

Stock Code: 2897



O-Bank Co., Ltd.

(Formerly known as Industrial Bank of Taiwan Co., Ltd.)

# The Minutes for 2018 Annual General Meeting of Shareholders

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**(Summary Translation)**

This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

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June 14, 2018

**O-Bank Co., Ltd.**

(Formerly known as Industrial Bank of Taiwan Co., Ltd.)

**Minutes of 2018 Annual General Meeting of Shareholders**

**Time: 9 am, June 14 (Thursday), 2018**

**Place: Sho-chieh Tsiang International Conference Hall,  
Chung-Hua Institution for Economic Research  
(CIER)**

**No. 75, Changxing St., Da'an Dist., Taipei City**

**Total outstanding shares of the Company: 2,413,006,301  
shares**

**Total shares represented by shareholders present :  
2,071,141,030 shares**

**Percentage of shares held by shareholders present :  
85.83%**

**Non-voting delegates : Kenneth C.M. Lo, Tina Y. Lo,  
Thomas Yue, Tony C.Y. Yang,  
David C.C. Chang, Lotus  
International Law Office- Lawyer  
Pei-Chi Hung, Deloitte- CPA Dian  
Chen, Roger Lin, Jerry Sung,  
Nancy Liu, Indra Huang,  
Jonathan Wei**

**Directors in attendance : Hou-Sheng Chan, Shih-Tze  
Chen, Gordon W.C. Lin,  
Bobby Sheng, Richard R.C.  
Liu, Nina Lo, Ta-Nien Tung**

**Chairman : Kenneth C.M. Lo**

**Minute Taker : Cristina Tung**

**The aggregate shareholding of the shareholders present  
constituted a quorum.**

**The Chairman called the meeting to order.**

## **Matters for Reporting**

### **Proposal No. 1 (Proposed by the Board of Directors)**

Proposal: Business report for 2017

Explanation: Please refer to Appendix III of this Handbook and the Bank's annual report for 2017.

## **Proposal No. 2 (Proposed by the Audit Committee)**

Proposal: Review Report of 2017 Financial Statements by the Audit Committee

Explanation: Please refer to the Audit Committee Review Report.

O-Bank Co., Ltd.  
Audit Committee Report

The Board of Directors has compiled and submitted the Bank's consolidated and parent balance sheets, income statements, statements of changes in shareholders' equity, and cash flow statements for 2017 audited by certified public accountants Yang, Cheng-hsiu and Chen, Li-chi of Deloitte & Touche, business report, and statement of distribution of earnings to the Audit Committee. After reviewing the abovementioned statements and reports and discussing with the CPAs, the Audit Committee has found them to meet the requirements of applicable laws and regulations. This report is hereby prepared and submitted in accordance with Articles 14-4 and 14-5 of the *Securities and Exchange Act*.

Thomas Yue  
Convener of the Audit Committee  
O-Bank Co., Ltd.

Date: March 28, 2018

### **Proposal No. 3 (Proposed by the Board of Directors)**

Proposal: Distribution of remunerations to directors and employees for 2017

Explanation:

1. The Bank shall, pursuant to Articles 22 and 32 of the *Articles of Incorporation* of the Bank, first deduct the amount preserved to cover accumulated losses from a given year's pretax profit before distribution of remunerations for directors and employees. Of the surplus, not more than 2.5% shall be set aside as remunerations for directors and 1-2.5% for employees.
2. It is proposed that the remunerations for directors and employees for 2017 are set aside as the following percentages and amounts:
  - (1) Remunerations for directors: Pursuant to Article 22 of the *Articles of Incorporation* of the Bank, 2.5% of the aforesaid surplus, or NT\$31,838,504, is to be set aside for the purpose. The remunerations shall be distributed among directors in proportion to their regular compensations and those who have been elected less than a year earlier shall be remunerated according to the proportion of the length of their service. Independent directors shall be excluded from this distribution of remunerations.
  - (2) Remunerations for employees: Pursuant to Article 32 of the *Articles of Incorporation* of the Bank, 1.25% of the aforesaid surplus, or NT\$15,919,252, is to be set aside for distribution in cash.
3. This proposal was approved by the 7<sup>th</sup> Board of Directors in its 6<sup>th</sup> meeting.

## **Proposal No. 4 (Proposed by the Board of Directors)**

Proposal: Amendment to *O-Bank Co., Ltd. Criteria Governing Codes of Ethical Conduct* Explanation:

1. An earlier amendment of the Bank's *Criteria Governing Codes of Ethical Conduct* was already submitted to the General Shareholders' Meeting of June 14, 2017. To make this Criteria better-rounded, it is proposed to amend Article 11 and add wording that personnel of all levels shall exercise reasonable judgment of instructions from superiors, clearly define their powers and responsibilities, and, if in doubt, seek clarifications from superiors and be refrained from making presumptions and resorting to favor-currying, lobbying, or any other misconduct (please refer to page xx for a comparison table of the original and amended articles).
2. This proposal was approved by the 7<sup>th</sup> Board of Directors in its 5<sup>th</sup> meeting.

**Comparison Table of Original and Amended Articles of  
O-Bank Co., Ltd. Criteria Governing Codes of Ethical  
Conduct**

Amended Article	Original Article	Explanation
<p>Article 11 Workplace Ethics</p> <p>1. Managers and employees may not form joint ventures with customers, run their own businesses, or engage in monetary lending with customers.</p> <p>2. With the exception of relatives of direct lineage, managers and employees may not act as the undersigned or undertake any other affair for customers by proxy.</p> <p>3. Personnel of all levels shall maintain mutual respect with customers, treat each other with sincerity, and may not get involved in sexual harassment.</p> <p>4. <u>Personnel of all levels shall exercise reasonable judgment of</u></p>	<p>Article 11 Workplace Ethics</p> <p>1. Managers and employees may not form joint ventures with customers, run their own businesses, or engage in monetary lending with customers.</p> <p>2. With the exception of relatives of direct lineage, managers and employees may not act as the undersigned or undertake any other affair for customers by proxy.</p> <p>3. Personnel of all levels shall maintain mutual respect with customers, treat each other with sincerity, and may not get involved in sexual harassment.</p>	<p>In order to help this Code be better-rounded, wording is added that personnel of all levels shall make prior judgment to evaluate instructions from superiors and may not violate relevant regulations or engage in any misconduct.</p>



<p>instructions from superiors, clearly define their powers and responsibilities, and, if in doubt, seek clarifications from superiors and be refrained from making presumptions and resorting to favor-currying, lobbying, or any other misconduct in violation of relevant regulations.</p>		
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## **Matters for Ratification**

### **Proposal No. 1 (Proposed by the Board of Directors)**

Proposal: Business Report and Financial Statements of 2017

Explanation:

1. The Bank's financial statements of 2017, which certified public accountants Yang, Cheng-hsiu and Chen, Li-chi of Deloitte & Touche audited and for which they presented an unconditional opinion accordingly, and business report for 2017 (please refer to Appendices III and IV of this Handbook and the Bank's annual report for 2017) were approved by the 7<sup>th</sup> Board of Directors in its 6<sup>th</sup> and 7<sup>th</sup> meetings and later audited by the Audit Committee.
2. Shareholder ratification is respectfully requested.

**2,071,141,030 shares (135,019,198 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 85.83% of the total number of voting shares issued by the Bank.**

**Voting resolution:**

Approval votes: 2,012,370,848 shares/97.16% (127,488,863 shares from E-voting)

Disapproval votes: 379,374 shares (379,374 shares from E-voting)

Invalid votes : 0 share/0.00%

Abstention votes/no votes : 58,390,808 shares (7,150,961 shares from E-voting)

**Resolution:** voted and acknowledged as originally proposed.

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

Proposal: Distribution of earnings for 2017

Explanation:

1. The proposed distribution of earnings for 2017 (please refer to page xx) is laid out as follows:  
The Bank has NT\$1,072,079,503 in net income for the year 2017, which comes in at NT\$1,014,567,132 after adjustment (please refer to page xx for adjustment items). Minus a NT\$304,370,140 (30%) compulsory appropriation of legal reserve, and a NT\$5,360,398 special reserve equivalent to 0.5% of net income set aside in the distribution of 2016-2018 earnings required by the competent authority to protect the rights and interests of banking employees in the face of fintech development, and plus the NT\$19,065,296 reverse of special reserve, the Bank has an amount of NT\$723,901,890 in earnings distributable for the year. It is proposed that a NT\$0.30 cash dividend per share be distributed among shareholders (all cash dividends being distributed shall be rounded off proportionately to the nearest Taiwan dollar and the sum of all cash dividends less than NT\$1 shall be calculated as the Bank's other income).
2. The total of cash dividends is calculated on the basis of 2,413,006,301 outstanding shares as of the end of 2017. It is proposed that the Board of Directors be authorized to adjust the dividend distribution ratio in the event of a change in outstanding shares on the record date derived from the buyback of any of the Bank's outstanding shares or the transfer of the Bank's treasury stock to employees.
3. Subject to approval of this proposed distribution of earnings for 2017 by this shareholders' meeting, it is proposed that the Board of Directors be authorized to determine the

record date of the cash dividend distribution.

4. This proposal was approved by the 7<sup>th</sup> Board of Directors in its 6<sup>th</sup> meeting and audited by the Audit Committee.
5. Shareholder ratification is respectfully requested.

**2,071,141,030 shares (135,019,198 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 85.83% of the total number of voting shares issued by the Bank.**

**Voting resolution:**

Approval votes: 2,012,119,605 shares/97.15% (127,237,620 shares from E-voting)

Disapproval votes: 613,617 shares (613,617 shares from E-voting)

Invalid votes : 0 share/0.00%

Abstention votes/no votes : 58,407,808 shares (7,167,961 shares from E-voting)

**Resolution:** voted and acknowledged as originally proposed.

O-Bank Co., Ltd.  
Proposed Distribution of 2017 Earnings

Currency: NT\$

Net income	1,072,079,503
Plus: Balance of undistributed earnings at the beginning of the period	0
Plus/Less: Undistributed earnings adjustment items	
1. Adjustment of investment accounted for using equity method	1,534,219
2. Adjustment of remeasurements of defined benefit plans	(9,983,000)
3. Adjustment of issuing new shares at a discount	(49,063,590)
After-adjustment undistributed earnings	1,014,567,132
Legal reserve appropriation (30%)	(304,370,140)
Special reserve appropriation	(5,360,398)
Reverse of special reserve	19,065,296
Earnings available for distribution	723,901,890
Distribution items:	
Cash dividend	723,901,890
Undistributed earnings as of the end of the period	0

Chairman: Lo, Kenneth C.M.

President: Yang, Tony C.Y.

Accounting Officer: Chang, David C.C.

## Matters for Discussion

### Proposal No. 1 (Proposed by the Board of Directors)

Proposal: To accommodate the Bank's long-term business development and operational planning, it is proposed to amend some provisions of the *Articles of Incorporation* of the Bank.

Explanation:

1. An earlier amendment of the Bank's *Articles of Incorporation* was already adopted by the Annual Shareholders' Meeting of June 14, 2017 and implemented accordingly. To meet the Bank's needs for future expansion and enhance the capital adequacy ration and weighting of Tier 1 capital, it is proposed to include preferred shares as an additional fund-raising option and amend the *Articles of Incorporation* accordingly (please refer to Appendix V for the comparison table of articles before and after amendment). Highlights of the amendment are as follows:
  - (1) Article 7: To accommodate future expansion, it is proposed to amend this article that allows an increase in the total amount of capital stock to NT\$35 billion and introduces preferred shares as a type of the Bank's shares.
  - (2) Article 8-1 (added): Pursuant to Article 157 of the *Company Act*, it is proposed to add this article that defines rights and obligations thus entailed and other important issuance terms.
  - (3) Article 11: Wording is added to specify that the Bank, if the need arises, may convene a meeting of holders of preferred shares pursuant to relevant laws and regulations.
  - (4) Article 13, Paragraph 2 (deleted): It is proposed to delete the paragraph in question as the method of

voting on matters at shareholders' meetings shall be dictated by the Bank's *Procedural Rules Governing Shareholders' Meetings*.

- (5) Article 32-1: Add an explanatory text.
  - (6) Article 34: Add the date of amendment and specify the meeting in which it was adopted.
2. The proposal was approved by the 7<sup>th</sup> Board of Directors in its 7<sup>th</sup> meeting.
  3. Shareholder approval is respectfully requested.

**2,071,141,030 shares (135,019,198 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 85.83% of the total number of voting shares issued by the Bank.**

**Voting resolution:**

Approval votes: 2,012,236,071 shares/97.15% (127,354,086 shares from E-voting)

Disapproval votes: 459,151 shares (459,151 shares from E-voting)

Invalid votes : 0 share/0.00%

Abstention votes/no votes : 58,445,808 shares (7,205,961 shares from E-voting)

**Resolution:** voted and acknowledged as originally proposed.

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

Proposal: Shareholders are respectfully requested to approve the proposal for release of non-competition restrictions on directors of the board.

Explanation:

1. Where this Bank's directors invest in or run companies whose business scope is similar or identical to that of this Bank and act as their directors, it is proposed that, on condition of incurring no damage to the Bank's interests, non-competition restrictions on them be released pursuant to Article 209 of the *Company Act*. While the release of non-competition restrictions on members of the Bank's 7<sup>th</sup> Board of Directors was already approved by the 2017 General Shareholders' Meeting, it is proposed that the release applies to other new positions that Vice Chairman Lo, Tina Y. (representative of Ming Shan Investment Co., Ltd.), Managing Director Chang, Nelson An-Ping (representative of Taiwan Cement Corp.), Director Chen, Shih-Tze (representative of Tai Ya Investment Co., Ltd.), and Director Tung, Ta-Nien (representative of Wang Hsiang Co., Ltd.) have since taken (shown in the table below).

Director	Positions at other companies
Lo, Tina Y. Vice Chairman	Director/KC Investments Corp. (BVI)
Chang, Nelson An-Ping Managing Director	Chairman/HKC Investment Corp. Chairman/Yun Cheng Investment Corp. Chairman/CS Development & Investment Co., Ltd.
Chen, Shih-Tze Director	Director/Crystal Lake Global Ltd. (BVI)
Tung, Ta-Nien	Chairman/Hung Yeh Investment Co., Ltd.



Director	Director/Hui Yang Venture Corp. Director/Chung Yi Investment Co., Ltd.
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2. The proposal was approved by the 7<sup>th</sup> Board of Directors in its 7<sup>th</sup> meeting.
3. Shareholder approval is respectfully requested.

**2,071,141,030 shares (135,019,198 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 85.83% of the total number of voting shares issued by the Bank.**

**Voting resolution:**

Approval votes: 2,005,655,034 shares/96.83% (120,773,049 shares from E-voting)

Disapproval votes: 710,192 shares (710,192 shares from E-voting)

Invalid votes : 0 share/0.00%

Abstention votes/no votes : 64,775,804 shares (13,535,957 shares from E-voting)

**Resolution:** voted and acknowledged as originally proposed.

**Extempore Motion : None**  
**Adjournment : 9 : 50 a.m.**