which includes but is not limited to the their discretion to resolve not to distribute dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full amount may be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.

- 4) Distribution of dividends in excess: Preferential shares A, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.
- 5) Redemption of preferential shares A: After 3 years from the issue date, Na He Yi Hau may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares A be resolved in the board meeting of Na He Yi Hau in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders of preferential shares.
- 7) Liquidation priority: Holders of preferential shares A are entitled to a higher priority than holders of common shares in the distribution of Na He Yi Hau's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Na He Yi Hau, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares A are not entitled to vote or elect, except for the meeting of holders of preferential shares or meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to the voting rights.
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Na He Yi Hau to recover their preference shares held.
- 10) When Na He Yi Hau issues new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Green Energy I Private Equity Limited Partnership acquired all of the preferential shares issued by Ting Jie Electric Power and Na He Yi Hau.

For business needs, after approval from the directors in December 2021, Tianji Smart Energy issued preferential shares at the premium of \$50 per share. The actual number of shares for the capital increase is 5,280 thousand shares for a total of \$264,000 thousand. The issuance conditions of the preferential shares are as follows:

- 1) Maturity: Perpetual for the preferential shares A
- 2) Dividend: The annual interest rate is 5% per annum for the preferential shares A, based on the price per share.
- 3) Dividend payment: Whereas Tianji Smart Energy makes a profit in a fiscal year, apart from paying income tax, the earning shall first be used to offset the deficits in previous years, appropriated as legal reserve, appropriated or reversed from the special reserve with respect to these Articles of Incorporation before distributing dividends to holders of preferential shares of the year. Tian Ji Smart has the sole discretion on the distribution of dividends of preferential shares, which includes but is not limited to the their discretion to resolve not to distribute dividends to the preferential shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferential shares, the preferential shareholders shall raise no objection if the resolution is not to distribute dividends of preferential shares; the dividends resolved not to be distributed or not paid in full amount may be accumulated and payment will be deferred to the years with profits. Distribution of dividends of preferential shares will be in cash and made in one payment in a year. After the financial statements have been ratified in the annual general

meeting of shareholders, the board of directors shall determine the base date to distribute the dividends for the previous year. The year of issuance and the recovery of the number of dividends issued of the year shall be calculated based on the actual number of days of issuance in the year. The amount of dividends distributed should be recognized on the dividend statements.

- 4) Distribution of dividends in excess: Preferential shares A, other than the dividends received based on the dividend rate prescribed in the preceding paragraph, under no circumstances shall holders of preference shares be entitled to receive the dividends distributed for common shares from the Bank's earnings and legal reserves in cash or capital reserves.
- 5) Redemption of preferential shares A: After 5 years from the issue date, Tianji Smart Energy may redeem a portion or all of the outstanding shares of preferential shares at any time at the issue price. The rights and obligations of all types of issuance conditions of unrecovered preferential shares will continue. Should the issue of dividends for preferential shares A be resolved in the board meeting of Tianji Smart Energy in the recovery year, the dividends to be distributed shall be calculated by the day of recovery based on the actual number of days issued in the year.
- 6) Repurchase of preferential shares: Preferential shares cannot be sold by the holders of preferential shares during the issuance period.
- 7) Liquidation priority: Holders of preferential shares A are entitled to a higher priority than holders of common shares in the distribution of Tianji Smart Energy's residual property and to the same priority in the right to claim of holders of all types of preferential shares issued by Tianji Smart Energy, but the right to claim shall be limited to the issuance amount only.
- 8) Voting and election rights: Holders of preferential shares A are not entitled to vote or elect, except for the meeting of holders of preferential shares or meeting of shareholders involving the rights and obligations of holders of preferential shares, both of which shall be entitled to the voting rights
- 9) Convertibility to common shares: Under no circumstances shall the conversion from preferential shares A into common shares be allowed, nor shall holders of preferential shares be entitled to request Tianji Smart Energy to recover their preference shares held.

### 37. NET INTEREST

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
<u>Interest revenue</u>		
Discounts and loans	\$ 11,125,615	\$ 8,460,323
Financial assets at fair value through other comprehensive income	1,310,949	1,143,472
Investments in debt instruments at amortized cost	1,284,053	915,222
Credit card	799,974	797,944
Securities purchased under resell agreements	201,623	117,445
Due from the Central Bank and call loans to other banks	109,649	68,667
Others	<u>130,727</u>	<u>132,526</u>
	<u>14,962,590</u>	<u>11,635,599</u>
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Interest expense</u>		
Deposits	\$ 3,987,461	\$ 2,463,307
Bank debentures	771,818	153,584
Securities sold under repurchase agreements	100,924	170,790
Due to Chunghwa Post Co., Ltd.	42,039	32,687
Others	<u>218,613</u>	<u>153,560</u>
	<u>5,120,855</u>	<u>2,973,928</u>
	<u>\$ 9,841,735</u>	<u>\$ 8,661,671</u>
		(Concluded)

### 38. COMMISSION AND FEE REVENUE, NET

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Commission and fee revenue		
Credit cards and debit cards	\$ 2,704,559	\$ 2,274,714
Insurance commission	930,726	707,506
Trust business	521,096	667,902
Loan business	482,787	412,868
Underwriting business	147,113	126,536
Guarantee business	132,856	127,559
Interbank service fee	68,368	98,507
Others	<u>419,593</u>	<u>220,092</u>
	<u>5,407,098</u>	<u>4,635,684</u>
Commission and fee expense		
Acquiring liquidation deal	1,081,830	736,739
Credit card	797,456	684,013
Verification of credit	39,466	36,106
Interbank service fee	30,745	28,576
Others	<u>135,917</u>	<u>95,878</u>
	<u>2,085,414</u>	<u>1,581,312</u>
	<u>\$ 3,321,684</u>	<u>\$ 3,054,372</u>

**39. GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Realized gain or loss on financial assets at fair value through profit or loss		
Currency swap contracts	\$ 310,718	\$ 143,893
Foreign exchange forward contracts	(113,550)	25,667
Commercial papers	7,618	15,538
Beneficiary securities and shares	(751,059)	714,927
Option contracts	3,781	1,471
Government bonds	-	(2,535)
Corporate bonds	-	41,526
Dividend revenue	43,701	54,010
Interest revenue	344,395	191,752
Principal guaranteed notes	17,290	9,774
Futures exchange margins	6,573	3,066
	<u>(130,533)</u>	<u>1,199,089</u>
Unrealized gain or loss on financial assets at fair value through profit or loss		
Derivative financial assets and liabilities	(133,962)	(628,007)
Beneficiary securities and shares	61,747	22,990
Commercial paper	6,709	(598)
Government bonds and corporate bonds	(7,489)	(4,427)
Futures exchange margins	206	76
	<u>(72,789)</u>	<u>(609,966)</u>
	<u>\$ (203,322)</u>	<u>\$ 589,123</u>

**40. REALIZED GAIN ON FINANCIAL ASSETS AT FVTOCI**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividend revenue	\$ 708,173	\$ 528,470
Net income on disposal - debt instruments	<u>80,305</u>	<u>365,267</u>
	<u>\$ 788,478</u>	<u>\$ 893,737</u>

**41. IMPAIRMENT LOSS (REVERSAL OF LOSS)**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Debt instruments at FVTOCI	\$ (1,279,572)	\$ (11,122)
Financial assets at amortized cost	8,219	(11,357)
Foreclosed collateral	2,108	717
Investments accounted for using the equity method	<u>-</u>	<u>(132,193)</u>
	<u>\$ (1,269,245)</u>	<u>\$ (153,955)</u>

## 42. SALARY AND BENEFITS OF EMPLOYEES

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Salaries and wages	\$ 2,609,948	\$ 2,604,472
Bonus	1,056,425	1,069,781
Pension		
Defined contribution plans	161,397	156,032
Defined benefit plans	9,414	11,927
Labor insurance and national health insurance	354,050	344,288
Others	<u>107,461</u>	<u>115,194</u>
	<u>\$ 4,298,695</u>	<u>\$ 4,301,694</u>

The Company accrued compensation of employees and remuneration of directors at the rates of between 1% and 5% and no higher than 0.1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Company's board of directors on March 13, 2023 and March 7, 2022, respectively, were as follows:

### Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	1.84%	1.84%
Remuneration of directors	0.09%	0.09%

### Amount

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Cash</b>	<b>Share</b>	<b>Cash</b>	<b>Share</b>
Compensation of employees	\$ -	\$ 84,308	\$ -	\$ 96,846
Remuneration of directors and supervisors	4,124	-	4,737	-

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The number of shares of the compensation of employees, which was determined by dividing the amount of the compensation of employees resolved for 2022 and 2021 by \$16.20 and \$13.45, respectively, which is the closing price per share on the day immediately preceding the meeting of the Company's board of directors was 5,204 thousand shares and 7,200 thousand shares for 2022 and 2021, respectively.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

#### 43. DEPRECIATION AND AMORTIZATION

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Assets leased	\$ 1,706,281	\$ 1,716,981
Right-of-use assets	484,907	477,566
Property and equipment	387,074	304,400
Intangible assets	92,883	93,295
Investment properties	<u>42,735</u>	<u>45,346</u>
	<u>\$ 2,713,880</u>	<u>\$ 2,637,588</u>

#### 44. OTHER OPERATING EXPENSES

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Advertisement	\$ 910,902	\$ 957,885
Taxation and government fee	890,504	736,859
Outsourcing service	414,523	369,306
Postage/cable charge	258,932	250,473
Computer operating	198,379	196,256
Maintenance charge	176,064	157,217
Deposit insurance	168,972	161,066
Rental	167,498	201,742
Others	<u>737,839</u>	<u>702,619</u>
	<u>\$ 3,923,613</u>	<u>\$ 3,733,423</u>

#### 45. INCOME TAX

a. Income tax recognized in profit or loss

The main components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
Current year	\$ 1,006,051	\$ 733,498
Prior year's adjustments	<u>(2,754)</u>	<u>(1,190)</u>
	<u>1,003,297</u>	<u>732,308</u>
Deferred tax		
Current year	<u>4,943</u>	<u>14,540</u>
Income tax expense recognized in profit or loss	<u>\$ 1,008,240</u>	<u>\$ 746,848</u>

A reconciliation of accounting profit and current income tax expense for the years ended December 31, 2022 and 2021 is as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Income before tax	<u>\$ 4,549,774</u>	<u>\$ 5,210,244</u>
Income tax expense at the 20% statutory rate	\$ 919,405	\$ 1,049,966
Tax-exempt income	(48,593)	(688,565)
Nondeductible expenses in determining taxable income	44,116	17,682
Additional income tax under the Alternative Minimum Tax Act	-	278,096
Unrecognized deductible temporary differences	30,063	43,332
Other permanent differences	66,003	42,450
Taxation of repatriated off share funds act	-	5,077
Adjustments for prior year's tax	<u>(2,754)</u>	<u>(1,190)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,008,240</u>	<u>\$ 746,848</u>

For the subsidiaries, the income tax rate in Hong Kong is 16.5%; in Japan 30%, and in Singapore 17%.

UFLIC repatriates investment income in accordance with the "Repatriated off share funds Act". According to the rules, UFLIC should pay income tax.

b. Income tax recognized in other comprehensive income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
Recognized in other comprehensive income:		
Translation of foreign operations	\$ (281,964)	\$ 136,347
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(65,376)	34,546
Remeasurement on defined benefit plans	<u>15,500</u>	<u>(57)</u>
Total income tax (benefit) expenses recognized in other comprehensive income	<u>\$ (331,840)</u>	<u>\$ 170,836</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchange difference on translation of foreign operations	\$ 406,231	\$ -	\$ (278,932)	\$ -	\$ 127,299
Employee benefit plan	178,544	(60)	485	-	178,969
Allowance for possible losses and reserve for losses on guarantees	92,323	70,942	-	-	163,265
Investment properties	133,461	(1,928)	-	-	131,533
Others	115,273	16,627	-	-	131,900
	<u>\$ 925,832</u>	<u>\$ 85,581</u>	<u>\$ (278,447)</u>	<u>\$ -</u>	<u>\$ 732,966</u>

Deferred tax liabilities

Temporary differences					
Financial assets at fair value through other comprehensive income	\$ (1,068,700)	\$ -	\$ (65,376)	\$ -	\$ (1,134,076)
Amortization of goodwill impairment loss	(397,061)	-	-	-	(397,061)
Others	(209,665)	(90,524)	11,983	82	(288,124)
	<u>\$ (1,675,426)</u>	<u>\$ (90,524)</u>	<u>\$ (53,393)</u>	<u>\$ 82</u>	<u>\$ (1,819,261)</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Impairment loss of financial instruments	\$ 34,000	\$ (34,000)	\$ -	\$ -	\$ -
Exchange difference on translation of foreign operations	269,884	-	136,347	-	406,231
Employee benefit plan	178,870	(62)	(264)	-	178,544
Allowance for possible losses and reserve for losses on guarantees	94,618	(2,295)	-	-	92,323
Investment properties	135,389	(1,928)	-	-	133,461
Others	79,717	35,556	-	-	115,273
	<u>\$ 792,478</u>	<u>\$ (2,729)</u>	<u>\$ 136,083</u>	<u>\$ -</u>	<u>\$ 925,832</u>

Deferred tax liabilities

Temporary differences					
Financial assets at fair value through other comprehensive income	\$ (1,103,246)	\$ -	\$ 34,546	\$ -	\$ (1,068,700)
Amortization of goodwill impairment loss	(397,061)	-	-	-	(397,061)
Others	(196,628)	(11,811)	207	(1,433)	(209,665)
	<u>\$ (1,696,935)</u>	<u>\$ (11,811)</u>	<u>\$ 34,753</u>	<u>\$ (1,433)</u>	<u>\$ (1,675,426)</u>

d. Information on loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

	<b>Unused Amount</b>	<b>Expiry Year</b>
Union Finance International (HK) Limited	<u>\$ 92,072</u>	N/A
Union Venture Capital Co., Ltd.	<u>\$ 9,814</u>	2032
Union Information Technology	<u>\$ 1,173</u>	2032
Na He Yi Hau Electric Power Inc.	<u>\$ 1,535</u>	2032
Tin Jie Electric Power	<u>\$ 2,316</u>	2032
Union Energy	<u>\$ 5,603</u>	2032

e. Income tax assessments

	<b><u>Examined and Cleared</u></b>
Union Bank of Taiwan	Through 2020
Union Finance and Leasing International	Through 2020
Union Information Technology	Through 2020
Union Securities Investment Trust Corporation	Through 2020
Na He Yi Hau Electric Power Inc.	Through 2020
Tin Jie Electric Power Inc.	Through 2020
Union Securities Investment Trust Co., Ltd	Through 2021
Union Venture Capital Co., Ltd.	Through 2020

**46. EARNINGS PER SHARE**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 0.85</u>	<u>\$ 1.11</u>
Diluted earnings per share	<u>\$ 0.85</u>	<u>\$ 1.11</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

**Net Profit for the Period**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Net profit	\$ 3,539,070	\$ 4,463,768
Less: Dividends on preference shares	<u>(480,000)</u>	<u>(480,000)</u>
Earnings used in the computation of basic earnings per share	<u>\$ 3,059,070</u>	<u>\$ 3,983,768</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,059,070</u>	<u>\$ 3,983,768</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	3,592,764	3,293,978
Effect of potentially dilutive ordinary shares		
Compensation or bonuses of employees	<u>6,551</u>	<u>8,362</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>3,599,315</u>	<u>3,302,340</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 12, 2022. The basic and diluted earnings per share were both adjusted from \$1.21 to \$1.11 for the year ended December 31, 2021.

#### 47. RELATED-PARTY TRANSACTIONS

In addition to those disclosed in other footnotes, significant transactions between the Company and related parties are summarized as follows:

a. Related parties and their relationships with the Company

<b>Related Party</b>	<b>Relationship with the Company</b>
Union Real-Estate Management Corporation (Union Real-Estate Management)	Associates
LINE Pay Taiwan, Ltd. (LINE PAY)	Associates
iPASS Corporation	Associates
Blue Borders Medical and Health Management Consulting Co., Ltd. (Blue Borders)	Associates
Hong Gow Construction Inc., Ltd. (Hung-Gow)	Related party in substance
The Liberty Times Co., Ltd. (Liberty Times)	Related party in substance
Long Shan Lin Corporation (Long Shan Lin)	Related party in substance
Yung Hsuan Co., Ltd (Yung Hsuan)	Related party in substance
Union Enterprise Construction Co., Ltd. (UECC)	Related party in substance
Yu-Bon Limited Co. (Yu-Bon)	Related party in substance
Lianhe Investment Co., Ltd. (Lianhe Investment)	Related party in substance
Union Recreation Enterprise Corporation (Union Recreation Enterprise)	Related party in substance
Union Optronics Co., Ltd. (Union Optronics)	Related party in substance
Hi-Life International Co., Ltd. (Hi-Life International)	Issued by Union Securities Investment Trust
RFD Micro Electricity Co., Ltd. (RFD Micro Electricity)	Related party in substance

(Continued)

Related Party	Relationship with the Company
Xinrong Energy Technology Co., Ltd. (Xinrong Energy)	Related party in substance
Securities Investment Trust Funds	Issued by Union Securities Investment Trust
Union Green Energy Private Equity Limited Partnership (Union Green Energy)	Union Private Equity Co., Ltd. and UFLIC are general partner and limited partner, respectively
Union Green Energy I Private Equity Limited Partnership (Union I)	Union Private Equity Co., Ltd. and UFLIC are general partner and limited partner, respectively
Union Green Energy II Private Equity Limited Partnership (Union II)	Union Private Equity Co., Ltd. and UFLIC are general partner and limited partner, respectively
Others	Directors, managers, and their relatives and affiliates

(Concluded)

b. Significant transactions with related parties:

1) Loans

December 31, 2022

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2022	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	23	\$ 18,800	\$ 12,925	\$ 12,925	\$ -	Land, buildings and cars	None
Self-used housing mortgage loans	44	136,035	90,041	90,041	-	Real estate	None
Others	11	43,875	33,299	33,299	-	Land and buildings	None

December 31, 2021

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2021	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	20	\$ 14,471	\$ 8,817	\$ 8,817	\$ -	Land, buildings and cars	None
Self-used housing mortgage loans	56	139,132	91,391	91,391	-	Real estate	None
Others	11	22,257	13,841	13,841	-	Land and buildings	None

	December 31		Interest Revenue			
	Amount	%	Rate	Amount	%	
2022	\$ 136,265	0.03	1.11%-2.99%	\$ 2,299	0.02	
2021	114,049	0.02	1.09%-3.20%	1,842	0.02	

2) Deposits

	December 31		Interest Expense			
	Amount	%	Rate (Note)	Amount	%	
2022	\$ 7,421,618	1.05	0%-8.00%	\$ 33,363	0.65	
2021	9,743,185	1.45	0%-3.22%	22,541	0.76	

### 3) Guarantees and letters of credit

#### December 31, 2022

Name	Highest Balance in the Year Ended December 31, 2022	Ending Balance	Balance of Guarantees and Letters of Credit (Note)	Rate	Collateral
Union Recreation Enterprise Corporation	\$ 14,350	\$ 7,265	\$ -	1%	Time deposits
The Liberty Times Co., Ltd.	2,793	-	-	0.05%	Time deposits
Long Shan Lin Corporation	71,040	71,040	-	0.5%	Time deposits
Hi-Life International Co., Ltd.	19,830	19,830	-	0.4%	Time deposits

#### December 31, 2021

Name	Highest Balance in the Year Ended December 31, 2021	Ending Balance	Balance of Guarantees and Letters of Credit (Note)	Rate	Collateral
Union Recreation Enterprise	\$ 33,846	\$ 14,530	\$ -	0.5%-1%	Time deposits
The Liberty Times	2,337	2,437	-	0.05%	Time deposits
Long Shan Lin	71,040	71,040	-	0.5%	Time deposits
Hi-Life International	20,300	19,800	-	0.4%	Time deposits

Note: Reserve for guarantee loss is provided on the basis of the estimated unrecoverable amount.

### 4) Leases arrangement

#### a) The Company is lessee

Under operating lease agreements with terms of one year to five years, the Company rents office spaces from related parties for use by the Company's Head Office, Trust, International Banking Department, Wealth Management, Information Technology Department, Consumer Banking Department, Insurance Agency Department, Credit Card Department, Northern Collaterals Appraisal Center, five branches, USITC, UFLIC and UIT. Rentals are paid quarterly or are taken from lease deposits. Rental expenses and lease deposits were as follows:

	Lease Deposit (Part of Other Assets)		Lease Liabilities	
	Amount	%	Amount	%
<u>2022</u>				
Yu-Pang	\$ 460,890	13.09	\$ 63,982	3.85
Hong Gow	219,464	6.23	236,514	14.23
Yong-Xuan	20,690	0.59	100,784	6.06
UECC	5,286	0.15	32,232	1.94
<u>2021</u>				
Yu-Pang	461,141	18.49	43,334	2.29
Hong Gow	219,464	8.80	332,180	17.54
Yong-Xuan	17,626	0.71	124,764	6.59
UECC	4,772	0.19	44,175	2.33

The Company rented space to install an ATM of Hi-life International Corporation, the rent expense was \$60 thousand in 2022 and \$70 thousand in 2021. Rental payable as December 31, 2022 and 2021 were \$16 thousand and \$5 thousand, respectively.

b) The Company is lessor

The Company has leased the properties at Zhongxiao Rd., Taichung City to Hi-Life from March 2020 to April 2030. For the years ended December 31, 2022 and 2021, the rental income was both \$914 thousand, and the rentals were received on a monthly basis. In addition, the deposits received for both years were \$80 thousand (accounted for as other liabilities - guarantee deposits received).

The Company has leased the properties at Dunhua S. Rd., Taipei City to Blue Border from January 2021 to January 2032. For the year ended December 31, 2022, the rental income was \$13,669 thousand, and the rentals were received on a monthly basis. In addition, the deposits received was \$80 thousand (accounted for as other liabilities - guarantee deposits received).

5) Financial assets at fair value through profit or loss

The Company wants to applied the fund more efficiency and participate in the investment of green energy development. Therefore, Union Private Equity Co., Ltd. has established Union Green Energy Private Equity Limited Partnership on December 2020, and invested \$20 thousand as a general partner and the other general partner is UFLIC. The total investment is \$556,334 thousand on December 31, 2022.

In June 2021, as general partner, Union Private Equity Co., Ltd. raised Union Green Energy I Private Equity Limited Partnership; the total investment was \$4,940 thousand as of December 31, 2022.

In October 2021, as general partner, Union Private Equity Co., Ltd. raised Union Green Energy II Private Equity Limited Partnership; the total investment was \$20 thousand as of December 31, 2022.

Union Private Equity Co., Ltd. charged management fee from Union Green Energy Private Equity Limited Partnership pursuant to the limited partnership agreement; during January 1 to December 31, 2022 and 2021, the amount was \$7,276 thousand and \$10,597 thousand, respectively.

Union Private Equity Co., Ltd. charged Union Green Energy I Private Equity Limited Partnership management fees pursuant to the limited partnership agreement; from January 1 to December 31, 2022 and 2021, the amount was \$1,288 thousand and \$3,650 thousand, respectively.

As of December 31, 2022 and 2021, the UFLIC had purchased 8,082 thousand and 7,663 thousand units of beneficiary certificates issued by USITC, which amounted to \$103,681 thousand and \$123,295 thousand, respectively.

6) LINE PAY provided the use of its consumer platform to the Company. The maintenance fees of the platform was \$34,075 thousand and \$30,166 thousand, respectively in 2022 and 2021.

7) LINE PAY provided the credit card bonus points and cooperative marketing activities to the Company. The advertising fee was \$716,981 thousand and \$711,056 thousand, respectively in 2022 and 2021.

8) Hi-Life provided the commodity bonus exchange and marketing activities to the Company. The advertising fees were \$617 thousand and \$601 thousand in 2022 and 2021, respectively.

- 9) RFD Micro Electricity Co., Ltd. provided the Company with credit card marketing of sustainable development and eco-consumption; as of December 31, 2022, the rebate income was \$38,095 thousand.
- 10) In July 2020, Ting Jie Electric Power and RFD Micro Electricity entered into a solar power generation system installation contract in the neighborhood of Madou District and Xuejia District in Tainan City, with the estimated total price of NT\$1,843,050 thousand. The system is expected to be in operations and start production upon the completion of the construction and the permit issued by the competent authorities of the power industry. The total planned capacity is 33 megawatts. In March 2022, Ting Jie Electric Power Inc., after approval from the Board, revised the solar power generation system construction contract with RFD Micro Electricity Co., Ltd. The total planned capacity was changed to 160 megawatts, and the expected total price before tax is NT\$8,936,000 thousand. The final total capacity shall comply with the total approved capacity of the permission letter for the construction. The construction is currently in progress. Ting Jie Electric Power signed a contract with a syndicate of 11 financial Institutions with the limit of NT\$7,500,000 thousand. The joint guarantors are the parent company UVC, Union Energy, and RFD Micro Electricity. Union Energy Co., Ltd. pledged 1,890 thousand shares to Ting Jie Electric Power Inc. as collateral for the loan.

In July 2020, Na He Yi Hau Electric Power and RFD Micro Electricity entered into a solar power generation system installation contract in the neighborhood of Baihe District and Dongshan District in Tainan City, with an estimated total price of \$1,325,000 thousand. The system is expected to be in operations and start production upon the completion of the construction and the permit issued by the competent authorities of the power industry. The total planned capacity is 25 megawatts. The final total capacity depends on the total approved capacity in the construction approval. The construction is currently in progress.

In order to build the solar power plant, Na He Yi Hau Electric Power Inc. has issued short-duration commercial paper with International Bills Finance Corporation as guarantor in December 2020. The total credit was \$1,130,000 thousand with endorsement and guarantee from UVC and Union Energy. As of December 31, 2022 and 2021, the commercial paper payables were \$242,100 thousand and \$242,100 thousand, with interest rates of 1.414% and 0.6920%, respectively.

RFD Micro Electricity Co., Ltd provided the Company with solar power plant construction and solar power plant maintenance services. As of December 31, 2022 and 2021, the prepayments for the construction were \$2,400,044 thousand and \$955,035 thousand, respectively (accounted for property, equipment, and plant); as of December 31, 2022, the operation and maintenance expenses payable to the plant (accounted for as accounts payable) were \$17,919 thousand and \$19,681 thousand, respectively.

Under Articles 32 and 33 of the Banking Act, no unsecured loan may be provided to the stakeholders except for within the consumer loan limits and government loans, credits extended by the Company to any related party should be fully secured, and the credit terms for related parties should not be favorable to those for unrelated parties.

c. Compensation of directors, supervisors and management personnel:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employment benefits		
Salaries	\$ 54,574	\$ 49,434
Transportation expenses	1,293	1,483
Other	<u>191</u>	<u>241</u>
	56,058	51,158
Post-employment benefits	<u>1,228</u>	<u>3,400</u>
	<u>\$ 57,286</u>	<u>\$ 54,558</u>

Compensation of directors and management personnel is determined by the remuneration committee on the basis of individual performance and market trends.

#### 48. PLEDGED ASSETS

a. The Company

As of December 31, 2022 and 2021, the Company deposited \$7,000,000 thousand in the Central Bank Reserve Account for both years, which was accounted for as reserve for deposit - Account B for undertaking the loan facility to help small and medium sized companies hit by the COVID-19 pandemic. The aforesaid loan facility to the SMEs expired in June 2022; as of December 31, 2022, the reserve provided by the Union Bank of Taiwan in the Central Bank has been released from the pledge and transferred out.

As of December 31, 2022 and 2021, government bonds and bank debentures, which amounted to \$349,305 thousand and \$343,105 thousand (accounted for other financial assets), respectively, had been provided to the courts and the Company of Taiwan as guarantee deposits on provisional seizures against the debtors' properties, as reserve for credit card receivables, as guarantee deposits on bills finance operations, brokering life insurance, property and casualty insurance, and as trust reserve.

As of December 31, 2022 and 2021, the Company pledged a time deposit of both \$1,100,000 thousand (accounted for other financial assets) to Mega International Commercial Bank and Mizuho Bank to be part of the latter's online bank-to-bank payment system.

b. The following assets of the Company had been used as collaterals to apply for loans, issue commercial papers and apply for provisional seizure of certain assets:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Other financial assets		
Pledge assets	<u>\$ 187,152</u>	<u>\$ 94,711</u>
Investment property	<u>\$ 2,342,251</u>	<u>\$ 2,413,101</u>

As of December 31, 2022 and 2021, notes receivable (not expired) amounting to \$564,418 thousand and \$574,800 thousand had been used as collaterals to apply for loans and issue commercial papers, respectively.

#### 49. CONTINGENCIES AND COMMITMENTS

- a. As of December 31, 2022 and 2021, the Company's commitments consisted of the following:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Irrevocable standby loan commitment	\$ 145,119,660	\$ 135,636,198
Unused credit card commitment	303,890,640	288,563,204
Unused letters of credit	2,769,934	1,874,481
Other guarantees	19,222,176	18,796,924
Collections for customers	20,173,503	19,990,165
Guarantee notes payable	1,363,300	1,417,100
Trust assets	99,416,079	93,973,952
Marketable securities under custody	3,907,911	5,274,541

- b. The duration of leasing cars (included in other assets) is about 1 to 3 years.

Minimum future annual rentals are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Within 1 year	\$ 1,889,355	\$ 1,994,779
Over 1 year to 5 years	<u>1,924,965</u>	<u>2,117,112</u>
	<u>\$ 3,814,320</u>	<u>\$ 4,111,891</u>

- c. Computer equipment purchase contracts

As of December 31, 2022 and 2021, the Company had contracts to buy computer equipment and software for \$844,134 thousand and \$174,876 thousand, respectively, of which \$265,376 thousand and \$104,871 thousand had been paid as of December 31, 2022 and 2021, respectively.

- d. Union Securities Investment Trust Corporation (USITC)

The private equity funds managed by USITC, a subsidiary of the Company, were mainly invested in the Fairfield Sentry Funds (F Funds) of the Madoff Investment Securities' (Madoff Company) Fairfield Company (Fairfield). On January 10, 2011, the liquidator of the F Funds sued USITC, the private equity funds managed by USITC and the beneficiaries who bought USITC's private equity funds to demand the return of the redemption proceeds of US\$17,206 thousand received by USITC's private equity funds from the F Funds. This case remained pending before the Bankruptcy Court for the Southern District of New York.

Madoff Company's liquidation trustee claimed that F Funds' redemption proceeds from Madoff Company constituted unjust enrichment and thus sued USITC and F Funds on March 23, 2012 to demand the return of the redemption proceeds of US\$17,206 thousand received by USITC's private equity funds from F Funds. This case remained pending before the Bankruptcy Court for the Southern District of New York.

The plaintiff has asked the US court to deliver the complaint to the Taiwan Taipei District Court through mutual legal assistance. In accordance with the provisions of Article 402, paragraph 1, paragraph 2 of the Code of Civil Procedure and the relevant practical opinions of the court, the legal documents have been legally delivered to USITC. In order to avoid the unfavorable judgment of the court, USITC appointed American lawyers to deal with the litigation. The defendant in the case (that is, the non-US foreign investor who was a party in the Fairfield series of funds) disputed the application of

the US bankruptcy law and the jurisdiction of the US court. The US Court recognized the law does not apply to such defendants, therefore, rejected the plaintiff's request for the reason of international comity. The plaintiff has appealed to the Federal Second Circuit Court of Appeal. In August 2019, the plaintiff has appealed to the Supreme court of the US. The Supreme court of the US rejected the appeal and considered it as a protest; therefore, the case is back to Bankruptcy Court to hear the case. According to the U.S. attorneys engaged by the Company, there are legal deficiencies in the claim recorded in the plaintiff's complaint. The U.S. attorneys requested the court to reject the plaintiff's complaint on April 4, 2022. However, the US bankruptcy court rejected our claim on August 19 of the same year, and we have agreed to file our defense by November 1 of the same year.

The private equity funds managed by USITC and mainly invested in the F Funds of Fairfield had become a loss for USITC. Thus, on June 26, 2013, USITC joined Fairfield Greenwich, Citco and PwC in a class action litigation on this investment loss. Regarding the class action suit against Fairfield Greenwich, United States District Court of the Southern District of New York approved the settlement of the two parties on December 19, 2014. The settlement fee was distributed among the settling parties in February 2015. Regarding the class action suit against Citco, the two parties had already come to a settlement on August 12, 2015; the court also approved the settlement of Citco on November 20, 2015. The settlement fee is going to be distributed among the settling parties. Regarding the class action suit against PwC, the court gave a preliminary verdict of settlement to the two parties and opened a court session on May 6, 2016, for a hearing on the fairness of the settlement and the granting of permission; there has been no further appeals since then. The settlement fee would be distributed to the settling parties after deducting the approved amount of counselor fees and disbursement fees. The private equity funds managed by USITC received the check of settlement fee from Rust Consulting Inc. on January 3, 2017 and redeemed for cash on February 6, 2017.

## **50. OTHER**

Since January 2020, the COVID-19 pandemic has influenced the global economy; it is causing uncertainty in the economic growth. The Company increased the level of risk advisory, pressure test, loan management and continuously tracking different financial risks data. After critical analysis, the Company concluded that the effect of the COVID-19 pandemic will not influence the Company's ability to continue operating or cause significant asset impairment loss as of the financial report date.

Since the start of the Russia-Ukraine War in February 2022, the credit rating agencies lowered the sovereign rating of Russia, and thus the credit risks of the financial instruments of the Company in investment positions in Russia increased. The Company has considered the related impact, please refer to Notes 11 and 41.

## 51. TRUST BUSINESS UNDER THE TRUST LAW

### Balance Sheet of Trust Accounts December 31, 2022

Trust Assets	Amount	Trust Liabilities and Capital	Amount
Bank deposits	\$ 12,828,231	Management fee payable	\$ 89
Investments		Income tax payable	951
Mutual funds	58,256,451	Marketable securities payable	15,470,010
Bond	8,948	Trust capital	83,740,302
Common stock	388,917	Reserve and deficit	<u>204,727</u>
Accounts receivable	12,145		
Stock in custody	15,470,010		
Real estate - land and building	<u>12,451,377</u>		
Total	<u>\$ 99,416,079</u>	Total	<u>\$ 99,416,079</u>

### Balance Sheet of Trust Accounts December 31, 2021

Trust Assets	Amount	Trust Liabilities and Capital	Amount
Bank deposits	\$ 11,636,622	Management fee payable	\$ 19
Investments		Income tax payable	822
Mutual funds	54,232,156	Marketable securities payable	15,785,785
Bond	3,791	Trust capital	78,038,890
Common stock	275,286	Reserve and deficit	<u>148,436</u>
Accounts receivable	87,387		
Stock in custody	15,785,785		
Real estate - land and building	<u>11,952,925</u>		
Total	<u>\$ 93,973,952</u>	Total	<u>\$ 93,973,952</u>

**Income Statement of Trust Accounts**  
**Year Ended December 31, 2022**

	<b>Amount</b>
Trust income	
Interest revenue - demand accounts	\$ 4,870
Interest revenue - time deposits	28,985
Interest revenue - bond	424
Cash dividends - common stock	1,285
Income from beneficiary certificates	3,951
Realized capital gain - fund	1
Unrealized capital gain - fund	9
Unrealized capital gain - common stock at stock exchange market	<u>129,789</u>
Total trust income	<u>169,314</u>
Trust expense	
Management expense	15,486
Unrealized capital loss - common stock at stock exchange market	530
Unrealized capital loss - bond	2,957
Realized capital loss - fund	203
Unrealized capital loss - fund	4,496
Others	<u>790</u>
Total trust expense	<u>24,462</u>
Gain before tax	144,852
Income tax expense	<u>(2,706)</u>
Net gain	<u>\$ 142,146</u>

Note: The above trust income statements were not included in the Company's income statements.

**Income Statement of Trust Accounts**  
**Year Ended December 31, 2021**

	<b>Amount</b>
Trust income	
Interest revenue - demand accounts	\$ 802
Interest revenue - time deposits	19,912
Interest revenue - bond	147
Income from beneficiary certificates	344
Cash dividends - common stock	7,718
Realized capital gain - common stock	17,937
Realized capital gain - fund	508
Unrealized capital gain - fund	15
Unrealized capital gain - common stock at stock exchange market	<u>81,421</u>
Total trust income	<u>128,804</u>

(Continued)

	<b>Amount</b>
Trust expense	
Management expense	\$ 13,822
Taxation	5
Agency fees	219
Unrealized capital loss - common stock at stock exchange market	337
Unrealized capital loss - bond	110
Realized capital loss - fund	298
Unrealized capital loss - fund	851
Others	<u>975</u>
Total trust expense	<u>16,617</u>
Gain before tax	112,187
Income tax expense	<u>(1,601)</u>
Net gain	<u>\$ 110,586</u> (Concluded)

Note: The above trust income statements were not included in the Company's income statements.

**Trust Property and Equipment Accounts  
December 31, 2022**

<b>Investment Portfolio</b>	<b>Amount</b>
Bank deposits	\$ 12,828,231
Investments	
Mutual funds	58,256,451
Bond	8,948
Common stock	388,917
Accounts receivable	12,145
Stock in custody	15,470,010
Real estate - land and buildings	<u>12,451,377</u>
	<u>\$ 99,416,079</u>

**Trust Property and Equipment Accounts  
December 31, 2021**

<b>Investment Portfolio</b>	<b>Amount</b>
Bank deposits	\$ 11,636,622
Investments	
Mutual funds	54,232,156
Bond	3,791
Common stock	275,286
Accounts receivable	87,387
Stock in custody	15,785,785
Real estate - land and buildings	<u>11,952,925</u>
	<u>\$ 93,973,952</u>

## 52. FINANCIAL INSTRUMENTS

### a. Fair value information

#### 1) Overview

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When initially recognizing a financial instrument, its fair value is accounted for; in many cases, it usually refers to the transaction price. Other than some financial instruments that are measured at amortized cost, the subsequent measurements are at fair values. The best estimations of fair values are the public quotations in active markets. Where the market of a financial instrument is not active, the Company applies the valuation models, or the quotations from Bloomberg, Reuters, or transaction counterparties when measuring the fair values of the financial instruments.

#### 2) The definitions of each level of the fair value hierarchy are shown below:

##### a) Level 1

Level 1 financial instruments are traded in an active market in which there are quoted prices for identical assets and liabilities. An active market has the following characteristics:

- i. All financial instruments in the market are homogeneous.
- ii. There are willing buyers and sellers in the market all the time.
- iii. The public can access the price information easily.

The products in this level, such as listed stocks and beneficiary securities, usually have high liquidity or are traded in futures market or exchanges.

##### b) Level 2

The products in this level have fair values that can be inferred from either directly or indirectly observable inputs other than quoted prices in an active market. Examples of these inputs are:

- i. Quoted prices from the similar products in an active market. This means the fair value can be derived from the current trading prices of similar products, and whether they are similar products should be judged on the characteristics and trading rules. The fair price valuation in this circumstance may be adjusted due to time differences, trading rule's differences, interested parties' prices, and the correlation of price between itself and the similar goods;
- ii. Quoted prices for identical or similar financial instruments in inactive markets;
- iii. For the marking-to-model method, the inputs to this model should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be obtained from the market and can reflect the expectation of market participants;
- iv. Inputs that are derived from observable market data through correlation or other means.

The fair values of products categorized in this level are usually calculated using a valuation model generally accepted by the market. Examples are forward contracts, cross-currency swap, simple interest bearing bonds, convertible bonds and commercial paper.

c) Level 3

The fair values of the products in this level are typically based on management assumptions or expectations other than the direct market data. For example, historical volatility used in valuing options is an unobservable input because it cannot represent the entire market participants' expectation on future volatility.

The products in this level are complex derivative financial instruments or products with prices that are provided by brokers. Examples are complex foreign exchange options.

3) Measured at fair value on a recurring basis

a) Information of the fair value hierarchies

The Company's financial instruments measured at fair value are all measured at fair value on a recurring basis. The fair value hierarchies of the Company's financial instruments are as follows:

(In Thousands of New Taiwan Dollars)

	<b>December 31, 2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Measured at fair value on a recurring basis</u>				
<u>Nonderivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss (FVTPL)				
Financial assets mandatorily classified as at FVTPL				
Stock	\$ 972,895	\$ 94,377	\$ -	\$ 878,518
Beneficiary certificates and fund	824,895	258,006	-	566,889
Commercial paper	26,558,195	-	26,558,195	-
Asset-based securities	26,637	-	26,637	-
Futures exchange margins	62,175	62,175	-	-
Financial assets at fair value through other comprehensive income				
Stock	11,021,381	8,545,651	-	2,475,730
Debt instruments	48,491,788	-	48,491,788	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	602,545	-	440,271	162,274
Liabilities				
Financial liabilities at FVTPL	931,500	-	769,235	162,265

	<b>December 31, 2021</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Measured at fair value on a recurring basis</u>				
<u>Nonderivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss (FVTPL)				
Financial assets mandatorily classified as at FVTPL				
Stock	\$ 865,862	\$ 830,840	\$ -	\$ 35,022
Beneficiary certificates	1,455,853	908,903	-	546,950
Commercial paper and fund	42,918,771	-	42,918,771	-
Asset-based securities	40,877	-	40,877	-
Negotiable certificates of deposit	999,902	-	999,902	-
Futures exchange margins	58,090	58,090	-	-
Financial assets at fair value through other comprehensive income				
Stock	16,205,403	13,836,162	-	2,369,241
Debt instruments	48,491,788	-	48,491,788	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	303,698	-	209,634	94,064
Liabilities				
Financial liabilities at FVTPL	495,421	-	401,379	94,042

b) The financial instruments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants with full understanding of the sale or transfer transaction. The fair values of financial instruments at fair value, financial assets at fair value through other comprehensive income, available-for-sale financial assets and hedging derivative financial instruments with quoted price in an active market are based on their market prices; financial instruments with no quoted prices in an active market are estimated by valuation methods.

i. Marking to market

This method should be used first to determine fair value. Following are the principles to follow in marking to market:

- i) Ensure the consistency and integrity of market data.
- ii) The source of market data should be transparent and easy to access and can be referred to by independent resources.
- iii) Listed securities with tradable prices should be valued at closing prices.
- iv) Evaluating unlisted securities that lack tradable closing prices should use quoted prices from independent brokers.

ii. Marking to model

The use of marking to model is suggested if marking to market is infeasible. This valuation methodology is based upon model inputs that are used to derive the value of the trading positions. The Company uses the same estimations and assumptions as those used by market participants to determine the fair value.

The Company uses the forward rates provided by Reuters to estimate the fair values of forward contracts, foreign exchange swap contracts, interest rate swap and cross-currency swap contracts and the discounted cash flow method to calculate the fair values of each contract. For foreign exchange option transactions, the Company uses the option pricing models which are generally used by other market participants (e.g., the Black-Scholes model) to calculate the fair value of the contracts.

For debt instruments with no active market, the Company estimates fair values based on prices quoted by counterparties and adjusted in accordance with the results of the evaluation of a debtor's credit.

c) Fair value adjustment

Credit risk assessment adjustment refers to the fair value of the over the counter (OTC) derivative financial commodity contracts, which also reflects the credit risk of both parties. It can be mainly divided into "credit evaluation adjustment" and "debit evaluation adjustment":

- i. Credit value adjustments (CVA): A transaction in a non-concentrated trading market, that is, the adjustment of the derivatives contract evaluation in the OTC transaction, which reflects the possibility of the Company may not be able to collect the full market value or the counterparty may default on the repayment on the fair value.
- ii. Debit value adjustments (DVA): It refers to the transactions of the non-concentrated trading market, that is, the adjustment of the derivatives contract evaluation in the OTC transaction, which reflects the possibility that the Company may not be able to collect the full market value or the counterparty may default on the repayment of the fair value.

Both CVA and DVA are concepts of estimated loss, calculated as the probability of default (PD) multiplied by the default loss rate (LGD) and multiplied by the exposure at default (EAD).

For customers with external credit ratings, the default probability is based on the default probability corresponding to the external rating; for customers without external credit ratings, the impairment rate calculated according to the Company's loan and receivable impairment assessment and the average incidence of impairment is taken as the default probability.

The Company uses the fair value of OTC derivatives to calculate the amount of default risk (EAD).

The Company uses 60% as the default loss rate based on the recommendation of "IFRS 13 CVA and DVA Related Disclosure Guidelines" of the Stock Exchange.

The Company incorporates the credit risk assessment adjustment into the fair value calculation of financial instruments to reflect the counterparty's credit risk and the Company's credit quality.

d) Transfers between Level 1 and Level 2

There was no material transfer between Level 1 and Level 2 for 2022 and 2021.

e) Reconciliation of Level 3 items of financial instruments

i. Reconciliation of Level 3 items of financial assets

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial assets at fair value through profit or loss								
Derivative financial assets	\$ 94,064	\$ 39,931	\$ -	\$ 118,529	\$ -	\$ (90,250)	\$ -	\$ 162,274
Beneficiary certificates	546,950	2,563	-	17,436	-	(60)	-	566,889
Equity instruments	35,022	125,821	-	750,000	-	(32,325)	-	878,518
Financial assets at fair value through other comprehensive income								
Equity instruments	2,369,241	-	(268,702)	375,191	-	-	-	2,475,730

For the year ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial assets at fair value through profit or loss								
Derivative financial assets	\$ 55,718	\$ 13,663	\$ -	\$ 78,856	\$ -	\$ (54,173)	\$ -	\$ 94,064
Beneficiary certificates	556,354	(19,967)	-	10,563	-	-	-	546,950
Equity instruments	44,441	(1,941)	-	-	-	(7,478)	-	35,022
Financial assets at fair value through other comprehensive income								
Equity instruments	1,913,887	-	556,216	487,543	-	(588,405)	-	2,369,241

The valuation profit and loss above are listed under current profit and loss, and attributed to the amount of profit and loss of the assets held in the accounts as of December 31, 2022 and 2021; the profits are \$168,315 thousand and \$8,245 thousand, respectively.

ii. Reconciliation of Level 3 items of financial liabilities

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	\$ 94,042	\$ 98,618	\$ -	\$ 92,486	\$ -	\$ (122,881)	\$ -	\$ 162,265

For the year ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	\$ 55,694	\$ 56,702	\$ -	\$ 50,773	\$ -	\$ (69,127)	\$ -	\$ 94,042

The valuation profit and loss above are listed under current profit and loss, and attributed to the amount of profit and loss of the assets held in the accounts as of December 31, 2022 and 2021; the losses are \$39,931 thousand and \$56,702 thousand, respectively.

f) Quantitative information of significant unobservable inputs - Level 3 fair value measurement

Item	Product	2022/12/31 Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
Financial assets at fair value through profit or loss						
Derivative financial instruments	Foreign exchange options	\$ 162,274	Option pricing model	Ratio	AUD/JPY 14.36%-14.85% AUD/USD 12.21%-12.47% EUR/GBP 7.81%-7.82% EUR/USD 8.53% USD/TWD 5.98%-7.09% USD/ZAR 15.67%-15.68%	The higher the ratio is, the higher the fair value
Non-derivative financial instruments	Stock	878,518	Assets value model	Allowance of minority interest	5%-10%	The higher the equity dispersion is, the lower the fair value
	Beneficiary certificates	566,889	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
Financial assets at fair value through other comprehensive income						
Non-derivative financial instruments	Stock	2,214,298	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
	Stock	261,432	Market method	Allowance of minority interest	10%	The higher the equity dispersion is, the lower the fair value
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	Foreign exchange options	162,265	Option pricing model	Ratio	AUD/JPY 14.36%-14.85% AUD/USD 12.21%-12.47% EUR/GBP 7.81%-7.82% EUR/USD 8.53% USD/TWD 5.98%-7.09% USD/ZAR 15.67%-15.68%	The higher the ratio is, the higher the fair value

Item	Product	2021/12/31 Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
Financial assets at fair value through profit or loss						
Derivative financial instruments	Foreign exchange options	\$ 94,064	Option pricing model	Ratio	AUD/JPY 9.51%-10.18% AUD/USD 9.72% EUR/USD 6.87%-8.15% NZD/USD 10.16%-10.68% USD/CNH 6.10% USD/TWD 4.30%-5.95% USD/ZAR 15.80%-16.22%	The higher the ratio is, the higher the fair value
Non-derivative financial instruments	Stock	35,022	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
	Beneficiary certificates	546,950	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
Financial assets at fair value through other comprehensive income						
Non-derivative financial instruments	Stock	1,839,593	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
	Stock	529,648	Market method	Allowance of minority interest	10%-%	The higher the equity dispersion is, the lower the fair value
Financial liabilities at fair value through profit or loss						
Derivative financial instruments	Foreign exchange options	94,042	Option pricing model	Ratio	AUD/JPY 9.51%-10.18% AUD/USD 9.72% EUR/USD 6.87%-8.15% NZD/USD 10.16%-10.68% USD/CNH 6.10% USD/TWD 4.3%-5.95% USD/ZAR 15.80%-16.22%	The higher the ratio is, the higher the fair value

g) The assessment process of Level 3 fair value measurement

To ensure that the product assessment results can be close to the market, the risk management department of the Company is responsible for the verification of the independent fair value. For products assessed by the model, before daily assessment, the information required for the assessment will be verified as correct and consistent with each other and the department will calibrate the model to the market quotation and update the input value required for the assessment model. In addition to regular checking of the accuracy of the assessment model, the reasonableness of the prices provided by third parties will also be checked.

- h) Sensitivity analysis of Level 3 fair value if reasonably possible alternative assumptions were used

The Company's Level 3 financial instruments are foreign exchange options. When engaging in foreign exchange option transactions, the Company makes a match for other banks and customers. Thus, the Company does not hold positions, and its source of profit and loss is from receiving and paying premiums. The sensitivity analysis has no effect on profit and loss since the Company does back-to-back transactions and the assets offset the liabilities.

The fair value measurement of financial instrument is reasonable although the use of different valuation models or parameters may lead to different results. For financial instruments classified in Level 3, if the parameter changes by 10%, the effects on profit or loss or other comprehensive income for the current periods are as follows:

December 31, 2022

	<b>Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 247,573	\$ (247,573)

December 31, 2021

	<b>Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period</b>	
	<b>Favorable Changes</b>	<b>Unfavorable Changes</b>
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 236,924	\$ (236,924)

b. Fair value of financial instruments that are not measured at fair value

1) Information of fair value

For the Company's financial assets not measured at fair values, other than the items listed in the following table, the carrying amounts of cash and cash equivalents, dues from the Central Bank and other banks, investments of notes under reverse repurchase agreements and bonds, accounts receivable, discounts and loans, some of other financial assets, deposits from the Central Bank and other banks, dues to the Central Bank and other banks, liabilities of notes under repurchase agreement and bonds, accounts payable, deposits and remittances, corporate bonds payable, and other financial liabilities are reasonable approximations of their fair values, so their fair values are not disclosed.

	<b>December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>
<u>Financial assets</u>				
Financial assets measured at amortized cost	\$ 82,519,002	\$ 78,524,889	\$ 77,431,542	\$ 79,021,276
<u>Financial liabilities</u>				
Bank debentures	5,000,000	4,922,683	7,700,000	7,760,694

2) Fair value hierarchy

<b>Items</b>	<b>December 31, 2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Financial assets measured at amortized cost	\$ 78,524,889	\$ -	\$ 78,524,889	\$ -
<u>Financial liabilities</u>				
Bank debentures	4,922,683	-	4,922,683	-

<b>Items</b>	<b>December 31, 2021</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<u>Financial assets</u>				
Financial assets measured at amortized cost	\$ 79,021,276	\$ -	\$ 79,021,276	\$ -
<u>Financial liabilities</u>				
Bank debentures	7,760,694	-	7,760,694	-

## 53. FINANCIAL RISK MANAGEMENT

### a. Overview

To deal with any expected or unexpected business risk, the Company has established a comprehensive risk management system to allocate resources effectively and efficiently, strengthen business competitiveness, mitigate operational risk to a tolerable or acceptable level, and maintain the capital adequacy ratio to meet the minimum requirements of the authorities and the Basel Accord framework.

### b. Risk management framework

The board of directors, which occupies the highest level in the Company's risk management framework, reviews risk management policies, the overall risk management framework and organization structure for carrying out responsibilities and exercising accountability. The Asset/Liability Management Committee inspects management reports or information provided by business units and the Risk Management Division. The Risk Management Division is an independent unit that is in charge of reviewing the risk management system designed by business units and the compliance with risk management requirements; this division also submits risk management reports to the authorities and develops a series of risk management tools to assess the risks identified. Business units establish risk control procedures, manage and monitor the implementation of those controls in operation units. Operation units perform daily risk management work and internal controls to ensure the accuracy and completeness of the risk management information generated.

### c. Credit risk

#### 1) Credit risk definitions and sources

Credit risk refers to the risk of losses caused by borrowers, debtors, or counterparties' failure to fulfill their contractual obligations due to deteriorating financial position or other factors. It arises principally from transactions involving discounts, loans, credit cards, due from or call loans to banks, debt investments and derivatives etc., and also from off-balance sheet products such as guarantees, acceptance, letters of credit and commitments.

#### 2) Strategy/objectives/policies and processes

- a) Credit risk management strategy: The Company has established the "Credit Risk Management Standards of Union Bank of Taiwan" as the basis of planning, implementing, and managing credit risk management system.
- b) Credit risk management objective: The objectives are to establish and implement an effective credit risk management mechanism to mitigate credit risk, archive operational and management goals, and balance business development and risk control.
- c) Credit risk management policy: The policies are meant to ensure that credit risk falls within an acceptable range and that adequate capital is maintained to meet credit risk management objectives and create maximum risk-adjusted returns.
- d) Credit risk management process: The Company carries out credit risk identification, credit risk measurement, credit risk mitigation, credit risk monitoring and control and credit risk reporting process as part of its credit risk management mechanism.

#### 3) Credit risk management framework

- a) The board of directors: The board of directors, the top risk supervisor of the Company, reviews risk management policies, operational risk limits and the design and change of credit risk management framework.

- b) Asset/Liability Management Committee: This committee inspects management reports or information provided by business units and the Risk Management Division.
- c) Risk Management Division: The Risk Management Division is an independent unit that is in charge of the work related to three pillars of Basel and reviews the risk management system designed by business units and the compliance with risk management requirements; the division also submits risk management reports to the authorities and develops risk management tools to assess the risk identified.
- d) Business units: Business units are responsible for establishing risk management regulations and risk control procedures and managing and monitoring the implementation of those controls in operation units.
- e) Operation units: Under the risk management regulations and procedures set by business units, operation units perform daily risk management work and internal controls and prepares reports on these tasks.

#### 4) Credit risk measurement, control and reporting

- a) The range of credit risk reporting:
  - i. Each business unit will regularly report the promotion of the business and the allocation of risk assets to the Assets/Liability Management Committee (ALMC).
  - ii. The Company's risk management department regularly monitors the credit limit control situations and reports to the ALMC the credit concentration and the status of each business' achieving BIS (Bank for International Settlements) goals. The department also presents the volume of business NPL situation, credit concentration and the execution of credit risk control to the board of directors.
- b) Measurement system:

The Company's credit risk management adopts the use of the standardized approach to calculate capital charge and regularly submits related reports to the government. The risk management division and business units implement the Company's management system and monitors the credit exposure of the business, industry, and countries as well as the concentration of credit and collateral to effectively measure and manage investment portfolio.

#### 5) Mitigation of risks or hedging of credit risk

The Company is exposed to loss on each credit risk faced by its business. Thus, depending on the nature of the business and the cost considerations, the Company will take appropriate reasures to control risk. The Company's information systems provide information that can be used in managing risk control procedures, and the risk management division reports to the board every six months the business risk management status.

6) Maximum exposure to credit risk

The maximum credit exposures of assets in the consolidated balance sheets are almost equivalent to their carrying values. These off-balance sheet maximum credit exposures (excluding collaterals and other credit enhancement instruments) are shown as follows:

Off-Balance Sheet Items	The Maximum Credit Exposure	
	December 31, 2022	December 31, 2021
Irrevocable standby loan commitment	\$ 5,839,357	\$ 9,993,572
Unused letters of credit	2,769,934	1,874,481
Other guarantees	19,222,176	18,796,924
Unused credit card commitments	303,890,640	288,563,204

December 31, 2022	Collateral	Netting Arrangements	Other Credit Enhancement	Total
<u>In-balance sheet items</u>				
Discount and loans	\$ 475,720,356	\$ -	\$ -	\$ 475,720,356

December 31, 2021	Collateral	Netting Arrangements	Other Credit Enhancement	Total
<u>In-balance sheet items</u>				
Discount and loans	\$ 416,806,457	\$ -	\$ -	\$ 416,806,457

7) Concentrations of credit risk exposure

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

There can be credit risk concentrations in a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. These exposures can cover credits, loans and deposits, call loans to banks, investments, receivables and derivatives. To minimize its credit risk, the Company maintains a diversified portfolio; limits its exposure to any one geographic region, country or individual creditor; and closely monitors its exposures. The Company's most significant concentrations of credit risk are summarized as follows:

a) By industry

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Private enterprises	\$ 168,018,996	30.30	\$ 139,104,736	26.86
Public enterprises	417,628	0.08	470,729	0.09
Government organizations	16,154,967	2.91	45,743,005	8.83
Nonprofit organizations	642,258	0.12	647,279	0.13
Private organizations	367,101,004	66.20	330,120,793	63.73
Financial institutions	250,307	0.05	467	-
Foreign enterprises	1,890,825	0.34	1,879,655	0.36
Total	\$ 554,475,985	100.00	\$ 517,966,664	100.00

b) By geographical area

The Company's operations are mainly in Taiwan.

c) By collaterals

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Unsecured	\$ 68,053,401	12.27	\$ 90,026,405	17.38
Secured				
Financial instruments	11,799,400	2.13	12,304,039	2.38
Stocks	18,308,121	3.30	15,165,456	2.93
Properties	418,523,058	75.78	362,284,901	69.94
Movables	21,999,813	3.97	22,001,530	4.25
Guarantees	12,535,616	2.26	14,824,514	2.86
Others	3,256,576	0.29	1,359,819	0.26
Total	\$ 554,475,985	100.00	\$ 517,966,664	100.00

8) Analysis of impairment for financial assets

On the basis of the result of a credit evaluation, the Company may require collaterals before the credit facilities are granted. To minimize credit risk, appropriate collaterals are required on the basis of the borrowers' financials and debt service capabilities. All guarantees and appraisal procedures follow the authorities' relevant regulations and the Company's internal rules. The Company's internal rules describe the acceptable types of collaterals, appraisal methods, appraisal process, and post-approval collateral management, which require close monitoring of the value of collaterals to ensure repayment. The main collateral types are summarized as follows:

- a) Real estate
- b) Other property
- c) Securities/stock
- d) Deposits/certificates of deposits
- e) Credit guarantee fund or government guarantee

The Company observes the value of collateral for financial instruments and takes into consideration the impairment loss that should be recognized for financial assets that are credit-impaired. The values of the credit-impaired financial assets and the values of collateral to mitigate potential losses are as follows:

December 31, 2022

Credit-impaired Financial Assets	Carrying Amount	Allowance for Impairment Loss	Exposure Amount (Amortized Cost)	Fair Value of Collateral
Receivables				
Credit cards	\$ 844,187	\$ 32,797	\$ 811,390	\$ -
Other	40,318	14,346	25,972	34,826
Discounts and loans	<u>1,941,707</u>	<u>351,831</u>	<u>1,589,876</u>	<u>5,260,897</u>
	<u>\$ 2,826,212</u>	<u>\$ 398,974</u>	<u>\$ 2,427,238</u>	<u>\$ 5,295,723</u>

December 31, 2021

<b>Credit-impaired Financial Assets</b>	<b>Carrying Amount</b>	<b>Allowance for Impairment Loss</b>	<b>Exposure Amount (Amortized Cost)</b>	<b>Fair Value of Collateral</b>
Receivables				
Credit cards	\$ 938,024	\$ 60,590	\$ 877,434	\$ -
Other	113,857	26,318	87,539	29,630
Discounts and loans	<u>1,337,678</u>	<u>373,914</u>	<u>963,764</u>	<u>3,628,220</u>
	<u>\$ 2,389,559</u>	<u>\$ 460,822</u>	<u>\$ 1,928,737</u>	<u>\$ 3,657,850</u>

9) Judgment that credit risk has increased significantly since the initial recognition

On each reporting date, the Company assesses the change in the default risk of financial assets, as well as considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, to determine whether the credit risk has increased significantly. The main considerations include:

Quantitative indicators

- a) The borrower pays the amount for contracts overdue for at least one month (more than or equal to 30 days for the credit card business), or the amounts for other contracts that are overdue for at least one month (more than or equal to 30 days for the credit card business).
- b) Debt instruments whose prices on the reporting date have fallen more than 40% from the original price since the acquisition date.
- c) Debt instruments that have non-investment grades based on the debt (priority), issuer, and guarantor's credit rating and that have fallen by more than two grades and whose prices have fallen by more than 15% on the reporting date.

Qualitative indicators

- a) The borrower's check bounced due to insufficient funds in the Company's checking account, or announced as a rejected account.
- b) The borrower's collateral was seized.
- c) The borrower's debt has been recognized as a non-accrual loan or transferred to bad debt by other financial institutions.
- d) The borrower has been reorganized.
- e) An auditors' report on the borrower has been released where it was stated that a material uncertainty exists that may cast significant doubt on the borrower's ability to continue as a going concern.
- f) The borrower has other bad debts that indicate that the borrower's ability to perform its debt obligations is weak or has signs of impairment, which has been assessed to affect its operations or repayment ability.

## 10) Definition of default and credit impaired financial assets

The Company uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions below are met, the Company determines that the financial assets have defaulted and are credit impaired. The main considerations include:

- a) The borrower pays the amount for contracts overdue for at least 3 months (90 days and above for the credit card business).
- b) The debtor has significant financial difficulties (e.g., the debtor has ceased operations, is bankrupt, or has liquidated).
- c) Economic or legal considerations, concessions to borrowers with financial difficulties (such as debt negotiations).

If the financial assets no longer meet the definition of default and credit impairment, they are judged as regaining their status of meeting performance obligations and are no longer regarded as financial assets that have defaulted and are credit impaired.

## 11) Reversal policy

When the Company is not reasonably expected to recover all or part of the financial assets, the indicators that all or part of the financial assets that cannot be reasonably expected to be recovered include the following:

- a) Recourse activities have stopped.
- b) The borrower is assessed to have insufficient assets or sources of income to pay the outstanding amount.

The financial assets that have been written off by the Company may still have ongoing recourse activities in accordance with the relevant policies.

## 12) Contractual cash flow modification of financial assets

The Company may modify the contractual cash flow of financial assets due to the borrower's financial difficulties, increase in the recovery rate of the doubtful borrowers, or to maintain customer relationships. The modification of the contractual terms of the financial assets may include extending the contract period, modifying the interest payment time, and modifying the agreed interest rate or the exemption of some of the outstanding debts. The modification of contractual cash flows of financial assets may result in the delisting of existing financial assets in accordance with the Company's financial assets delisting policy and recognition of new financial assets at fair value.

If the contractual cash flow modification of a financial asset does not result in a derecognition, the Company assesses whether the credit risk of the financial asset has increased significantly by comparing the following:

- a) Risk of default on the reporting date (based on modified contract terms).
- b) The risk of default at the time of original recognition (based on the original unmodified contract terms).

The Company considers the borrower’s subsequent payment in accordance with the revised terms and several relevant behavioral indicators to assess the probability of default of the revised financial assets and confirm whether the contract modification improves or restores the ability of the Company to recover the relevant contract payments. If the borrower pays the contract amount according to the revised terms and shows good payment behavior, it can be determined that the credit risk is reduced and the loss allowance will be measured by the 12-month expected credit loss.

The Company regularly reviews the changes in credit risk of the revised financial assets in accordance with relevant policies, and evaluates whether there is a significant increase in credit risk following the revised financial assets based on a specific model.

### 13) Measurement of expected credit losses

For the purpose of assessing expected credit losses, credit assets are classified into the following groups based on the credit risk characteristics of the borrower’s industry, credit risk rating, collateral type and remaining maturity period:

<b>Business</b>	<b>Group</b>	<b>Definition</b>
Corporate banking	Corporate banking	Corporate banking business
Consumer banking	Mortgages	Mortgage business
	Financial loans	Financial loan business
	Credit card	Credit card business
	Others	Other business

The Company adopts the 12-month ECL model to evaluate the loss allowance of financial instruments whose credit risk have not increased significantly since initial recognition, and adopt the lifetime ECL model to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Company considers both the 12-month and lifetime probability of default (“PD”) of the borrower with the loss given default (“LGD”), multiplied by the exposure at default (“EAD”), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

“PD” refers to the borrower’s probability to default and “LGD” refers to losses caused by the default. The Company calculates the “PD” and “LGD” used in the impairment assessment of the credit business according to each group’s historical information (such as credit loss experience) from internal statistical data, and after adjustment of the historical data based on current observable and forward-looking macroeconomic information.

	<b>Account Receivable</b>				<b>Total</b>
	<b>December 31, 2022</b>				
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Additional Impairment Loss Required under Regulations</b>	
Gross carrying amount	\$ 28,366,326	\$ 142,768	\$ 884,505	\$ -	\$ 29,393,599
Less: Allowance for impairment loss	129,372	12,241	47,143	-	188,756
Less: Additional impairment loss required under regulations	-	-	-	23,860	23,860
	<u>\$ 28,236,954</u>	<u>\$ 130,527</u>	<u>\$ 837,362</u>	<u>\$ 23,860</u>	<u>\$ 29,180,983</u>

<b>Account Receivable</b>					
<b>December 31, 2021</b>					
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Additional Impairment Loss Required under Regulations</b>	<b>Total</b>
Gross carrying amount	\$ 26,562,872	\$ 115,944	\$ 1,051,881	\$ -	\$ 27,730,697
Less: Allowance for impairment loss	75,695	10,976	86,908	-	173,579
Less: Additional impairment loss required under regulations	-	-	-	86,497	86,497
	<u>\$ 26,487,177</u>	<u>\$ 104,968</u>	<u>\$ 964,973</u>	<u>\$ 86,497</u>	<u>\$ 27,470,621</u>

<b>Discounts and Loans</b>					
<b>December 31, 2022</b>					
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Additional Impairment Loss Required under Regulations</b>	<b>Total</b>
Gross carrying amount	\$ 529,977,755	\$ 2,423,258	\$ 1,941,707	\$ -	\$ 534,342,720
Less: Allowance for impairment loss	690,741	202,615	351,831	-	1,245,187
Less: Additional impairment loss required under regulations	-	-	-	4,978,932	4,978,932
	<u>\$ 529,287,014</u>	<u>\$ 2,220,643</u>	<u>\$ 1,589,876</u>	<u>\$ 4,978,932</u>	<u>\$ 528,118,601</u>

<b>Discounts and Loans</b>					
<b>December 31, 2021</b>					
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Lifetime ECL (Credit-impaired Financial Assets)</b>	<b>Additional Impairment Loss Required under Regulations</b>	<b>Total</b>
Gross carrying amount	\$ 495,317,823	\$ 1,972,968	\$ 1,337,678	\$ -	\$ 498,628,469
Less: Allowance for impairment loss	429,117	110,659	373,914	-	913,690
Less: Additional impairment loss required under regulations	-	-	-	4,482,269	4,482,269
	<u>\$ 494,888,706</u>	<u>\$ 1,862,309</u>	<u>\$ 963,764</u>	<u>\$ 4,482,269</u>	<u>\$ 493,232,510</u>

When the Company estimates the 12-month and lifetime expected credit losses for its loan commitments, it will give different credit conversion factors according to the characteristics of each product. The Company will also take into consideration the amount that is expected to be utilized within 12 months from the reporting date and the expected lifetime of each commitment in determining the default risk amount that is used to calculate the expected credit loss.

The estimation techniques or material assumptions used to assess expected credit losses have not changed significantly during the current period.

#### 14) Consideration of forward-looking information

The Company's credit (including credit card) segments are based on different loan properties, such as corporate banking, consumer finance, credit, car loans and credit cards, and forward-looking model estimates are carried out, based on actual default rates and overall economic variables of each segment in the past quarters. The default rate for the next year is estimated using the credit risk chain model, by estimating the relationship between the default rate and the overall economic variables. The investment function makes reference to external credit ratings in their consideration of forward-looking information.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity risk means banks cannot provide sufficient funding for asset size growth and for meeting obligations on matured liabilities or have to make late payments to counterparties or raise emergency funding to cover funding gaps.

2) Liquidity risk management strategy and principles

- a) The board of directors, the top risk supervisor of the Company, regularly reviews liquidity risk management policies. The Asset/Liability Management Committee, the top liquidity risk executive of the Company, supervises the implementation of liquidity risk monitoring and control procedures and is responsible for taking any needed remedial measures.
  - b) In making internal transfer pricing, performance evaluation and new product development decisions, the operation units take liquidity cost and product effectiveness and risks into consideration and align their decisions with the Company's overall liquidity risk management policies.
  - c) The fund procurement department implements funding strategies in accordance with the conservatism principle to diversify the funding sources and negotiate reasonable repayment periods to ensure continuing participation in the lending market, and maintains a close relationship with fund providers to strengthen financing channels and ensure the stability and reliability of fund sources.
  - d) To strengthen liquidity risk management, the Company has regulations requiring the daily execution of risk management procedures and the monitoring of implementation to maintain sufficient liquidity.
  - e) The risk management units report the Company's liquidity position to the Asset/Liability Management Committee monthly and report the Company's liquidity risk management to the board of directors regularly.
- 3) The liquidity risk analysis of the cash inflow and outflow of assets and liabilities held for liquidity risk refers to the amounts of the obligations for the remaining maturity periods, i.e., from the reporting date to the contract maturity dates. The maturity analysis of financial assets and financial liabilities:
- a) For maintaining solvency and meeting the needs of emergency assistance arrangements, the Company holds cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial assets, held-to-maturity financial assets, and debt instruments with no active market, etc.

- b) The Company disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those that shown in the consolidated balance sheets.

i. The maturity analysis of financial liabilities

December 31, 2022						
	Due in One Month	Due Between after One Month and Three Months	Due Between after Three Months and Six Months	Due Between after Six Months and One Year	Due after One Year	Total
Deposits from the Central Bank and other banks	\$ 292,806	\$ 435,984	\$ 2,093,430	\$ 2,608,430	\$ 386,549	\$ 5,817,199
Due to the Central Bank and other banks	904,865					904,865
Securities sold under agreements to repurchase	28,232,346	6,066,261	-	-	-	34,298,607
Accounts payables	4,672,265	996,471	1,349,913	195,648	42,576	7,256,873
Deposits and remittance	56,263,885	90,647,028	93,245,487	202,878,439	264,879,495	707,914,334
Preferred stock liabilities	-	-	-	-	375,000	375,000
Bank debentures	-	-	-	-	5,000,000	5,000,000
Bonds payable	-	1,001,523	-	-	-	1,001,523
Other liabilities	6,567,041	4,138,548	191,147	499,955	1,568,985	12,965,676

December 31, 2021						
	Due in One Month	Due Between after One Month and Three Months	Due Between after Three Months and Six Months	Due Between after Six Months and One Year	Due after One Year	Total
Deposits from the Central Bank and other banks	\$ 4,283,393	\$ 508,474	\$ 3,025,050	\$ 1,715,000	\$ 468,225	\$ 10,000,142
Due to the Central Bank and other banks	781,485	47,540	91,060	472,900	5,749,070	7,142,055
Securities sold under agreements to repurchase	32,435,362	18,844,394	-	-	-	51,279,756
Accounts payables	6,284,226	945,934	1,112,929	128,692	48,183	8,519,964
Deposits and remittance	45,284,473	80,144,406	91,380,213	183,802,395	270,771,371	671,382,858
Preferred stock liabilities	-	-	-	-	371,500	371,500
Bank debentures	-	500,000	2,200,000	-	5,000,000	7,700,000
Bonds payable	-	-	-	-	1,047,276	1,047,276
Other liabilities	4,178,987	2,377,019	193,529	3,827,261	1,776,136	12,352,932

Further information on the maturity analysis of lease liabilities is as follows:

December 31, 2022							
	Due in One Year	Due Between after One Year and Five Years	Due Between after Five Years and Ten Years	Due Between after Ten Years and Fifteen Years	Due Between after Fifteen Years and Twenty Years	Due after Twenty Years	Total
Lease liability	<u>\$ 444,377</u>	<u>\$ 827,160</u>	<u>\$ 263,486</u>	<u>\$ 141,129</u>	<u>\$ 50,481</u>	<u>\$ -</u>	<u>\$ 1,726,633</u>

December 31, 2021							
	Due in One Year	Due Between after One Year and Five Years	Due Between after Five Years and Ten Years	Due Between after Ten Years and Fifteen Years	Due Between after Fifteen Years and Twenty Years	Due after Twenty Years	Total
Lease liability	<u>\$ 470,627</u>	<u>\$ 1,029,372</u>	<u>\$ 260,652</u>	<u>\$ 158,857</u>	<u>\$ 65,735</u>	<u>\$ -</u>	<u>\$ 1,985,243</u>

ii. The maturity analysis of derivatives financial liabilities - forward exchange contracts and currency swap contracts

December 31, 2022						
	0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at gross amounts						
Cash outflow	\$ 9,735,191	\$ 29,818,552	\$ 1,033,696	\$ 977,209	\$ -	\$ 41,564,648
Cash inflow	<u>9,544,469</u>	<u>29,297,427</u>	<u>990,960</u>	<u>959,277</u>	<u>-</u>	<u>40,792,133</u>
	190,722	521,125	42,736	17,932	-	772,515
Derivative financial liabilities to be settled at net amounts						
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 190,722</u>	<u>\$ 521,125</u>	<u>\$ 42,736</u>	<u>\$ 17,932</u>	<u>\$ -</u>	<u>\$ 772,515</u>

	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at gross amounts						
Cash outflow	\$ 27,246,729	\$ 43,370,414	\$ 475,555	\$ 181,806	\$ -	\$ 71,274,504
Cash inflow	<u>27,001,959</u>	<u>43,217,057</u>	<u>474,191</u>	<u>180,016</u>	<u>-</u>	<u>70,873,223</u>
	244,770	153,357	1,364	1,790	-	401,281
Derivative financial liabilities to be settled at net amounts						
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 244,770</u>	<u>\$ 153,357</u>	<u>\$ 1,364</u>	<u>\$ 1,790</u>	<u>\$ -</u>	<u>\$ 401,281</u>

iii. The maturity analysis of derivatives financial liabilities-option contracts

	December 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at net amounts	<u>\$ 7,030</u>	<u>\$ 13,257</u>	<u>\$ 27,728</u>	<u>\$ 16,879</u>	<u>\$ -</u>	<u>\$ 64,894</u>

	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at net amounts	<u>\$ 5,882</u>	<u>\$ 6,431</u>	<u>\$ 10,490</u>	<u>\$ 12,793</u>	<u>\$ -</u>	<u>\$ 35,596</u>

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices and commodity prices), which may cause financial instruments classified in the trading book to give rise to a potential loss on or off the balance sheet items.

2) Market risk management strategy and processes

The Company implements the “Market Risk Management Standards of Union Bank of Taiwan”, which had been approved by the board of directors, as the basis of market risk management.

The market risk management processes are risk identification, risk measurement, risk monitoring and control, risk reporting and risk mitigation.

- a) Risk identification: For balance sheet and off-balance sheet items, the Company identifies and assesses market risk factors of products and the investment business and subjects them to risk management, monitoring and control procedures.
- b) Risk measurement: In principle, each investment or transaction has at least one risk measurement tool - such as sensitivity analysis, value at risk and stress testing, which can be applied to variables, such as fair market value and notional amounts, to quantify market risk.
- c) Risk monitoring and control: Each operation unit observes the risk limit regulation stated in its operating manual and regularly monitors risk control. The department of risk management is responsible for summarizing and reporting the Company’s overall market risk monitoring.

- d) Risk reporting: The risk management reports are classified as regular report, over-limit report and exception report. Regular reports are the management statements sent to the appropriate level in accordance with certain requirements. Over-limit reports are about situations in which risk limits are exceeded. Exception reports contain operation units' recommendations on how to meet temporary business needs.
- e) Risk mitigation: An operation unit may take certain action to reduce risk, such as hedging, investment combination adjustment, position adjustment, setting a break-even point, halting new transactions, etc.

### 3) Market risk management framework

- a) The board of directors: The board of directors, the Company's top market risk supervisor, reviews risk management policies, operational risk limits and the design and change of the credit risk management framework.
- b) Asset/Liability Management Committee: The Asset/Liability Management Committee inspects management reports or information provided by business units and the Risk Management Division.
- c) Risk Management Division: The Risk Management Division is an independent unit in charge of the work related to three pillars of Basel and of the development of market risk management tools to assess and control the risk identified through setting risk limits.
- d) Operation units: Operation units perform daily market risk management work and report the market risk of investment positions and related information to the authorities.

### 4) Market risk measurement, control and reporting

- a) The market risk of the trading book financial instruments is measured in accordance with the fair market value or evaluation model and the profit and loss situation is evaluated regularly.
- b) The business units and the risk management division prepares management reports periodically and report to the appropriate level.
- c) The market risk management system combines the evaluation of the front and middle offices to generate information that will assist management in risk monitoring. Moreover, the system supports the capital accrual method being used by the Company through generating internal and external reports for management's decision, making.

### 5) Market risk measurement of trading book

The Company assesses the market risk exposure of the trading book in conformity with an assessment model using publicly quoted market prices or other measurement methods, including interest rate sensitivity analysis (DV01 value) and stress tests. The interest rate sensitivity analysis (DV01 value) refers to changes in market interest by 1 basis point (0.01%); the abnormal stress test system deals with market volatility and involves the regular estimation of possible losses (stress loss) and of the impact of stress test scenarios on major asset portfolios and the Company's profit and loss.

6) Banking book market risk

a) Interest rate risk

The loans and deposits and other interest rate-related items in the Company's balance sheet, including interest rate sensitive assets and interest rate sensitive liabilities, are measured from the viewpoint of earnings because there is a risk of decrease in earnings due to adverse changes in interest rates for loans and deposits.

The earnings viewpoint mainly emphasizes the impact of interest rates on earnings, especially short-term earnings. For 2022 and 2021, assuming all market risk indicators, except interest rates, remained constant, an interest rate increase or decrease by 100bps would result in an increase or decrease in profit before tax by \$450,642 thousand and \$562,592 thousand, respectively.

b) Exchange rate risk

The exchange rate risk of the banking book refers to the business operation of the International Banking Department of the Company's Head Office and the operating funds in foreign currencies required by the ROC or local regulations; if there are adverse exchange rate changes, the income statement or cumulative translation adjustments in equity would be negatively affected.

The International Banking Department (IBD) of the Company's Head Office is a going concern, and its operating funds are foreign currencies for business needs. However, the exchange rate risk on these funds is not significant because the percentage of the operating funds to the Company's total assets is small, as shown by the immaterial ratio of the IBD's cumulative translation adjustment to the Companies' net worth.

7) Foreign currency rate risk information

The information of significant foreign financial assets and liabilities is as follows:

**Unit: Each Foreign Currency (In Thousands)/NT\$ (In Thousands)**

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
USD	\$ 3,535,696	30.7080	\$ 108,574,147
JPY	24,281,404	0.2324	5,642,318
GBP	12,282	37.0553	455,110
AUD	104,672	20.8292	2,180,239
HKD	158,807	3.9383	625,426
CAD	15,962	22.6611	361,714
CNY	621,067	4.4079	2,737,594
SGD	4,743	22.8686	108,458
ZAR	885,860	1.8118	1,605,019
CHF	874	33.2086	29,038
NZD	18,767	19.4351	364,745
EUR	47,451	32.7132	1,552,288
			(Continued)

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial liabilities</u>			
USD	\$ 3,176,744	30.7080	\$ 97,551,454
JPY	28,777,059	0.2324	6,686,983
GBP	12,264	37.0553	454,464
AUD	104,688	20.8292	2,180,577
HKD	118,551	3.9383	466,888
CAD	15,961	22.6611	361,689
CNY	621,431	4.4079	2,739,197
SGD	4,696	22.8686	107,380
ZAR	886,269	1.8118	1,605,760
CHF	900	33.2086	29,879
NZD	18,778	19.4351	364,952
EUR	47,815	32.7132	1,564,196
			(Concluded)

	<b>December 31, 2021</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
USD	\$ 3,837,220	27.6900	\$ 106,252,618
JPY	28,515,333	0.2405	6,858,850
GBP	12,336	37.3040	460,174
AUD	128,353	20.0919	2,578,859
HKD	367,310	3.5506	1,304,183
CAD	19,449	21.6277	420,643
CNY	647,355	4.3465	2,813,703
SGD	30,437	20.4626	622,829
ZAR	909,166	1.7337	1,576,212
CHF	1,169	30.1930	35,310
NZD	21,736	18.8901	410,603
EUR	58,390	31.3312	1,829,440

<u>Financial liabilities</u>			
USD	3,296,491	27.6900	91,279,830
JPY	21,964,095	0.2405	5,283,068
GBP	12,295	37.3040	458,643
AUD	128,370	20.0919	2,579,189
HKD	323,142	3.5506	1,147,358
CAD	19,505	21.6277	421,842
CNY	647,594	4.3465	2,814,744
SGD	30,370	20.4626	621,442
ZAR	909,666	1.7337	1,577,079
CHF	1,168	30.1930	35,259
NZD	21,755	18.8901	410,957
EUR	58,366	31.3312	1,828,684

8) Effect of interest rate benchmark reform

The Company is exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. Therefore, when existing contracts and agreements that reference USD LIBOR transfer to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Company’s counterparties are not successfully concluded before the cessation of USD LIBOR, the case will bring significant uncertainties to the future interest rate basis applied to financial instruments, and give rise to additional interest rate risk that was not anticipated when the contracts were entered into. If a hedged financial instrument and the related hedging derivative instruments are transitioned to alternative benchmark rates at different times, it could result in hedge ineffectiveness.

The following table contains details of non-derivative financial instruments held by the Company as of December 31, 2022 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	<b>Carrying Amount</b>
<u>Non-derivative financial assets which are subject to the reform</u>	
Financial assets linked to USD LIBOR	
Financial assets at FVTPL	\$ 27,144
Financial assets at FVTOCI	1,458,630
Discounts and loans	<u>5,929,272</u>
	<u>\$ 7,415,046</u>

f. Transfers of financial assets.

Most of the transferred financial assets of the Company that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right on cash flow of the transferred financial assets would be transferred to other entities and the associated liabilities of the Company's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Company is restricted to use, sell or pledge the transferred financial assets throughout the term of transaction, and is still exposed to interest rate risks and credit risks on these instruments, the transferred financial assets are not derecognized in their entirety. The details of financial assets that are not derecognized in their entirety and the associated financial liabilities are as follows:

<b>December 31, 2022</b>					
<b>Category of Financial Assets</b>	<b>Carrying Amount of Transferred Financial Asset</b>	<b>Carrying Amount of Associated Financial Liability</b>	<b>Fair Value of Transferred Financial Asset</b>	<b>Fair Value of Associated Financial Liability</b>	<b>Fair Value of Net Position</b>
Financial instruments at fair value through profit or loss Securities sold under repurchase agreements	\$ 9,700,254	\$ 9,701,184	\$ 9,700,254	\$ 9,701,184	\$ (930)
Financial assets at fair value through other comprehensive income Securities sold under repurchase agreements	8,999,616	9,150,340	8,999,616	9,150,340	(150,724)
Financial assets at amortized cost Securities sold under repurchase agreements	27,540,026	15,447,083	23,735,845	15,447,083	8,288,762

<b>December 31, 2021</b>					
<b>Category of Financial Assets</b>	<b>Carrying Amount of Transferred Financial Asset</b>	<b>Carrying Amount of Associated Financial Liability</b>	<b>Fair Value of Transferred Financial Asset</b>	<b>Fair Value of Associated Financial Liability</b>	<b>Fair Value of Net Position</b>
Financial instruments at fair value through profit or loss Securities sold under repurchase agreements	\$ 29,064,065	\$ 29,078,984	\$ 29,064,605	\$ 29,078,984	\$ (14,379)
Financial assets at fair value through other comprehensive income Securities sold under repurchase agreements	8,789,959	8,470,536	8,789,959	8,470,536	319,423
Financial assets at amortized cost Securities sold under repurchase agreements	17,353,068	13,730,236	18,602,659	13,730,236	4,872,423

g. Offsetting financial assets and financial liabilities.

The Company is eligible to present certain derivative assets and derivative liabilities on a net basis on the balance sheets since the offsetting criteria are met. Cash collateral has also been paid by part of counterparties for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be set off against the net amount of the derivative assets and derivative liabilities in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheets or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2022						
Financial Assets	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Net Amount of Financial Assets Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instrument	Cash Collateral Pledged	
Derivatives	\$ 602,545	\$ -	\$ 602,545	\$ 11,431	\$ -	\$ 591,114

December 31, 2022						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Net Amount of Financial Liabilities Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial instrument	Cash Collateral Pledged	
Derivatives	\$ 931,500	\$ -	\$ 931,500	\$ 86,124	\$ -	\$ 845,376

December 31, 2021						
Financial Assets	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Net Amount of Financial Assets Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instrument	Cash Collateral Pledged	
Derivatives	\$ 303,698	\$ -	\$ 303,698	\$ 40,264	\$ -	\$ 263,434

December 31, 2021						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Net Amount of Financial Liabilities Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial instrument	Cash Collateral Pledged	
Derivatives	\$ 495,421	\$ -	\$ 495,421	\$ 73,498	\$ -	\$ 421,923

## 54. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

Under the regulations set by the authorities, the Company complies with the requirements set each year for the minimum consolidated capital adequacy ratios, including the common equity Tier I capital ratio; the Company's leverage ratio is also in accordance with the requirements of the relevant authorities. These ratios are applied in accordance with the regulations announced by the authorities.

b. Capital assessment program

The capital ratios and leverage ratios are applied, analyzed, monitored and reported regularly, and are assigned to each business unit as the target capital adequacy ratios. The business units' compliance with the ratio requirements is tracked regularly, and remedial action is taken if the capital and leverage ratio requirements are not met.

c. Capital adequacy

(Unit: In Thousands of New Taiwan Dollars, %)

Items (Note 2)		Year	December 31, 2022	
			Own Capital Adequacy Ratio	Capital Adequacy Ratio
Eligible capital	Common equity Tier 1 Ratio		\$ 44,397,652	\$ 43,005,283
	Other Tier 1 capital		13,000,000	13,000,000
	Tier 2 capital		8,973,856	10,370,633
	Eligible capital		66,371,508	66,375,916
Risk-weighted assets	Credit risk	Standard	407,119,232	407,119,232
		Internal rating-based approach	-	-
		Asset securitization	288,276	288,276
	Operational risk	Basic indicator approach	25,243,857	30,213,797
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	15,438,120	17,445,241
		Internal model approach	-	-
	Total risk-weighted assets		444,044,885	455,066,546
Capital adequacy rate		14.95%	14.59%	
Ratio of common stockholders' equity to risk-weighted assets		10.00%	9.45%	
Ratio of Tier 1 capital to risk-weighted assets		12.93%	12.31%	
Leverage ratio		6.38%	6.11%	

Items (Note 2)		Year	December 31, 2021	
			Own Capital Adequacy Ratio	Capital Adequacy Ratio
Eligible capital	Common equity Tier 1 Ratio		\$ 45,523,219	\$ 44,997,272
	Other Tier 1 capital		12,552,479	13,419,550
	Tier 2 capital		7,412,960	10,663,854
	Eligible capital		65,488,658	69,080,676
Risk-weighted assets	Credit risk	Standard	350,540,216	363,751,808
		Internal rating-based approach	-	-
		Asset securitization	345,662	345,662
	Operational risk	Basic indicator approach	23,429,481	27,435,045
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	32,880,351	34,758,825
		Internal model approach	-	-
	Total risk-weighted assets		407,195,710	426,291,340
Capital adequacy rate		16.08%	16.21%	
Ratio of common stockholders' equity to risk-weighted assets		11.18%	10.56%	
Ratio of Tier 1 capital to risk-weighted assets		14.26%	13.70%	
Leverage ratio		6.53%	6.45%	

Note 1: Eligible capital and risk-weighted assets are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and the “Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks.”

Note 2: Formulas used were as follows:

- 1) Eligible capital = Common equity Tier 1 capital + Other Tier 1 capital + Tier 2 capital.
- 2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of Common equity Tier 1 capital to risk-weighted assets = Common equity Tier 1 capital ÷ Risk-weighted assets.
- 5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity Tier 1 capital + Other Tier 1 capital) ÷ Risk-weighted assets.
- 6) Leverage ratio = Tier 1 capital ÷ Exposure Measurement.

The Banking Law and related regulations require that the Company maintains its unconsolidated and consolidated CARs at a minimum of 10.5%, the Tier 1 Capital Ratio at a minimum of 8.5% and the Common Equity Tier 1 Ratio at a minimum of 7.0%. In addition, if the Company’s CAR falls below the minimum requirement, the authorities may impose certain restrictions on the amount of cash dividends that the Company can declare or, in certain conditions, totally prohibit the Company from declaring cash dividends.

## **55. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

### **Union Bank of Taiwan**

#### **a. Credit risk**

##### **1) Asset quality**

See Note 53 and Table 6.

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

December 31, 2022			
Rank (Note 1)	Company Name	Credit Extension Balance	% to Net Asset Value
1	Company H - retail sale of other food, beverages and tobacco in specialized stores	\$ 5,323,000	8.72
2	Group G - other financial service activities	3,299,000	5.40
3	Company J - real estate development	2,681,000	4.39
4	Company I - manufacture of man-made fibers	2,152,000	3.52
5	Company L - metal building materials wholesale industry	1,596,572	2.61
6	Company T - manufacture of grain mill products	1,535,000	2.51
7	Company P - smelting and refining of iron and steel	1,514,983	2.48
8	Company Q - telecommunications	1,499,996	2.46
9	Company A - real estate development	1,452,244	2.38
10	Company S - automotive manufacturing	1,189,935	1.95

(In Thousands of New Taiwan Dollars, %)

December 31, 2021			
Rank (Note 1)	Company Name	Credit Extension Balance	% to Net Asset Value
1	Company H - retail sale of other food, beverages and tobacco in specialized stores	\$ 2,855,000	4.38
2	Group G - other financial service activities	2,611,000	4.01
3	Company I - manufacture of man-made fibers	1,842,608	2.83
4	Company T - manufacture of grain mill products	1,500,000	2.30
5	Company S - automotive manufacturing	1,280,663	1.97
6	Company A - real estate development	1,143,267	1.76
7	Company J - real estate development	1,060,000	1.63
8	Company N - securities firms	969,150	1.49
9	Company Q - telecommunications	919,884	1.41
10	Company C - manufacture of other food products	903,821	1.39

b. Market risk

Interest Rate Sensitivity  
December 31, 2022

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 613,183,639	\$ 11,169,784	\$ 12,065,406	\$ 67,775,779	\$ 704,194,608
Interest rate-sensitive liabilities	371,747,777	243,243,317	53,617,925	18,557,763	687,166,782
Interest rate-sensitive gap	241,435,862	(232,073,533)	(41,552,519)	49,218,016	17,027,826
Net worth					61,308,681
Ratio of interest rate-sensitive assets to liabilities					102.48%
Ratio of interest rate sensitivity gap to net worth					27.77%

December 31, 2021

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 608,137,527	\$ 8,477,742	\$ 12,038,976	\$ 74,307,462	\$ 702,961,707
Interest rate-sensitive liabilities	355,262,684	258,426,150	70,276,867	15,557,848	699,523,549
Interest rate-sensitive gap	252,874,843	(249,948,408)	(58,237,891)	58,749,614	3,438,158
Net worth					59,685,996
Ratio of interest rate-sensitive assets to liabilities					100.49%
Ratio of interest rate sensitivity gap to net worth					5.76%

Note 1: The above amounts included only the New Taiwan dollar held by the Company's head office and branches (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

**Interest Rate Sensitivity**  
December 31, 2022

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 1,794,924	\$ 24,716	\$ 44,901	\$ 2,268,658	\$ 4,133,199
Interest rate-sensitive liabilities	1,645,426	280,881	676,768	555,003	3,158,078
Interest rate-sensitive gap	149,498	(256,165)	(631,867)	1,713,655	975,121
Net worth					34,890
Ratio of interest rate-sensitive assets to liabilities					130.88%
Ratio of interest rate sensitivity gap to net worth					2,794.84%

December 31, 2021

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,663,524	\$ 79,113	\$ 130,558	\$ 1,663,124	\$ 4,536,319
Interest rate-sensitive liabilities	1,531,322	461,239	703,351	587,150	3,283,062
Interest rate-sensitive gap	1,132,202	(382,126)	(572,793)	1,075,974	1,253,257
Net worth					219,042
Ratio of interest rate-sensitive assets to liabilities					138.17%
Ratio of interest rate sensitivity gap to net worth					572.15%

Note 1: The above amounts included only U.S. dollar amounts held by the Company's head office, domestic branches, OBU and overseas branches and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

c. Liquidity risk

1) Profitability

(%)

Items		Year Ended December 31, 2022	Year Ended December 31, 2021
Return on total assets	Before income tax	0.54	0.65
	After income tax	0.42	0.56
Return on common equity	Before income tax	7.47	8.92
	After income tax	5.62	7.51
Net income ratio		22.15	26.74

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = [Income before (after) income tax - Preferred stock dividend] ÷ Average equity.

Note 3: Net income ratio = Income after income tax ÷ Total net revenues.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2022 and 2021.

2) Maturity analysis of assets and liabilities

**Maturity Analysis of Assets and Liabilities**  
December 31, 2022

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 770,357,952	\$ 159,256,515	\$ 44,770,724	\$ 55,928,310	\$ 112,283,998	\$ 398,118,405
Main capital outflow on maturity	897,396,073	76,643,872	139,164,174	120,152,690	237,103,483	324,331,854
Gap	(127,038,121)	82,612,643	(94,393,450)	(64,224,380)	(124,819,485)	73,786,551

December 31, 2021

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 781,838,385	\$ 211,347,601	\$ 29,497,818	\$ 51,348,617	\$ 121,443,362	\$ 368,200,987
Main capital outflow on maturity	901,429,650	104,191,958	135,689,420	116,697,294	226,310,665	318,540,313
Gap	(119,591,265)	107,155,643	(106,191,602)	(65,348,677)	(104,867,303)	49,660,674

Note: The above amounts are book value held by the onshore branches and offshore banking unit of the Company in U.S. dollars, without off-balance sheet amounts (for example, the issuance of negotiable certificate of deposits, bonds or stocks).

**Maturity Analysis of Assets and Liabilities  
December 31, 2022**

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 4,297,854	\$ 303,879	\$ 1,485,455	\$ 65,002	\$ 47,222	\$ 2,396,296
Main capital outflow on maturity	4,288,316	1,015,543	1,206,915	327,433	819,677	918,748
Gap	9,538	(711,664)	278,540	(262,431)	(772,455)	1,477,548

**December 31, 2021**

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	\$ 4,733,246	\$ 977,463	\$ 1,760,741	\$ 89,075	\$ 135,791	\$ 1,770,176
Main capital outflow on maturity	4,727,275	1,173,371	996,018	521,864	895,419	1,140,603
Gap	5,971	(195,908)	764,723	(432,789)	(759,628)	629,573

Note: The above amounts are book value of the assets and liabilities held by the onshore branches and offshore banking unit of the Company in U.S. dollars, without off-balance amounts (for example, the issuance of negotiable certificate of deposits, bonds or stocks).

## 56. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Tianji Smart Energy Co., Ltd.	Energy development and technology service	November 2, 2021	90

The company acquired Tianji Smart Energy Co., Ltd., it mainly engages in energy development and technology service.

### b. Assets acquired and liabilities assumed at the date of acquisition

Assets		
Cash and cash equivalents		\$ 67,467
Account receivable		191,502
Property, plant and equipment		2,129,384
Right-of-use asset		243,762
Prepayment		120,753
Other assets		1,716
		<u>2,754,584</u>
Liabilities		<u>(2,386,633)</u>
Identifiable net assets acquired		<u>\$ 367,951</u>

c. Non-controlling interests

Tianji Smart Energy Co., Ltd.'s non-controlling interest (a 10% ownership interest) recognized at the acquisition date was measured by reference to the fair value of non-controlling interest and amounted to \$36,795 thousand.

d. Goodwill recognized on acquisitions

Consideration transferred (Note)	\$ 394,413
Plus: Non-controlling interests	36,795
Less: Fair value of identifiable net assets acquired	<u>(367,951)</u>
	<u>\$ 63,257</u>

The goodwill recognized in the acquisitions of Tianji Smart Energy Co., Ltd. mainly represent the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Note: Included the prepaid stock \$81,506 thousand in 2020.

e. Net cash outflow on the acquisition of subsidiary

	<b>Tianji Smart Energy Co., Ltd.</b>
Consideration paid in cash	\$ 312,907
Less: Cash and cash equivalent balances acquired	<u>(67,467)</u>
	<u>\$ 245,440</u>

## 57. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau for the Company and its investees:

- a. Related information of significant transactions and investees and b. proportionate share in investees:
- 1) Financing provided: The Company - not applicable; investee - Table 1 (attached)
  - 2) Endorsement/guarantee provided: Table 2 (attached)
  - 3) Marketable securities held: The Company - not applicable; investee - Table 3 (attached)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least \$300 million or 10% of the paid-in capital: Table 4 (attached)
  - 5) Acquisition of individual real estate at costs of at least \$300 million or 10% of the paid-in capital: None
  - 6) Disposal of individual real estate at costs of at least \$300 million or 10% of the paid-in capital: None

- 7) Allowance of service fees to related parties amounting to at least \$5 million: None
  - 8) Receivables from related parties amounting to at least \$300 million or 10% of the paid-in capital: Table 5 (attached)
  - 9) Sale of nonperforming loans: None
  - 10) Asset securitization under the “Regulations for Financial Asset Securitization”: None
  - 11) Other significant transactions which may affect the decisions of users of financial reports: Table 6 (attached)
  - 12) Names, locations and other information of investees on which the Company exercises significant influence: Table 7 (attached)
  - 13) Derivative transactions: Note 8
- c. Investment in Mainland China: None
  - d. Intercompany relationships and significant intercompany transactions.  
  
The detailed information of intercompany relationships and significant intercompany transactions are referred to Table 8 (attached).
  - e. Information of major shareholders which hold ownership of 5% or greater: Table 9 (attached)

## **58. OPERATING SEGMENTS**

The information reported to the Company’s chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company’s reportable segments are as follows:

- a. Corporate banking unit: Corporate banking, foreign exchange business, debt management and public treasury business, etc.
- b. Consumer banking unit: Consumer banking, financial management and loan business, credit card business and car-loan business, etc.
- c. Wealth management and trust unit: Wealth management and trust business, etc.
- d. Investing unit: Investing business in the financial market, etc.
- e. Leasing unit: Leasing of vehicles, buildings, etc.

The analysis of the Company's operating revenue and results by reportable segment was as follows:

	For the Year Ended December 31, 2022						Total
	Corporate Banking	Consumer Banking	Wealth Management	Investing	Leasing	Others	
Net interest (Note)	\$ 2,146,374	\$ 4,432,508	\$ (342)	\$ 667,774	\$ (26,351)	\$ 2,966,167	\$ 10,186,130
Net commissions and fees revenues	274,673	1,240,822	1,151,758	209,042	3,898	441,491	3,321,684
Net revenues other than interest	<u>365,519</u>	<u>(4,429)</u>	<u>5,220</u>	<u>(811,223)</u>	<u>2,476,258</u>	<u>446,180</u>	<u>2,477,525</u>
Total net revenues	2,786,566	5,668,901	1,156,636	65,593	2,453,805	3,853,838	15,985,339
Provisions (reversal)	(33,960)	15,638	-	22,764	17,623	477,312	499,377
Operating expenses	<u>994,782</u>	<u>3,251,273</u>	<u>718,910</u>	<u>200,706</u>	<u>2,282,582</u>	<u>3,487,935</u>	<u>10,936,188</u>
Income before income tax	<u>\$ 1,825,744</u>	<u>\$ 2,401,990</u>	<u>\$ 437,726</u>	<u>\$ (157,877)</u>	<u>\$ 153,600</u>	<u>\$ (111,409)</u>	<u>\$ 4,549,774</u>

	For the Year Ended December 31, 2021						Total
	Corporate Banking	Consumer Banking	Wealth Management	Investing	Leasing	Others	
Net interest (Note)	\$ 1,629,194	\$ 3,703,734	\$ (3,966)	\$ 1,501,283	\$ (3,907)	\$ 2,027,085	\$ 8,853,423
Net commissions and fees revenues	211,815	1,349,912	1,042,854	182,470	(852)	268,173	3,054,372
Net revenues other than interest	<u>269,123</u>	<u>(6,587)</u>	<u>5,958</u>	<u>1,986,939</u>	<u>2,461,452</u>	<u>64,093</u>	<u>4,780,978</u>
Total net revenues	2,110,132	5,047,059	1,044,846	3,670,692	2,456,693	2,359,351	16,688,773
Provisions (reversal)	19,928	94,728	-	7,176	28,934	655,058	805,824
Operating expenses	<u>874,897</u>	<u>3,167,136</u>	<u>593,228</u>	<u>193,196</u>	<u>2,287,805</u>	<u>3,556,443</u>	<u>10,672,705</u>
Income before income tax	<u>\$ 1,215,307</u>	<u>\$ 1,785,195</u>	<u>\$ 451,618</u>	<u>\$ 3,470,320</u>	<u>\$ 139,954</u>	<u>\$ (1,852,150)</u>	<u>\$ 5,210,244</u>

Note: Include interest revenue of financial assets at fair value through profit or loss.

## UNION BANK OF TAIWAN AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Highest Balance for the Period (Note 1)	Ending Balance (Note 2)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount (Note 3)	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 5)
												Item	Value		
1	Union Finance and Leasing International Corporation	Union Capital (Singapore) Holding PTE. Ltd.	Receivables of affiliates	\$ 859,776 (JPY 3,700,000)	\$ 859,776 (JPY 3,700,000)	\$ 610,493 (JPY 2,627,225)	1.25	Business transaction	\$ 859,776 (JPY 3,700,000)	-	\$ -	-	\$ -	\$ 2,897,329	\$ 2,897,329
		Uflc Capital (Singapore) Holding PTE. Ltd.	Receivables of affiliates	1,510,418 (JPY 6,500,000)	1,510,418 (JPY 6,500,000)	1,283,578 (JPY 5,523,808)	1.25	Business transaction	1,510,418 (JPY 6,500,000)	-	-	-	-	2,897,329	2,897,329
		Lihua Interior Decoration Ltd.	Account receivable	50,000	47,840	47,840	5-8	Short-term financing	-	Borrowing repayment and business financing	478	Real estate	165,218	289,733	1,158,931
		Pingcheng Energy Development Co., Ltd.	Account receivable	84,000	-	-	4-7	Short-term financing	-	Business financing	-	Shares	416	289,733	1,158,931
		JOTTA ENTERPRISE CO., LTD.	Account receivable	150,000	149,178	149,178	3-6	Short-term financing	-	Equity of investment relationship enterprises	1,492	Real estate	150,380	289,733	1,158,931
		Junwei Development and Construction Co., Ltd.	Account receivable	9,969	9,578	9,578	5-8	Short-term financing	-	Business financing	96	Real estate	12,447	289,733	1,158,931
		CHI SUN HEAVY CRANE CO., LTD.	Account receivable	30,000	-	-	3-6	Short-term financing	-	Business financing	-	Real estate	30,285	289,732	1,158,931
2	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Receivables of affiliates	441,507 (JPY 1,900,000)	441,507 (JPY 1,900,000)	340,626 (JPY 1,465,865)	2.75	Business transaction	441,507 (JPY 1,900,000)	-	-	-	-	2,897,329	2,897,329
3	Uflc Capital (Singapore) Holding PTE. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Receivables of affiliates	766,828 (JPY 3,300,000)	766,828 (JPY 3,300,000)	663,539 (JPY 2,855,504)	2.75	Business transaction	766,828 (JPY 3,300,000)	-	-	-	-	2,897,329	2,897,329
4	Union Venture Capital Co., Ltd.	Union Energy Co., Ltd	Receivables of affiliates	252,000	-	-	3.00	Short-term financing	-	Business financing	-	-	-	681,207	1,703,019
		Ting Jie Electric Power Inc.	Receivables of affiliates	200,000	-	-	3.00	Short-term financing	-	Business financing	-	-	-	681,207	1,703,019
		Tianji Smart Energy Co., Ltd.	Receivables of affiliates	60,000	-	-	3.00	Short-term financing	-	Business financing	-	-	-	681,207	1,703,019
5	Union Energy Co., Ltd.	Tianji Smart Energy Co., Ltd.	Receivables of affiliates	30,000	-	-	3.00	Short-term financing	-	Business financing	-	-	-	7,495	18,739

Note 1: Highest balance of loans provided to others in the current year.

Note 2: Where the public companies submit the loaning of funds individually to the board of directors for resolution pursuant to Paragraph 1, Article 14 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," even though the fund is not disbursed, the amount resolved by the board shall be listed in the announced balance to disclose the risk assumed; provided, when the fund is repaid, the balance after the repayment shall be disclosed to reflect the risk adjustment. Where the public companies have the board of directors to resolve a limit to be loaned for several times or drafted on the revolving basis within the limit during the period of one year pursuant to Paragraph 2, Article 14 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," the resolved limit of loans shall still be announced as the reported balance. Although repayments may be made later, such limit may be used again, and thus the limit approved by the board shall be the announced and reported balance.

Note 3: Where loaning of funds is in the nature of business transactions, the amount of such transaction shall be disclosed; the business transaction amounts within a year between the lender and the borrower.

Note 4: For the transactions with the subsidiaries where 100% of the voting rights are held directly and indirectly by the lender, and the loaning of funds for short-term financing, the limit is the net worth of UFLIC, UVC and Union Energy; in terms of loaning of funds for short-term financing to the non-subsidiaries, the limit is 10% of the net worth of UFLIC.

Note 5: For the transactions with the subsidiaries where 100% of the voting rights are held directly and indirectly by the lender, and the loaning of funds for short-term financing, the limit is the net worth of UFLIC, UVC and Union Energy; in terms of loaning of funds for short-term financing to the non-subsidiaries, the limit is 40% of the net worth of UFLIC.

Note 6: All the "balance" and "amount" mentioned in the statement, other than the actual amount borrowed, business transaction amount, and amount of allowance for doubtful accounts provided, are the limits or amounts loaned to others on the date of occurrence (the earliest of the date of the Board's resolution, date of contract execution, date of payment, or date sufficient to ensure the counterparty and transaction amount) pursuant to Article 7 of the handling standards.

## UNION BANK OF TAIWAN AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currency, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 5)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 7)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
1	Union Venture Capital Co., Ltd.	Na He Yi Hau Electric Power Inc.	4	\$ 16,515,581	\$ 1,113,000	\$ 1,113,000	\$ 242,100	\$ -	1.8	\$ 49,546,744	Yes	No	No	
		Ting Jie Electric Power Inc.	4	16,515,581	7,500,000	7,500,000	840,000	-	12.3	49,546,744	Yes	No	No	
2	Union Energy Co., Ltd.	Ting Jie Electric Power Inc.	4	9,843,466	7,500,000	7,500,000	840,000	-	12.3	19,686,932	Yes	No	No	

Note 1: The number column indicates the following:

- Issuer: 0.
- The investees are numbered starting from 1.

Note 2: There are seven relationships between the endorser/guarantor and endorsee/guarantee, only the type needs to be indicated:

- Companies with business relationships with each other.
- Companies in which the Company holds more than 50% of the voting rights, directly or indirectly.
- Companies that hold more than 50% of the voting rights, directly or indirectly.
- Group of companies in which the Company holds more than 90% of the voting rights, directly or indirectly.
- Companies guarantee each other as peers or joint constructors under contracts based on the requirements of construction contracts.
- All the shareholders to the companies they endorse and guarantee due to the joint investment in proportion to their shareholdings.

Note 3: The maximum balance of the endorsement/guarantee provided to others in the current year.

Note 4: The endorsement/guarantee limit was approved by the board of directors.

Note 5: The total amount of endorsement or guarantee provided by UVC and Union Energy to a single company shall not exceed 10 and 25 times of UVC's and Union Energy's net worth, respectively.

Note 6: The actual amount drafted within the balance of endorsement/guarantee by the endorsee/guarantee.

Note 7: The total amount of endorsement or guarantee provided by UVC and Union Energy to others shall not exceed 30 times of UVC's net worth and 50 times of Union Energy's net worth.

Note 8: Ting Jie Electric Power signed a contract with a syndicate of 11 financial Institutions with the limit of NT\$7,500,000 thousand. The joint guarantors are the parent company, UVC and Union Energy.

Note 9: Based on the net worth of Union Bank.

## UNION BANK OF TAIWAN AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currency, Unless Stated Otherwise)

Holding Company	Type and Issuer/Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Piece/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Union Finance and Leasing International Corporation	<u>Stock</u> Hey-Song Corporation	-	Financial assets at fair value through other comprehensive income	4,551	\$ 148,363	1.13	\$ 148,362	
	<u>Beneficiary certificates</u> Union Golden Balanced Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	517	15,790	-	15,790	
	Union Global High Dividend Strategic Investment Fund A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	3,171	38,072	-	38,072	
	Union APEC Balanced Fund A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,102	18,260	-	18,260	
	Union Low Carbon Target Multiple Asset Fund A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	2,000	18,481	-	18,481	
	Union Utilities and Infrastructure Equity Income Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,292	13,079	-	13,079	
	Union Green Energy Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	536,838	25.98	536,838	
	Union Information Technology Corporation	<u>Stock</u> ELTA Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	3,170	37,379	14.39	37,379
Union Securities Investment Trust (USITC)	<u>Stock</u> FundRich Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	566	7,161	0.94	7,161	
	<u>Beneficiary certificates</u> Union Advantage Global Fixed Income Portfolio Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,068	14,856	-	14,856	
	Union Technology Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	365	7,120	-	7,120	
	Union China Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	132	5,055	-	5,055	
	Union Golden Balanced Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	127	3,886	-	3,886	
	Union Money Market Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,230	16,507	-	16,507	

(Continued)

Holding Company	Type and Issuer/Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Piece/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Union Finance International (HK) Limited	Union APEC Balanced A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,358	\$ 22,488	-	\$ 22,488	
	Union Asian High Yield Bond A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	2,300	14,154	-	14,154	
	Union Global High Dividend Strategic Investment Fund A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	438	5,263	-	5,263	
	Stock Obsidian	-	Financial assets at fair value through other comprehensive income	17	US\$ 113	-	US\$ 113	
	Mr. Cooper Group Inc.	-	Financial assets at fair value through other comprehensive income	1	US\$ 60	-	US\$ 60	
	Advanced Micro Devices	-	Financial assets at fair value through profit or loss	5	US\$ 324	-	US\$ 324	
	Caterpillar Inc.	-	Financial assets at fair value through profit or loss	2	US\$ 479	-	US\$ 479	
	Merck & Co Inc.	-	Financial assets at fair value through profit or loss	5	US\$ 555	-	US\$ 555	
Union Venture Capital Co., Ltd.	UnitedHealth Group Inc.	-	Financial assets at fair value through profit or loss	3	US\$ 1,591	-	US\$ 1,591	
	Stock Greenway Environmental Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,100	1,844	2.39	1,844	
	RFD Micro Electricity Co., Ltd.	-	Financial assets at fair value through other comprehensive income	10,377	261,432	2.44	261,432	
	Hope Vision Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,132	5,741	14.59	5,741	
	Xinrong Energy Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	Preferred stock 71,768	839,680	-	839,680	
Corner Ventures DAG I-U, LLC (Delaware, US)	Stock Dantari Pharmaceuticals, LLC	-	Financial assets at fair value through other comprehensive income	Preferred stock 375	US\$ 510	-	US\$ 510	
	Get Fabric Ltd.	-	Financial assets at fair value through other comprehensive income	Preferred stock 148	US\$ 2,022	-	US\$ 2,022	
	Healthy.io Limited	-	Financial assets at fair value through other comprehensive income	Preferred stock 6	US\$ 313	-	US\$ 313	
		-	Financial assets at fair value through profit or loss	Preferred stock 25	US\$ 1,265	-	US\$ 1,265	
	Prismo Systems Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 40	US\$ 8	-	US\$ 8	
	Nexar Ltd.	-	Financial assets at fair value through other comprehensive income	Preferred stock 70	US\$ 879	-	US\$ 879	
	Latigo Biotherapeutics, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 210	US\$ 188	-	US\$ 188	
	Oncovalent Therapeutics Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 33	US\$ 33	-	US\$ 33	
Twin Health, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 165	US\$ 2,360	-	US\$ 2,360		

(Continued)

Holding Company	Type and Issuer/Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Piece/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Meilo Ltd.	-	Financial assets at fair value through other comprehensive income	Preferred stock 12	US\$ 1,200	-	US\$ 1,200	
	Underdog Sports, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 1	US\$ 40	-	US\$ 40	
	Boldend, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 1	US\$ 486	-	US\$ 486	
	Bookaway Ltd.	-	Financial assets at fair value through other comprehensive income	Preferred stock 327	US\$ 592	-	US\$ 592	
	Cargomatic, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 51	US\$ 148	-	US\$ 148	
	Engageli, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 20	US\$ 383	-	US\$ 383	
	Garuda Labs, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 176	US\$ 306	-	US\$ 306	
	AnyRoad Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 14	US\$ 38	-	US\$ 38	
	Assemble Stream, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 7	US\$ 92	-	US\$ 92	
	FINDEM, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 3	US\$ 38	-	US\$ 38	
	Suvalent Therapeutics Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 99	US\$ 102	-	US\$ 102	
	Solv Health, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 115	US\$ 501	-	US\$ 501	
Corner Union LLC (Delaware, US)	<u>Stock</u> Healthy.io Limited	-	Financial assets at fair value through other comprehensive income	Preferred stock 30	US\$ 1,500	-	US\$ 1,500	
Union Private Equity Co., Ltd.	<u>Beneficiary certificates</u> Union Green Energy Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	24,639	1.07	24,639	
	Union Green Energy I Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	5,396	1.32	5,396	
	Union Green Energy II Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	17	16.67	17	

(Concluded)

## UNION BANK OF TAIWAN AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF PROPORTION SHARE INVESTMENT OF AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL  
FOR THE YEARS END DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Union Bank of Taiwan	Stock LINE Bank Taiwan Limited	Financial assets measured at fair value through other comprehensive income	LINE Bank Taiwan Limited	-	50,000	\$ 357,789	37,500	\$ 375,000	12,500	\$ -	\$ -	\$ -	75,000	\$ 602,263
Union Venture Capital Co., Ltd.	Stock Xinrong Energy Technology Co., Ltd.	Financial assets measured at fair value through profit or loss	Xinrong Energy Technology Co., Ltd.	-	-	-	75,000	750,000	3,233	42,033	32,325	9,698	71,768	839,680

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: Investors who use the equity method in their securities accounts must fill in these two columns, the rest are not.

Note 3: The accumulated buying and selling amount should be calculated separately at market price whether it reaches \$300 million or 10% of the paid-in capital.

Note 4: The Bank's shareholding decreased as a result of the capital reduction of Line Bank to cover the loss during the period

## UNION BANK OF TAIWAN AND SUBSIDIARIES

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Union Finance and Leasing International Corporation	Union Capital (Singapore) Holding Pte. Ltd.	Subsidiary	\$ 610,493 (JPY 2,627,225)	-	\$ -	-	\$ -	\$ -
	Uflc Capital (Singapore) Holding Pte. Ltd.	Subsidiary	1,283,578 (JPY 5,523,808)	-	-	-	-	-
	Tianji Smart Energy Co., Ltd.	Subsidiary	1,659,283	-	-	-	-	16,593
Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Subsidiary	340,626 (JPY 1,465,865)	-	-	-	-	-
Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Subsidiary	663,539 (JPY 2,855,504)	-	-	-	-	-

## UNION BANK OF TAIWAN AND SUBSIDIARIES

ASSET QUALITY - NONPERFORMING LOANS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, %)

Period		December 31, 2022					December 31, 2021					
		Nonperforming Loan (Note 1)	Loan	Ratio of Nonperforming Loan (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
Corporate banking	Secured	\$ 765,665	\$ 159,556,150	0.48%	\$ 2,361,323	297.83%	\$ 181,780	\$ 133,123,735	0.14%	\$ 1,924,635	961.40%	
	Unsecured	27,166	56,853,293	0.05%			18,411	79,397,115	0.02%			
Consumer banking	Housing mortgage (Note 4)	334,459	235,236,251	0.14%	2,960,547	885.17%	168,617	218,124,120	0.08%	2,747,950	1629.70%	
	Cash card	2	6,625	0.03%	166	8,300.00%	36	10,544	0.34%	2,028	5633.64%	
	Small-scale credit loans (Note 5)	141,393	60,138,225	0.24%	651,446	460.73%	113,465	45,681,211	0.25%	484,016	426.58%	
	Other (Note 6)	Secured	24,199	21,064,965	0.11%	250,637	1,034.32%	16,472	20,859,171	0.08%	237,330	1419.95%
		Unsecured	33	2,130,330	-			242	1,950,798	0.01%		
Loan		1,292,917	534,985,839	0.24%	6,224,119	481.40%	499,023	499,146,694	0.10%	5,395,959	1081.30%	
		Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	
Credit cards		23,337	19,330,615	0.12%	117,993	505.60%	21,866	17,896,657	0.12%	138,614	633.92%	
Accounts receivable factored without recourse		-	799,996	-	8,000	-	-	319,884	-	3,199	-	

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.  
Ratio of nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.  
Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, in small amounts and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

Not reported as nonperforming loans or nonperforming receivables

Types \ Items	December 31, 2022		December 31, 2021	
	Not Reported as Nonperforming Loan	Not Reported as Nonperforming Receivable	Not Reported as Nonperforming Loan	Not Reported as Nonperforming Receivable
Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)	\$ 6,648	\$ 33,395	\$ 10,097	\$ 48,994
Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)	249,489	644,006	227,678	700,898
Total	256,137	677,401	237,775	749,892

Note 1: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: Amounts of discharged and executed contracts on clearance of consumer debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

(Concluded)

## UNION BANK OF TAIWAN AND SUBSIDIARIES

INFORMATION ON AND PROPORTIONATE SHARE IN INVESTEEES  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Proportionate Share of the Bank and Its Subsidiaries in Investees				Note	
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total			
									Shares (Thousands)	Percentage of Ownership (%)		
Union bank of Taiwan	<u>Financial - related</u>											
	Union Finance and Leasing International Corporation	Taipei	Installment, leasing and accounts receivable factoring	100.00	\$ 2,897,355	\$ 106,263	161,000	-	161,000	100.00		
	Union Finance International (HK) Limited	Hong Kong	Import and export accommodation	100.00	159,724	(13,908)	30,000	-	30,000	100.00		
	Union Securities Investment Trust Corporation	Taipei	Securities investment trust	99.60	402,038	4,688	31,014	-	31,014	99.60		
	Union Information Technology Corporation	Taipei	Software and hardware product retail and distribution, system programming development, system development outsourcing, website design, e-commerce, etc.	99.99	109,322	(1,062)	9,999	-	9,999	99.99		
	Union Venture Capital Corporation	Taipei	Venture Investment	100.00	1,651,447	89,539	140,000	-	140,000	100.00		
	Ipass Corporation	Kaohsiung	IC card	33.94	261,578	(60,224)	38,697	-	38,697	33.94	Note 3	
	Taiwan Asset Management Corporation	Taipei	Purchase, sale and management of nonperforming loans from financial institutions	0.57	79,982	-	6,000	-	6,000	0.57		
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94	48,147	-	5,000	-	5,000	2.94		
	Sunshine Asset Management Corporation Limited	Taipei	Purchase, sell and manage nonperforming loans from financial institution	6.44	4,314	-	387	-	387	6.44		
	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81	7,518	-	160	-	160	0.81		
	Financial Information Service Co., Ltd.	Taipei	Information service	2.61	397,193	-	13,599	-	13,599	2.61		
	Taiwan Depository & Clearing Corporation	Taipei	Financial service	0.33	81,609	-	1,454	-	1,454	0.33		
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	2.32	548,734	-	9,752	-	9,752	2.32		
	Taiwan Mobile Payment Corporation	Taipei	International trade, data processing service	1.00	3,202	-	600	-	600	1.00		
	LINE Pay Taiwan., Ltd.	Taipei	Data processing, digital information supply and third party payment services	10.00	1,510,914	30,771	5,471	-	5,471	10.00	Note 3	
		<u>Nonfinancial - related</u>										
		Union Construction Management Corporation	Taipei	Construction plan review and consulting	40.00	51,966	(108)	2,000	-	2,000	40.00	
		Li Yu Venture Corporation	Taipei	Venture Investment	4.76	3,688	-	558	-	558	4.76	
		Lan An Co., Ltd.	Taipei	Security service	5.00	1,524	-	125	-	125	5.00	
	Taiwan Power Corporation	Taipei	Electricity - related business	0.0012	1,376	-	395	-	395	0.0012		
	LINE Bank Taiwan Limited	Taipei	Banking	5.00	602,263	-	75,000	-	75,000	5.00		
Union Finance and Leasing International Corporation	<u>Nonfinancial - related</u>											
	Union Capital (Cayman) Corp.	Cayman	Investments, overseas financing, equipment leasing, installment selling, acquisition of account receivable	100.00	59,479	5,648	50	-	50	100.00		
					(JPY 255,966)	(JPY 23,834)						
	Union Capital (Singapore) Holding PTE. Ltd.	Singapore	Investments, overseas financing, equipment leasing, installment selling, acquisition of account receivable	100.00	98,302	17,826	-	-	-	100.00	Note 4	
					(JPY 423,036)	(JPY 78,371)						
	Uflc Capital (Singapore) Holding PTE. Ltd.	Singapore	Investments, overseas financing, equipment leasing, installment	100.00	119,046	21,502	-	-	-	100.00	Note 4	
					(JPY 512,307)	(JPY 94,532)						
Union Capital (Singapore) Holding PTE. Ltd.	<u>Nonfinancial - related</u>											
	Kabushiki Kaisha UCJ1	Japan	Buy, sell and lease real estate	30.55	113,776	241	9	-	9	30.55	Note 4	
	Tokutei Mokuteki Kaisha SSG15	Japan	Real estate securitization	49.00	180,528	17,319	Note 6	-	Note 6	49.00	Note 4	
					(JPY 776,892)	(JPY 76,142)						

(Continued)

Investor Company	Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Proportionate Share of the Bank and Its Subsidiaries in Investees				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership (%)	
Kabushiki Kaisha UCJ1	<u>Nonfinancial - related</u> Tokutei Mokuteki Kaisha SSG15	Japan	Real estate securitization	51.00	\$ 187,884 (JPY 808,550)	\$ 18,026 (JPY 79,250)	Preferred stock 15	-	Preferred stock 15	51.00	Note 4
	Tokutei Mokuteki Kaisha SSG12	Japan	Real estate securitization	51.00	242,773 (JPY 1,044,761)	13,752 (JPY 60,461)	Preferred stock 20	-	Preferred stock 20	51.00	Note 4
	Tokutei Mokuteki Kaisha SSG16	Japan	Real estate securitization	51.00	162,686 (JPY 700,109)	8,441 (JPY 37,109)	Preferred stock 13	-	Preferred stock 13	51.00	Note 4
Uflc Capital (Singapore) Holding Pte. Ltd.	<u>Nonfinancial - related</u> Kabushiki Kaisha UCJ1	Japan	Buy, sell and lease real estate	69.45	258,666 (JPY 1,113,156)	549 (JPY 2,412)	21	-	21	69.45	Note 4
	Tokutei Mokuteki Kaisha SSG12	Japan	Real estate securitization	49.00	233,264 (JPY 1,003,840)	13,213 (JPY 58,090)	Note 7	-	Note 7	49.00	Note 4
	Tokutei Mokuteki Kaisha SSG16	Japan	Real estate securitization	49.00	156,317 (JPY 672,703)	8,109 (JPY 35,653)	Note 5	-	Note 5	49.00	Note 4
Union Securities Investment Trust Co., Ltd.	<u>Financial - related</u> Union Private Equity Co., Ltd.	Taiwan	Investment services	100.00	37,393	6,513	3,000	-	3,000	100.00	
Union Venture Capital Co., Ltd.	<u>Nonfinancial - related</u> Na He Yi Hau Electric Power Inc.	Taiwan	Electricity - related business	89.70	137,596	(3,592)	148,900	-	148,900	89.70	
	Corner Union Venture Capital, LLC.	United States of America	Investment	100.00	439,247 (US\$ 14,304)	(5,022) (US\$ -168)	1,100	-	-	100.00	
	Union Energy Co., Ltd.	Taiwan	Investment advisory services and energy related business	100.00	18,739	(2,255)	90,000	-	90,000	100.00	
	Blue Borders Medical and Heal Management Consulting Co., Ltd.	Taiwan	Biotechnology Services	38.89	112,801	(26,340)	14,000	-	14,000	38.89	Note 3
	Ting Syu Energy Co., Ltd.	Taiwan	Electricity - related business	60.00	594	(6)	594	-	594	00.00	
Union Energy Co., Ltd.	<u>Nonfinancial - related</u> Ting Jie Electric Power Inc.	Taiwan	Electricity - related business	90.00	5,781	(9,261)	1,890	-	1,890	90.00	
	Na He Yi Hau Electric Power Inc.	Taiwan	Electricity - related business	0.30	481	(12,063)	50	-	50	0.30	
	Tianji Smart Energy Co., Ltd.	Taiwan	Electricity - related business	90.00	364,522	349,804	33,904	-	33,904	90.00	
Corner Union Venture Capital, LLC.	<u>Nonfinancial - related</u> Corner Ventures DAG I-U, LLC.	United States of America	Venture Investment	100.00	396,962 (US\$ 12,927)	(3,809) (US\$ -128)	-	-	-	100.00	
	Corner Union, LLC.	United States of America	Venture Investment	100.00	42,715 (US\$ 1,391)	(1,196) (US\$ -40)	-	-	-	100.00	

Note 1: Except for LINE BIZ+ Taiwan., Ltd., the investees' information shown above is based on audited financial reports as of December 31, 2022.

Note 2: Pro forma shares are considered if equity securities - convertible bonds, warrants, etc. - or derivative contracts such as stock options, are converted to shares.

Note 3: Management of the Bank considers that numbers quoted from the unaudited financial statements and other comprehensive income would not have material effect on the Bank's financial statements.

Note 4: Union Capital (Singapore) Holding Pte. Ltd., Uflc Capital (Singapore) Holding Pte. Ltd. and Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 - the audited statements of stockholders' equity as of September 30, 2022. Kabushiki Kaisha UCJ1 - unaudited statements of stockholders' equity as of September 30, 2022.

Note 5: Refers to 1 share of common stock and 13 thousand shares of preferred stock.

Note 6: Refers to 1 share of common stock and 14 thousand shares of preferred stock

Note 7: Refers to 1 share of common stock and 19 thousand shares of preferred stock.

Note 8: UECL pledged 1,890 thousand shares of Ting Jie Electric Power Inc. as collateral for the syndicated loan.

(Concluded)

## UNION BANK OF TAIWAN AND SUBSIDIARIES

**BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Transacting Corporation	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amount	Trading Terms	Percentage of Total Revenue or Total Assets (Note 3)
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - demand deposits	\$ 402,445	Note 4	0.05
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - checking deposits	19,680	Note 4	0.00
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - time deposits	737,090	Note 4	0.09
1	UFLIC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	1,159,215	Note 4	0.14
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - time deposits	50,627	Note 4	0.01
1	UFLIC and its subsidiaries	The Bank	b	Other financial assets	50,627	Note 4	0.01
0	The Bank	UFLIC and its subsidiaries	a	Discounts and loans	643,119	Note 4	0.08
1	UFLIC and its subsidiaries	The Bank	b	Due from banks	643,119	Note 4	0.08
0	The Bank	UFLIC and its subsidiaries	a	Other operating expenses	13,170	Note 4	0.08
1	UFLIC and its subsidiaries	The Bank	b	Rental revenue	13,170	Note 4	0.08
0	The Bank	UFLIC and its subsidiaries	a	Interest revenue	9,704	Note 4	0.06
1	UFLIC and its subsidiaries	The Bank	b	Interest expense	9,704	Note 4	0.06
0	The Bank	Union Finance International (HK) Limited	a	Deposits and remittances - demand deposits	1,234	Note 4	0.00
2	Union Finance International (HK) Limited	The Bank	b	Call loans and due to other banks - call loans from banks	1,234	Note 4	0.00
0	The Bank	UIT	a	Deposits and remittances - demand deposits	115,850	Note 4	0.01
3	UIT	The Bank	b	Call loans and due to other banks - call loans from banks	115,850	Note 4	0.01
0	The Bank	UIT	a	Other assets	38,809	Note 4	0.00
3	UIT	The Bank	b	Other liabilities	38,809	Note 4	0.00
0	The Bank	UIT	a	Net revenues other than interest	180,612	Note 4	1.13
3	UIT	The Bank	b	Other operating expenses	180,612	Note 4	1.13
0	The Bank	UIT	a	Accrued payables - expense	1,756	Note 4	0.00
3	UIT	The Bank	b	Receivables - accounts receivables	1,756	Note 4	0.00
0	The Bank	UIT	a	Deposits and remittances - time deposits	4,150	Note 4	0.03
3	UIT	The Bank	b	Other financial assets	4,150	Note 4	0.03
0	The Bank	UVC and its subsidiaries	a	Deposits and remittances - demand deposits	1,240,553	Note 4	0.15
0	The Bank	UVC and its subsidiaries	a	Deposits and remittances - checking deposits	721	Note 4	0.00
4	UVC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	1,241,274	Note 4	0.15
0	The Bank	UVC and its subsidiaries	a	Deposits and remittances - time deposits	18,511	Note 4	0.00
4	UVC and its subsidiaries	The Bank	b	Other financial assets	18,511	Note 4	0.00
0	The Bank	USITC and its subsidiaries	a	Deposits and remittances - demand deposits	61,432	Note 4	0.01
0	The Bank	USITC and its subsidiaries	a	Deposits and remittances - time deposits	29,700	Note 4	0.00
5	USITC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	91,132	Note 4	0.01
0	The Bank	USITC	a	Deposits and remittances - time deposits	178,000	Note 4	0.02
5	USITC and its subsidiaries	The Bank	b	Other financial assets	178,000	Note 4	0.02
0	The Bank	USITC	a	Interest expense	2,158	Note 4	0.01
5	USITC and its subsidiaries	The Bank	b	Interest revenue	2,158	Note 4	0.01

(Continued)

No. (Note 1)	Transacting Corporation	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amount	Trading Terms	Percentage of Total Revenue or Total Assets (Note 3)
0	The Bank	USITC	a	Commissions and fee revenue	\$ 20,419	Note 4	0.13
5	USITC and its subsidiaries	The Bank	b	Commissions and fee expense	20,419	Note 4	0.13
6	UFLIC	Tianji Smart Energy Co., Ltd.	c	Receivables - receivables from related parties	1,659,283	Note 4	0.20
7	Tianji Smart Energy Co., Ltd.	UFLIC	c	Payables - payables to related parties	1,659,283	Note 4	0.20
6	UFLIC	Tianji Smart Energy Co., Ltd.	c	Interest revenue	35,895	Note 4	0.22
7	Tianji Smart Energy Co., Ltd.	UFLIC	c	Interest expense	35,895	Note 4	0.22
8	Union Venture Capital Co., Ltd.	Tinje electric power	c	Interest revenue	5,047	Note 4	0.00
9	Tinje electric power	Union Venture Capital Co., Ltd.	c	Interest expense	5,047	Note 4	0.00
6	UFLIC	Union Capital (Singapore) Holding Pte. Ltd.	c	Receivables - receivables from related parties	618,125	Note 4	0.07
10	Union Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Payables - payables to related parties	618,125	Note 4	0.07
6	UFLIC	Union Capital (Singapore) Holding Pte. Ltd.	c	Interest revenue	7,470	Note 4	0.05
10	Union Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Interest expense	7,470	Note 4	0.05
6	UFLIC	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Receivables - receivables from related parties	1,299,623	Note 4	0.15
11	Uflc Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Payables - payables to related parties	1,299,623	Note 4	0.15
6	UFLIC	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Interest revenue	15,705	Note 4	0.10
11	Uflc Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Interest expense	15,705	Note 4	0.10
10	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Receivables - receivables from related parties	340,934	Note 4	0.04
12	Kabushiki Kaisha UCJ1	Union Capital (Singapore) Holding Pte. Ltd.	c	Payables - payables to related parties	340,934	Note 4	0.04
11	Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Receivables - receivables from related parties	674,450	Note 4	0.08
12	Kabushiki Kaisha UCJ1	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Payables - payables to related parties	674,450	Note 4	0.08
10	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Interest revenue	9,169	Note 4	0.06
12	Kabushiki Kaisha UCJ1	Union Capital (Singapore) Holding Pte. Ltd.	c	Interest expense	9,169	Note 4	0.06
11	Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Interest revenue	17,681	Note 4	0.11
12	Kabushiki Kaisha UCJ1	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Interest expense	17,681	Note 4	0.11

Note 1: The transacting corporation is identified in the No. column as follows:

- a. 0 for parent company.
- b. Sequentially from 1 for subsidiaries.

Note 2: The flow of transactions is as follows:

- a. From parent company to subsidiary.
- b. From subsidiary to parent company.
- c. Between subsidiaries.

Note 3: The percentage is calculated as follows:

- a. Assets and liabilities: Ending balance divided by total consolidated assets.
- b. Income and expenses: The amount at the end of the year divided by consolidated net income

Note 4: The terms of the transactions between the Bank and related parties were similar to those for unrelated parties.

Note 5: Referring to transactions exceeding \$1,000 thousand.

(Concluded)

**TABLE 9****UNION BANK OF TAIWAN AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Name of Major Shareholder	Shares			Percentage of Ownership (%)
	Number of Shares			
	Ordinary Shares	Preferred Shares	Total	
Tsong-Li Investment Co., Ltd.	284,845	-	284,845	7.50

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

# **Union Bank of Taiwan**

**Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Union Bank of Taiwan

### **Opinion**

We have audited the accompanying financial statements of Union Bank of Taiwan (the "Bank"), which comprise the balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022. 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, 2022 is described as follows:

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

As of December 31, 2022, the net amount of discounts and loans of the Bank was approximately 64% 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, 2022.

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 on loan impairment assessment, refer to Notes 4, 5 and 14 to the financial statements.

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

1. We obtained an understanding of the relevant internal controls in respect of the Bank's loan impairment assessment and tested the operating effectiveness of such controls.
2. We tested the classification of credit assets in accordance with relevant regulations issued by management and authorities. In addition, we 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, 2022 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 Chen-Hsiu Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 15, 2023

Notice to Readers

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

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

# UNION BANK OF TAIWAN

## BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 11,806,105	2	\$ 12,822,394	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 43)	24,624,316	3	29,553,111	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	27,316,180	3	45,833,426	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9 and 11)	58,665,959	7	60,672,055	7
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 10 and 11)	82,519,002	10	77,431,542	9
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 12)	43,731,932	5	57,688,435	7
RECEIVABLES, NET (Notes 4, 5 and 13)	26,655,389	3	25,351,438	3
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 42)	528,761,720	64	493,750,735	60
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 16)	7,044,344	1	6,523,042	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 17 and 43)	1,520,811	-	1,605,569	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	8,155,271	1	7,913,431	1
RIGHT-OF-USE ASSETS (Notes 4 and 19)	1,341,040	-	1,590,101	-
Goodwill (Notes 4 and 20)	1,985,307	-	1,985,306	-
Computer software (Note 4)	186,741	-	182,782	-
DEFERRED TAX ASSETS (Notes 4 and 40)	504,970	-	706,598	-
OTHER ASSETS, NET (Notes 4, 21, 42 and 44)	<u>3,871,175</u>	<u>1</u>	<u>2,970,253</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 828,690,262</u></b>	<b><u>100</u></b>	<b><u>\$ 826,580,218</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 22)	\$ 4,790,895	1	\$ 9,296,313	1
DUE TO THE CENTRAL BANK AND OTHER BANKS (Notes 23 and 43)	-	-	6,741,390	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	931,500	-	495,421	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 4 and 24)	34,298,607	4	51,279,756	6
PAYABLES (Notes 25 and 42)	7,033,812	1	8,154,976	1
CURRENT TAX LIABILITIES (Note 4)	637,420	-	411,559	-
DEPOSITS AND REMITTANCES (Notes 26 and 42)	710,745,127	86	672,825,605	82
BANK DEBENTURES (Notes 4 and 27)	5,000,000	1	7,700,000	1
OTHER FINANCIAL LIABILITIES	-	-	6,446	-
PROVISIONS (Notes 4, 5 and 28)	327,115	-	361,874	-
LEASE LIABILITIES (Notes 4, 19 and 42)	1,325,495	-	1,576,632	-
DEFERRED TAX LIABILITIES (Notes 4 and 40)	1,735,860	-	1,604,370	-
OTHER LIABILITIES (Notes 30, 42 and 44)	<u>794,009</u>	<u>-</u>	<u>990,565</u>	<u>-</u>
Total liabilities	<u>767,619,840</u>	<u>93</u>	<u>761,444,907</u>	<u>92</u>
<b>EQUITY</b>				
Share capital				
Ordinary shares	35,940,460	4	32,952,187	4
Preference shares	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Total share capital	<u>37,940,460</u>	<u>4</u>	<u>34,952,187</u>	<u>4</u>
Capital surplus	<u>8,076,826</u>	<u>1</u>	<u>8,051,984</u>	<u>1</u>
Retained earnings				
Legal reserve	10,589,878	1	8,924,700	1
Special reserve	627,440	-	627,440	-
Unappropriated earnings	<u>4,473,399</u>	<u>1</u>	<u>6,932,579</u>	<u>1</u>
Total retained earnings	<u>15,690,717</u>	<u>2</u>	<u>16,484,719</u>	<u>2</u>
Other equity	<u>(637,581)</u>	<u>-</u>	<u>5,646,421</u>	<u>1</u>
Total equity	<u>61,070,422</u>	<u>7</u>	<u>65,135,311</u>	<u>8</u>
<b>TOTAL</b>	<b><u>\$ 828,690,262</u></b>	<b><u>100</u></b>	<b><u>\$ 826,580,218</u></b>	<b><u>100</u></b>

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

# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST (Notes 4, 32 and 42)					
Interest revenue	\$ 14,885,912	111	\$ 11,537,639	81	29
Interest expense	<u>4,978,798</u>	<u>37</u>	<u>2,863,330</u>	<u>20</u>	74
Net interest	<u>9,907,114</u>	<u>74</u>	<u>8,674,309</u>	<u>61</u>	14
NET REVENUE OTHER THAN INTEREST					
Commissions and fee revenue, net (Notes 4 and 33)	3,327,946	25	3,064,775	22	9
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 34)	(296,501)	(2)	557,486	4	(153)
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 35)	772,231	6	875,982	6	(12)
Share of profit of subsidiaries and associates (Notes 4 and 16)	155,959	1	79,960	1	95
Foreign exchange gain, net (Note 4)	537,072	4	683,542	5	(21)
Impairment loss on assets (Notes 4 and 36)	(1,269,245)	(9)	(90,697)	(1)	1,299
Securities brokerage fee revenue, net	190,882	1	300,193	2	(36)
Loss on disposal of properties and equipment, net (Note 4)	(4,563)	-	(1,193)	-	282
Other noninterest gain, net	<u>26,150</u>	<u>-</u>	<u>20,858</u>	<u>-</u>	25
TOTAL NET REVENUE	<u>13,347,045</u>	<u>100</u>	<u>14,165,215</u>	<u>100</u>	(6)
PROVISIONS (Notes 4, 5 and 15)					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>481,754</u>	<u>4</u>	<u>776,891</u>	<u>5</u>	(38)
OPERATING EXPENSES					
Employee benefit expense (Notes 4, 29, 37 and 42)	3,971,685	30	3,979,844	28	-
Depreciation and amortization (Notes 4, 19 and 38)	780,288	6	803,620	6	(3)
Others (Notes 4, 39 and 42)	<u>3,619,814</u>	<u>27</u>	<u>3,443,049</u>	<u>24</u>	5
Total operating expenses	<u>8,371,787</u>	<u>63</u>	<u>8,226,513</u>	<u>58</u>	2

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	\$ 4,493,504	33	\$ 5,161,811	37	(13)
INCOME TAX EXPENSE (Notes 4 and 40)	<u>954,434</u>	<u>7</u>	<u>698,043</u>	<u>5</u>	37
NET INCOME	<u>3,539,070</u>	<u>26</u>	<u>4,463,768</u>	<u>32</u>	(21)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(79,907)	-	(940)	-	8,401
Unrealized (loss) gain on investments in equity instrument at fair value through other comprehensive income	(1,684,799)	(13)	1,772,006	12	(195)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(271,454)	(2)	540,371	4	(150)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 40)	<u>(49,395)</u>	<u>-</u>	<u>34,734</u>	<u>-</u>	(242)
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>(2,085,555)</u>	<u>(15)</u>	<u>2,346,171</u>	<u>16</u>	(189)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	1,453,521	11	(361,067)	(3)	503
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(34,963)	(1)	(256,536)	(2)	(86)

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	\$ (5,768,822)	(43)	\$ (918,605)	(6)	528
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 40)	<u>(290,704)</u>	<u>(2)</u>	<u>72,213</u>	<u>1</u>	(503)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(4,640,968)</u>	<u>(35)</u>	<u>(1,463,995)</u>	<u>(10)</u>	217
Other comprehensive income for the year, net of income tax	<u>(6,726,523)</u>	<u>(50)</u>	<u>882,176</u>	<u>6</u>	(862)
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (3,187,453)</u>	<u>(24)</u>	<u>\$ 5,345,944</u>	<u>38</u>	(160)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 41)					
Basic	<u>\$0.85</u>		<u>\$1.11</u>		
Diluted	<u>\$0.85</u>		<u>\$1.11</u>		

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

(Concluded)

# UNION BANK OF TAIWAN

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital (Notes 31 and 37)			Capital Surplus (Note 31)	Retained Earnings (Notes 4 and 31)				Other Equity (Notes 4 and 31)		Total	Total Equity
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	\$ 30,933,688	\$ 2,000,000	\$ 32,933,688	\$ 8,040,035	\$ 7,883,630	\$ 627,440	\$ 4,854,972	\$ 13,366,042	\$ (1,091,223)	\$ 6,942,293	\$ 5,851,070	\$ 60,190,835
Appropriation of the 2020 earnings												
Legal reserve	-	-	-	-	1,041,070	-	(1,041,070)	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Stock dividends on common shares	1,951,916	-	1,951,916	-	-	-	(1,951,916)	(1,951,916)	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	-	4,463,768	4,463,768	-	-	-	4,463,768
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	228	228	(545,390)	1,427,338	881,948	882,176
Share-based payment	66,583	-	66,583	5,659	-	-	-	-	-	-	-	72,242
Changes in ownership interests in subsidiaries	-	-	-	6,290	-	-	-	-	-	-	-	6,290
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	1,086,597	1,086,597	-	(1,086,597)	(1,086,597)	-
BALANCE AT DECEMBER 31, 2021	32,952,187	2,000,000	34,952,187	8,051,984	8,924,700	627,440	6,932,579	16,484,719	(1,636,613)	7,283,034	5,646,421	65,135,311
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	-	1,665,178	-	(1,665,178)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(494,282)	(494,282)	-	-	-	(494,282)
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Stock dividends on common shares	2,916,269	-	2,916,269	-	-	-	(2,916,269)	(2,916,269)	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	-	3,539,070	3,539,070	-	-	-	3,539,070
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	(62,001)	(62,001)	1,127,854	(7,792,376)	(6,664,522)	(6,726,523)
Share-based payment	72,004	-	72,004	24,842	-	-	-	-	-	-	-	96,846
Disposal 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	<u>\$ 35,940,460</u>	<u>\$ 2,000,000</u>	<u>\$ 37,940,460</u>	<u>\$ 8,076,826</u>	<u>\$ 10,589,878</u>	<u>\$ 627,440</u>	<u>\$ 4,473,399</u>	<u>\$ 15,690,717</u>	<u>\$ (508,759)</u>	<u>\$ (128,822)</u>	<u>\$ (637,581)</u>	<u>\$ 61,070,422</u>

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

# UNION BANK OF TAIWAN

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 4,493,504	\$ 5,161,811
Adjustments for:		
Depreciation expense	694,405	717,519
Amortization expense	85,883	86,101
Expected credit losses/provision of allowance for doubtful accounts	481,754	776,891
Loss (gain) on disposal of financial assets at fair value through profit or loss	339,993	(503,731)
Interest expense	4,978,798	2,863,330
Interest revenue	(14,885,912)	(11,537,639)
Dividend income	(735,418)	(564,470)
Share of profit of subsidiaries and associates	(155,959)	(73,295)
Gain on disposal of associates	-	(6,665)
Loss on disposal of properties and equipment	4,563	1,193
Gain on disposal of investments	(80,305)	(365,267)
Impairment loss recognized on financial assets	1,279,572	22,479
Reversal of impairment loss on financial assets	(8,219)	-
Impairment loss on nonfinancial asset	-	68,935
Reversal of impairment loss on nonfinancial asset	(2,108)	(717)
Gain on disposal of collaterals	1,008	240
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	4,928,795	(5,227,313)
Financial assets at fair value through profit or loss	19,598,792	(10,444,144)
Financial assets at fair value through other comprehensive income	(6,722,782)	(6,599,533)
Investments in debt instruments at amortized cost	(5,181,515)	13,084,558
Receivables	(852,188)	(2,499,589)
Discounts and loans	(35,634,450)	(70,149,182)
Other financial assets	90,959	2,926,067
Deposits from the Central Bank and other banks	(4,505,418)	(2,646,550)
Financial liabilities at fair value through profit or loss	(985,460)	(628,402)
Securities sold under repurchase agreements	(16,981,149)	6,851,580
Payables	(1,247,349)	2,827,518
Deposits and remittances	37,919,522	64,556,091
Other financial liabilities	(6,446)	(108,915)
Provision for employee benefits	(79,905)	(940)
Cash used in operations activities	(13,167,035)	(11,412,039)
Interest received	14,668,232	11,575,870
Dividend received	773,079	586,800
Interest paid	(4,755,768)	(2,894,026)
Income tax paid	(735,554)	(342,995)
Net cash used in operating activities	<u>(3,217,046)</u>	<u>(2,486,390)</u>

(Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of associates	\$ (481,394)	\$ (357,844)
Disposal of associates	-	45,007
Payments for properties and equipment	(546,522)	(345,503)
Decrease in settlement fund	(324)	(3,386)
Increase in refundable deposits	(969,725)	(248,099)
Payments for intangible assets	(53,488)	(50,332)
Proceeds from disposal of collaterals	1,100	477
Decrease in other assets	<u>69,127</u>	<u>32,832</u>
Net cash used in investing activities	<u>(1,981,226)</u>	<u>(926,848)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to Central Bank and other banks	-	2,954,670
Decrease in due to Central Bank and other banks	(6,741,390)	-
Proceeds from issue of bank debentures	-	3,000,000
Repayments of bank debentures	(2,700,000)	(2,500,000)
Proceeds from guarantee deposits received	-	4,164
Decrease in guarantee deposits received	(30,918)	-
Repayment of the principal portion of lease liabilities	(432,733)	(437,403)
Decrease in other liabilities	(196,937)	(133,357)
Dividends paid	<u>(974,282)</u>	<u>(480,000)</u>
Net cash generated from (used in) financing activities	<u>(11,076,260)</u>	<u>2,408,074</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,301,740</u>	<u>(498,314)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,972,792)	(1,503,478)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>70,510,829</u>	<u>72,014,307</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 55,538,037</u>	<u>\$ 70,510,829</u> (Continued)

# UNION BANK OF TAIWAN

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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, 2022 and 2021:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents in balance sheets	\$ 11,806,105	\$ 12,822,394
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>43,731,932</u>	<u>57,688,435</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 55,538,037</u>	<u>\$ 70,510,829</u>

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

(Concluded)