



O-Bank Co., Ltd.

The Minutes for 2020 Annual General Meeting of Shareholders

(Summary Translation)

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June 19, 2020

O-Bank Co., Ltd.

Minutes of 2020 Annual General Meeting of Shareholders

Time: 9 am, June 19 (Friday), 2020

Place: S.C. Tsiang Memorial Hall, Chung-Hua Institution for Economic Research (CIER)
No. 75, Changxing St., Da an Dist., Taipei City

Total outstanding shares of the Company:

2,409,393,301 shares (deducted by 3,613,000 non-voting shares pursuant to applicable laws and regulations)

Total shares represented by shareholders present:

2,047,959,765 shares

Percentage of shares held by shareholders present:

84.99%

Non-voting delegates: Chairman Kenneth C.M. Lo,

Vice Chairman Tina Y. Lo,

Independent Director Thomas C.T. Yue,

Director Elton F.Y. Lee (act concurrently as President of O-Bank),

Deloitte & Touche- CPA Yin-Chou Chen,

Peace & Grace International Attorneys At Law-
Lawyer Shou-Huang Chen,

Deputy President David C.C. Chang,

Deputy President Roger Y.F. Lin,

Senior Executive Vice President Nancy S.F. Liu,

Senior Executive Vice President Indra Y.C. Huang,

Senior Executive Vice President Gary Liu,

Senior Vice President Joy C.Y. Siew.

Directors in attendance: Shih-Tze Chen, Gordon W.C. Lin, Bobby P.S. Sheng, Nina Y.C. Lo, Hou-Sheng Chan(Independent director), Richard R.C. Liu(Independent Director).

Chairman: Kenneth C.M. Lo

Minute Taker: Sabrina Su

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 2019

Explanation: Please refer to Appendix I.

Proposal No. 2 (Proposed by the Audit Committee)

Proposal: Review Report of 2019 Financial Statements by the Audit Committee

Explanation: Please refer to Appendix II.

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

Proposal: Distribution of remunerations to directors and employees for 2019

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

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

Proposal: Amendment to O-Bank Co., Ltd. Ethical Corporate Management Best Practice Principles

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

Proposal No. 5 (Proposed by the Board of Directors)

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

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

Proposal No. 6 (Proposed by the Board of Directors)

Proposal: Amendment to O-Bank Co., Ltd. Corporate Social Responsibility Best Practice Principles

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

Proposal No. 7 (Proposed by the Board of Directors)

Proposal: Amendment to O-Bank Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

Proposal No. 8 (Proposed by the Board of Directors)

Proposal: Report of the share repurchase and its implementation

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

Matters for Ratification

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

Proposal: Business Report and Financial Statements of 2019

Explanation:

1. The Bank's financial statements of 2019, which certified public accountants Yin-Chou Chen and Wang-Sheng Lin of Deloitte & Touche audited and for which they presented an unconditional opinion accordingly, and business report for 2019 (please refer to Appendices I and III) were approved by the 7th Board of Directors in its 23rd meetings and audited by the Audit Committee.
2. Shareholder ratification is respectfully requested.

2,047,957,765 shares (including 40,564,240 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 84.99% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,031,266,074 votes/99.18%

Disapproval votes: 1,123,397 votes

Invalid votes : 0 vote

Abstention votes/no votes : 15,568,294 votes

Resolution: voted and acknowledged as originally proposed.

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

Proposal: Distribution of earnings for 2019

Explanation:

1. This proposal for distribution of 2019 earnings is made with a view to both meeting the Bank's developmental needs and maximizing shareholder interests (please refer to Appendix IV).
2. The Bank has NT\$1,100,432,989 in net income for the year 2019, which comes in at NT\$1,187,850,629 after adjustment (please refer to the table below for adjustment items). Further deducted by a NT\$330,129,897, 30% legal reserve from after-tax profit in 2019 ; and added by a NT\$93,675,516 and NT\$141,306,273, reversal of special reserve in accordance with Article 41 of Securities and Exchange Act and the amount of the training expenses deem necessary to accommodate fintech development or the Bank, the Bank's earnings available for distribution as of December 31,2019 is NT\$1,092,702,521.
3. Proposed Distribution of Earnings:
 - (1) Pursuant to Article 8-1 of the Bank's Articles of Incorporation, it is proposed to pay NT\$127,500,000 in cash dividends for preferred shares A (NT\$0.425 per share) and then NT\$965,202,521 in cash dividends for common shares (NT\$0.40 per share).
 - (2) The payout total of cash dividends is proposed on the basis of 2,413,006,301 common shares and 300,000,000 preferred shares of the Bank's outstanding issued capital stock as of the end of 2019. It is proposed that the Board of Directors be authorized to adjust the dividend distribution ratio in the event of a change in outstanding issued capital stock on the record date derived from a capital increase or decrease, conversion of preferred shares, the buyback of any of the Bank's outstanding shares, or the transfer of the Bank's treasury stock to employees.

- (3) 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.
4. Subject to approval of this proposed distribution of earnings for 2019 by this shareholders' meeting, it is proposed that the Board of Directors be authorized to determine the record date of the common and preferred stock dividend distribution.
5. This proposal was approved by the 7th Board of Directors in its 23rd meeting and audited by the Audit Committee.
6. Shareholder ratification is respectfully requested.

2,047,957,765 shares (including 40,564,240 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 84.99% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,031,801,948 votes /99.21%

Disapproval votes: 1,094,397 votes

Invalid votes : 0 vote

Abstention votes/no votes : 15,061,420 votes

Resolution: voted and acknowledged as originally proposed.

Matters for Discussion

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

Proposal: Amendment to the Bank's *Articles of Incorporation*

Explanation:

1. An earlier amendment to the Bank's Articles of Incorporation was already adopted by the Annual Shareholders' Meeting of June 14, 2018 and implemented accordingly. To accommodate the Bank's corporate governance flexibility and practical needs, it is proposed to amend some provisions of the Articles of Incorporation of the Bank (please refer to Appendix V for a comparison table of the original and amended articles). A summary is as follows:
 - (1) Article 8 : The article is deleted to accommodate the Bank's registration with TDCC for dematerialized securities and the unavailability of physical securities afterwards.
 - (2) Article 20 : The setup of the number of directors is amended to a variable range to accommodate corporate governance flexibility and practical needs.
 - (3) Article 23 : The wording for the establishment of the managing directors is amended in accordance with the current amendment to Article 20 of the Bank's Article of Incorporation and the applicable laws and regulations
 - (4) Article 18 、 24 、 27 : The wording is amended in accordance with the current amendment to Article 20 and 23 of the Bank's Article of Incorporation.
 - (5) Article 32-1 : The common stock dividend policy is amended.
 - (6) Article 34 : The date and ordinal number of another amendment are added.
2. The proposal was approved by the 7th Board of Directors in its 24th meeting.
3. Shareholder approval is respectfully requested.

2,047,957,765 shares (including 40,564,240 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 84.99% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,031,701,938 votes/99.20%

Disapproval votes: 1,127,407 votes

Invalid votes : 0 vote

Abstention votes/no votes : 15,128,420 votes

Resolution: voted and approved as originally proposed.

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

Proposal: Amendment to the Bank's Procedural Rules Governing Shareholders' Meetings

Explanation:

1. An earlier amendment to the Bank's Procedural Rules Governing Shareholders' Meetings was already adopted by the Annual Shareholders' Meeting of June 14, 2017 and implemented accordingly. In accordance with the principles of 2020.1.2 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No.1080024221 to adjust Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, Company Act, and rulings from Ministry of Economic Affairs, as well as the bank's operational needs, it is proposed to amend Article 3, 10, and 15 of the Bank's Procedural Rules Governing Shareholders' Meetings (please refer to Appendix VI for a comparison table of the original and amended articles). Highlights of these amendments include: the notice of reasons for convening a shareholders' meeting shall list and explain all the major agenda items; where a reelection of the Board of Directors takes place in a shareholders' meeting, the said meeting shall not alter the date of the newly elected directors' assuming office by an extempore motion or any other means; the voting by poll principle shall be upheld in deliberations during every shareholders' meeting; and the number of votes obtained by each elected director shall be disclosed.
2. The proposal was approved by the 7th Board of Directors in its 24th meeting.
3. Shareholder approval is respectfully requested.

2,047,957,765 shares (including 40,564,240 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 84.99% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,031,710,827 votes/99.20%

Disapproval votes: 1,134,518 votes

Invalid votes : 0 vote

Abstention votes/no votes : 15,112,420 votes

Resolution: voted and approved as originally proposed.

Matters for Election
(Proposed by the Board of Directors)

Proposal: Election of Directors of the Board of the 8th term

Explanation:

1. Members of the Bank's 7th Board of Directors are due to see their tenure expire on June 13, 2020; this shareholders' meeting shall thus elect members of the 8th Board of Directors.
2. Pursuant to its Articles of Incorporation, the Bank shall have 15 directors (including three independent directors). This shareholders' meeting is to elect members of the 8th Board of Directors whose three-year tenure shall run from June 19, 2020 through June 18, 2023.
3. The Bank adopts a candidate nomination system for the election of directors (including independent directors). The election involves 15 candidates for directors (including independent directors) nominated only by the Board of Directors: the nominations were approved by the 7th Board of Directors in its 25th meeting. For the academic and professional backgrounds of the candidates, please refer to Pages 23-26 of this Handbook.
4. The proposal was approved by the 7th Board of Directors in its 25th meeting.

Result of Election: The elected directors and their votes received are as follows:

Shareholder/ ID No.	Name	Votes Received
12279	Ming Shan Investment Co., Ltd. Rep.: Lo, Tina Y.	4,108,271,419
1	Lo, Kenneth C.M.	3,645,309,747
160	Taiwan Cement Corporation Rep. :Chang, Nelson An-Ping	3,031,447,186

Shareholder/ ID No.	Name	Votes Received
11921	Tai Ya Investment Co., Ltd. Rep.: Chen, Shih-Tze	2,336,692,755
157	Yi Chang Investment Co., Ltd. Rep. :Yeh, Roy J.Y.	2,012,058,742
15571	Abag Investment Holdings Co., Ltd. Rep.: Cheng, George C.J.	1,971,417,672
11100	Lee, Mark J.C.	1,957,401,754
11921	Tai Ya Investment Co., Ltd. Rep.: Lee, Elton F.Y.	1,920,061,547
157	Yi Chang Investment Co., Ltd. Rep. Lin, Gordon W.C.	1,908,943,820
12279	Ming Shan Investment Co., Ltd. Rep.: Lo, Nina Y.C.	1,831,241,599
A210xxxxxx	Lee, Yunny Y.	1,777,376,258
F120xxxxxx	Lin, Bill K.C.	1,747,259,821
A103xxxxxx	Hu, Fu- Hsiung	216,759,243
E121xxxxxx	Lin, Hong-Guang	212,110,601
T100xxxxxx	Liu, Richard R.C.	211,193,703

Other Matters (Proposed by the Board of Directors)

Proposal: Proposal for release of non-competition restrictions on directors of the board of the 8th term.

Explanation:

1. The Bank's 15 newly elected directors are about to assume office for a three-year tenure.
2. While the Bank's directors invest in or manage other companies with the same or a similar scope of business and act as directors thereof (please refer to Pages 28-29 of this Handbook), it is proposed to invoke Article 209 of the Company Act and release them from non-competition restrictions on condition that they do not undermine the Bank's interests.
3. The proposal was approved by the 7th Board of Directors in its 25th meeting.
4. Shareholder approval is respectfully requested

2,047,957,765 shares (including 40,564,240 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 84.99% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,029,480,208 votes/99.09%

Disapproval votes: 1,547,171 votes

Invalid votes : 0 vote

Abstention votes/no votes : 16,930,386 votes

Resolution: voted and approved as originally proposed.

Extempore Motion : None

Adjournment : 10 : 07 a.m.

Appendix 1

Business Review in 2019

In January 2020, the Bank's domestic business locations included its Taipei Headquarters, Zhongxiao Dunhua Branch, Taoyuan Branch, Hsinchu Branch, and Taichung Branch as well as Kaohsiung Branch. In addition, the competent authority approved the establishment of regional service units in Taoyuan and Tainan; apart from promoting this Bank's financial products, these service units also provide all-round financial services to clients throughout northern, central, and southern Taiwan. Our first overseas branch—Hong Kong Branch—opened in April 2009; this branch has since extended our financial products and services platform to Hong Kong and the Greater China area, thereby serving local clients and Taiwanese-invested enterprises from a close distance and promoting win-win outcomes through long-term cooperation characterized by mutual trust and reciprocity.

1. Credit Extension

In 2019, the Bank made aggressive inroads into the personal banking sector while continuing to actively cultivate clients in Taiwan and abroad for its corporate banking services. In order to cater to different customer segments, the Bank developed a wide range of loan products that truly meet customer needs. Made available are diverse products featuring multiple interest rate structures and repayment options as well as convenient online applications. These include online applications for non-depositors, three-stage repayment mortgage loans, tiered-rate unsecured loans, preferential-rate loans for designated groups, and debt-integrated credit products.

As of the end of 2019, this Bank's overall credit assets (outstanding balance of NT dollar and foreign currency lending) came in at NT\$199.7 billion (including receivable L/C amounts), a decrease of NT\$4.4 billion from a year earlier. Meanwhile, the Bank recorded a non-performing loan ratio of 0.75% and an NPL coverage ratio of 183.01%.

By Standard Industrial Classification of Directorate General of Budget, Accounting and Statistics, the manufacturing industries category accounted for the greatest share of our credit risk exposure (excluding that fully secured by the Bank's certificates of deposit), or 25.70%, at the end of 2019. Next came the real estate category with 23.26%, the individuals with 14.79%, the financial and insurance industry with 12.59%, the wholesaling and retailing industry with 9.03%, the information and communication industry with 2.96%, the accommodation and food service industry with 2.34%, the transportation and storage industry with 1.82%, the human health and social work industry with 1.41%, the construction industry with 1.02%, the water supply and remediation industry with 0.97%, the agriculture, forestry, fishing and animal husbandry industry with 0.88%, the electricity and gas

supply industry with 0.83%, the mining and quarrying industry with 0.77%, the professional, scientific and technical activities industry with 0.67%, the arts, entertainment and recreation industry with 0.67%, the support service industry with 0.24%, the education industry with 0.03%, the other service industry with 0.02%. Within the manufacturing sector, the electronic parts and components industry recorded the greatest credit risk exposure of 4.52%, followed by the textiles, wearing apparels, clothing, leather, fur and related products industry with 4.37%, the chemical material, fertilizers, nitrogen compounds, plastic and rubber materials, man-made fibers, pharmaceuticals and medicinal chemical products industry with 3.27%, the basic metals and fabricated metals industry with 2.64%, the motor vehicles, other transport equipment and parts industry with 2.49%, the food products, prepared animal feeds, beverage and tobacco industry with 1.66%, the plastic and rubber processing industry with 1.24%, the machinery industry with 1.23%, the computers, electronic and optical products industry with 1.00%, the wood and bamboo products, paper products, printing and reproduction of recorded media industry with 0.68%, and other industry with 2.60%.

We are actively cultivating new clients in Taiwan and abroad. To seek stable growth and diversify operating risk, we are proactive to consolidate our existing customer base and make inroads into the niche segment of mid-market enterprises, which promises to make an important foundation for promoting various co-marketing undertakings.

Syndicated loans have always been the mainstay of our lending business. We provide customized services and quick and precise financing solutions to clients, raise funds for them, and help them resolve critical problems. Coming with a full spectrum of funding solutions, the Bank is ready to share growth with domestic and international businesses. In 2019, companies reduced their capital expenditures amid slowing economic growth both at home and abroad, a worsening trade war between the U.S. and China, and an ever-deteriorating global market. Alongside a gradual decrease in syndicated loans, it was increasingly difficult to secure lead bank status. Yet, on top of a solid customer base built over the years, the Bank always prides itself on being a “boutique bank” that refrains from vying for small margins, specializes in cross-border structured cases, stays focused on corporate clients with growth prospects, and joins forces with affiliates for co-marketing endeavors. The Bank’s focusing only on niche projects brought one of its key earnings drivers.

2. Deposits

As of the end of 2019, the Bank's outstanding balance of NT dollar and foreign currency deposits came in at approximately NT\$243.6 billion, an increase of 1.33% from a year earlier. For the sake of both liquidity and security, the Bank gives priority to deposit stability. As such, emphasis is placed on diversifying the maturities of time deposits while actively soliciting demand deposits to bring down capital costs.

The Bank's various personal deposit products and services have something in common: they are all driven by customer needs. These include online opening of NT dollar and foreign currency digital accounts without visiting a physical branch, NT dollar and foreign currency demand and time deposits, children's accounts, foreign exchange swap, various payment, and "Mobile Number is Account Number" transfer services. We seek to meet clients' cash management and funds allocation needs via both digital and physical channels.

3. Foreign Exchange and Offshore Banking

We continued to offer trade financing services and give priority to maintaining a reasonable interest spread in our foreign exchange financing operations. With regard to offshore banking, the Bank offered DBU and OBU services across the Taiwan Strait while further strengthening services to clients that have established multinational operations centers so that they could secure the funds needed for offshore operations. Meanwhile, the Bank responded to the rapid development of trade across the Taiwan Strait by enhancing the quality of service to Taiwanese firms, thereby fostering business development and attracting even more business opportunities.

4. Direct Investment

The Bank adopted a proactive approach to disposing of its direct investment portfolio after obtaining permission from the Financial Supervisory Commission to become a commercial bank in March 2015. As of the end of 2019, all such divestments had been completed except three cases.

5. Financial Product Trading

The Bank's financial product trading operations include financial product transactions and marketing. We trade foreign exchange and fixed-income products as well as their derivatives, while our financial product marketing services chiefly refer to those meant to provide clients with various financial products and services and financial hedging instruments.

In 2019, the Bank continued to strengthen its overall risk management, monitor market value assessments, optimize trading systems and internal management protocols, strengthen training of salespeople and managerial officers, and make preparations for a number of new operations and products. The Fed changed gear from raising interest rates to cutting them as the U.S.-China trade war took its toll on the global economy. Yet, the Bank's fixed income investments managed to bring handsome rewards.

6. Securities Trading

The Bank's securities business chiefly consists of investment in the shares of domestic companies listed on the Taiwan Stock Exchange and Taipei Exchange. In 2019, the global economy headed for a slowdown and markets became concerned about an imminent recession worldwide. As such, the Fed changed gear and cut

interest rates three times in a row. U.S. stocks actually trended higher amid higher-than-usual volatility while the American economy proved reasonably resilient. In Taiwan, the Taiex managed to consolidate in the 10,000-11,000 point range in the first half of the year. Subsequently, the country's listed companies saw businesses stabilize as technology firms benefitted from diverted orders and China's distancing itself from U.S. suppliers amid an ongoing trade war between the two. The Taiex closed the year at a high of 11,997, up 2,270 or 23.3% year-on-year. For its part, the Bank recorded quite strong earnings accordingly.

7. Project Finance

Project finance encompasses project financing and financial advisory. Project financing chiefly provides private companies with a wide range of project financing and project development services. We can provide comprehensive project financial planning, investment feasibility assessment, structuring of syndicated project loans, transfer of trust beneficiary rights, drafting of strategies for contract negotiations, and assistance with the acquisition of funds to participate in equity investments. Our financial advisory services are meant to provide clients with tailor-made solutions, that is, consulting with regard to debt arrangement, corporate consolidation and M&As, reorganization, fund-raising, M&A financing, and tax planning.

8. Trust Business

When it comes to trust business, the Bank mainly aims to develop trust, securitization, and asset management services. Our trust services focus on monetary and real estate trust; our securitization services are geared toward developing various kinds of securitized products; and our asset management services are mainly aimed at helping clients allocate assets and build well-rounded portfolios.

With regard to mutual funds, we are earnest to create comprehensive product lines. Emphasis is also placed on promoting "Robot Advisory": big data analytics is adopted to help clients optimize investment portfolios that strike a balance between flexibility and security for their asset allocations.

As of the end of 2019, the outstanding balance of assets entrusted to the Bank came in at NT\$12.8 billion, a year-on-year decrease of NT\$0.3 billion. Newly introduced in the year was the Bank's real estate investment trust (REITs) business, whose outstanding balance stood at NT\$3.2 billion at year's end.

9. Cash Management and e-Banking

While reinventing itself as a commercial bank and launching into retail banking in 2017, the Bank also upgraded its corporate e-banking platform and ushered in an automated online payroll service. With customer demand for remittances and the automated online payroll service steadily on the rise, the Bank further upgraded both tangible and intangible aspects in 2018 to optimize these services and help customers conclude massive transactions in no time. By staying flexible to offer

customized services, the Bank was able to help corporate clients reduce financial and manpower costs and enhance transaction efficiency. This stride toward meeting a growing variety of customer needs certainly contributed to strengthening customer loyalty. In 2019, the Bank's corporate e-banking platform recorded a total of 468,102 online transactions, jumping by 51% from a year earlier.

As the market became increasingly digitized, we introduced a digital corporate banking platform in 2018. This platform, accessible anytime and anywhere, integrates the Bank's internal systems and strengthens our sales, management, and efficiency across the bank, thereby optimizing our management of corporate banking services. Also adopted during the year was a dynamic security verification mechanism for transactions by fax, a move meant to make the Bank's payment service more efficient.

On top of our preferential-rate offerings for NTD demand deposits, we introduced a similar campaign for time deposits during the year to attract fresh funds. The initiative was meant not only to attract new customers and bring in funds of different tenors but also to foster growth in deposits and add diversity to our customer base. In line with our goal of sustainability and commitment to engaging in and promoting the B Corporation initiative, we also introduced Corporate Higher Rate Campaign for Mega-Customer in NTD Savings Account specifically for the B Corporation community in 2017. This was followed in 2018 by two similar preferential offerings: one meant for social enterprises and the other for small and medium-sized enterprises. In keeping with our commitment to social engagement and sustainable development, the Bank also ushered in a Preferential Tiered-Rate Demand Deposit Campaign for Startups in 2019.

10. Digital Retail Banking Services

- **Payment Services:** In addition to debit cards with more than 500 personalized card designs to choose from, we provide co-branded and affinity cards issued in conjunction with online restaurant reservation platforms, gaming companies, public welfare entities, electronic stored value card operators, etc. Featuring both cash rebate and zero-risk card use, they rightly give cardholders peace of mind.
- **Digital Wealth Management Services:** We provide a wide range of wealth management products, including mutual funds and "Robot Advisory," to meet the diverse needs of different customers.
- **Insurance Services:** Teaming up with PCA Life, we have introduced protection-oriented life insurance, medical insurance, accident insurance, NTD/foreign currency savings-oriented insurance, and investment-oriented insurance. Through face-to-face and other channels, we provide a wide range of products and services to ensure that customers have access to the best-fitting insurance in different stages of their lives. The Bank's commitment to helping customers care for their family through insurance is reciprocated in the form of their loyalty.

- **Wealth Management Services:** With our consultants adopting a face-to-face approach, the Bank provides a full spectrum of services in a bid to attract more high-end customers.
- **Electronic Banking Services:** We provide secure and convenient online/mobile banking services, and our user-friendly interface and convenient functions allow users to easily check their accounts, make transfers, sell or buy foreign exchange, pay fees, perform mutual fund transactions, and conduct various other operations. We also offer 24-hour video customer service: our customers are invited to take advantage of all manner of financial services anytime, anywhere.

Chairman: Lo, Kenneth C.M.

President: Lee, Elton F.Y.

Accounting Officer: Tyane, Edward F.C.

Appendix 2

O-Bank Co., Ltd. Audit Committee Review 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 2019 audited by certified public accountants Yin-Chou Chen and Wang-Sheng Lin 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 Article 219 of the *Company Act* and Article 14-4 of the *Securities and Exchange Act*.

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

Date: May 19, 2020

Appendix 3

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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 (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, 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 Public Bills Finance Companies and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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, 2019. 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 descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2019 are as follows:

Allowance for Credit Losses of Loans

The Bank is engaged principally in providing loans to customers. The Bank's management performed loans impairment assessment in accordance with the requirements of International Financial Reporting Standard 9, "Financial Instruments". In addition, the allowance for credit losses of loans was calculated and classified in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" (referred to as "Regulations Governing the Procedures for Bad Debts").

For details about the accounting policy on the allowance for credit losses, refer to Note 4 to the accompanying consolidated financial statements; for details about the critical accounting judgments, estimates and appropriateness of assumptions of loan impairment, refer to Note 5 to the accompanying consolidated financial statements; and for details about the allowance for credit losses, refer to Note 13 to the accompanying consolidated financial statements

The Bank shall assess the classification of credit-granting assets and recognize allowance for credit losses of loans in accordance with "Regulations Governing the Procedures for Bad Debts". As the assessment and recognition involve subjective judgments and significant estimation assumptions of the management, we have included the assessment of allowance for credit losses of loans as a key audit matter.

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

- We obtained an understanding of and performed testing on the internal controls in respect of the Bank's loan impairment assessment.
- We examined that the classifications of loans were in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". We also recalculated the amount of the allowance for credit losses on loans and checked whether the Bank meets the requirement of regulation or not.

Assessment of Reserve for Losses on Guarantee Contracts

The reserves set aside for the guarantee liabilities of China Bills Finance Corporation are in accordance with both the International Financial Reporting Standard 9 "Financial Instruments", whereby the expected losses of guarantee obligations generated by financial guarantee contracts are evaluated, and the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" (referred to as the "Regulations for Evaluating Bad Debts"), whereby the reserves for guarantee liabilities are classified and made.

Concerning the accounting policy on the reserve for guarantee liabilities, refer to Note 4 to the accompanying consolidated financial statements; for the significant accounting judgments, estimations and uncertainty of assumptions of the reserve for guarantee

liabilities, refer to Note 5 to the accompanying consolidated financial statements; and the reserve for guarantee liabilities is detailed in Note 13 to the accompanying consolidated financial statements.

The assessment of reserve for guarantee contracts involves subjective judgments and significant estimation assumptions of the management. The classification of credit-granting assets and recognition of the reserve for guarantee contracts in accordance with the “Regulations for Evaluating Bad Debts” influence the amounts of the reserve for guarantee contracts. Thus, we consider the assessment of reserve losses on guarantee contracts as a key audit matter.

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

- We understood the internal controls about the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management used to assess. We checked the completeness of amount of credit-granting assets in the schedule and rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked whether it meets the requirement of regulation or not.

Other Matter

We have also audited the parent company independent financial statements of the Bank as of and for the years ended December 31, 2019 and 2018 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 Public Bills Finance Companies 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, 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 Group’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 Group 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 Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group 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 the entities or business activities with the Group 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, 2019 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 audit resulting in this independent auditors' report are Yin-Chou Chen and Wang-Sheng Lin.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 24, 2020

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 accepted and 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.

(With respect to the Notes in the Independent Auditors' Report, please refer to the 2019 Consolidated Financial Statement of O-Bank from the Market Observation Post System)

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 6,570,002	1	\$ 9,227,068	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	19,311,763	4	22,607,002	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	172,913,193	31	151,512,614	27
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	142,112,770	25	149,952,752	27
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST	-	-	499,939	-
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS	100,013	-	991,363	-
RECEIVABLES, NET	16,483,174	3	20,829,951	4
CURRENT TAX ASSETS	422,886	-	381,082	-
DISCOUNTS AND LOANS, NET	194,246,229	35	197,338,050	35
OTHER FINANCIAL ASSETS	1,229,503	-	1,329,918	-
PROPERTY AND EQUIPMENT, NET	2,854,194	1	2,951,660	1
RIGHT-OF-USE ASSETS, NET	485,426	-	-	-
INTANGIBLE ASSETS, NET	2,319,547	-	2,457,300	-
DEFERRED TAX ASSETS	734,542	-	672,656	-
OTHER ASSETS	<u>916,774</u>	-	<u>1,090,219</u>	-
TOTAL	<u>\$560,700,016</u>	<u>100</u>	<u>\$561,841,574</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and banks	\$ 43,439,398	8	\$ 55,529,376	10
Financial liabilities at fair value through profit or loss	533,582	-	793,272	-
Bills and bonds sold under repurchase agreement	159,553,385	29	151,446,900	27
Payables	3,744,206	1	5,636,437	1
Current tax liabilities	46,361	-	17,857	-
Deposits and remittances	265,731,824	47	261,803,321	47
Bank debentures payable	18,700,000	3	17,850,000	3
Other financial liabilities	12,909,259	2	15,034,414	3
Provisions	1,915,054	-	1,869,428	-
Lease liabilities	498,832	-	-	-
Deferred income tax liabilities	451,572	-	341,015	-
Other liabilities	<u>2,360,266</u>	<u>1</u>	<u>2,400,842</u>	<u>-</u>
Total liabilities	<u>509,883,739</u>	<u>91</u>	<u>512,722,862</u>	<u>91</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	24,130,063	4	24,130,063	4
Preferred stock	<u>3,000,000</u>	<u>1</u>	<u>3,000,000</u>	<u>1</u>
Total capital	<u>27,130,063</u>	<u>5</u>	<u>27,130,063</u>	<u>5</u>
Capital surplus	<u>9,750</u>	-	<u>8,503</u>	-
Retained earnings				
Legal reserve	3,367,681	1	3,184,667	1
Special reserve	1,631,335	-	1,215,831	-
Unappropriated earnings	<u>1,187,851</u>	-	<u>610,045</u>	-
Total retained earnings	<u>6,186,867</u>	<u>1</u>	<u>5,010,543</u>	<u>1</u>
Other equity	<u>(67,477)</u>	-	<u>(159,981)</u>	-
Total equity attributable to owners of the Bank	33,259,203	6	31,989,128	6
NON-CONTROLLING INTERESTS	<u>17,557,074</u>	<u>3</u>	<u>17,129,584</u>	<u>3</u>
Total equity (Note 30)	<u>50,816,277</u>	<u>9</u>	<u>49,118,712</u>	<u>9</u>
TOTAL	<u>\$560,700,016</u>	<u>100</u>	<u>\$561,841,574</u>	<u>100</u>

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	
INTEREST REVENUE	\$9,559,209	115	\$9,183,853	117	4
INTEREST EXPENSE	<u>(5,674,337)</u>	<u>(68)</u>	<u>(4,959,744)</u>	<u>(63)</u>	14
NET INTEREST	<u>3,884,872</u>	<u>47</u>	<u>4,224,109</u>	<u>54</u>	(8)
NET REVENUE OTHER THAN INTEREST REVENUE					
Net service fee income	2,061,879	25	1,778,590	23	16
Gains on financial assets or liabilities measured at fair value through profit or loss	1,717,904	20	2,139,349	27	(20)
Realized gain on financial assets at fair value through other comprehensive income	262,716	3	146,471	2	79
Foreign exchange gain (loss), net (Impairment loss on assets)	256,353	3	(625,764)	(8)	141
reversal of impairment loss on assets	(10,824)	-	8,609	-	(226)
Other net revenue other than interest revenue	<u>139,051</u>	<u>2</u>	<u>150,549</u>	<u>2</u>	(8)
Total net revenue other than interest	<u>4,427,079</u>	<u>53</u>	<u>3,597,804</u>	<u>46</u>	23
NET REVENUE	<u>8,311,951</u>	<u>100</u>	<u>7,821,913</u>	<u>100</u>	6
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(1,002,491)</u>	<u>(12)</u>	<u>(547,214)</u>	<u>(7)</u>	83
OPERATING EXPENSES					
Employee benefits expenses	2,726,153	33	2,651,824	34	3
Depreciation and amortization expenses	617,433	7	425,014	5	45
Other general and administrative expenses	<u>1,253,639</u>	<u>15</u>	<u>1,527,383</u>	<u>20</u>	(18)
Total operating expenses	<u>4,597,225</u>	<u>55</u>	<u>4,604,221</u>	<u>59</u>	-

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	\$2,712,235	33	\$2,670,478	34	2
INCOME TAX EXPENSE	<u>681,601</u>	<u>8</u>	<u>730,948</u>	<u>9</u>	(7)
INCOME FROM CONTINUING OPERATIONS	2,030,634	25	1,939,530	25	5
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	<u>(4,033)</u>	<u>-</u>	<u>2,823</u>	<u>-</u>	(243)
NET PROFIT FOR THE YEAR	<u>2,026,601</u>	<u>25</u>	<u>1,942,353</u>	<u>25</u>	4
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans (Note 28)	58	-	3,378	-	(98)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	301,995	3	(132,947)	(2)	327
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 38)	<u>(94)</u>	<u>-</u>	<u>1,583</u>	<u>-</u>	(106)
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax	<u>301,959</u>	<u>3</u>	<u>(127,986)</u>	<u>(2)</u>	336

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)) %
	Amount	%	Amount	%	
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	\$ (264,150)	(3)	\$ 153,406	2	(272)
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	448,667	5	(412,184)	(5)	209
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 38)	<u>(47,557)</u>	<u>-</u>	<u>4,977</u>	<u>-</u>	(1,056)
Components of other comprehensive income that will be reclassified to profit or loss, net of tax	<u>136,960</u>	<u>2</u>	<u>(253,801)</u>	<u>(3)</u>	154
Other comprehensive (loss) for the year, net of income tax	<u>438,919</u>	<u>5</u>	<u>(381,787)</u>	<u>(5)</u>	215
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$2,465,520</u>	<u>30</u>	<u>\$1,560,566</u>	<u>20</u>	58
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	\$ 1,100,433	13	\$ 954,659	12	15
Non-controlling interests	<u>926,168</u>	<u>11</u>	<u>987,694</u>	<u>13</u>	(6)
	<u>\$2,026,601</u>	<u>24</u>	<u>\$1,942,353</u>	<u>25</u>	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 1,280,355	16	\$ 730,675	9	75
Non-controlling interests	<u>1,185,165</u>	<u>14</u>	<u>829,891</u>	<u>11</u>	43
	<u>\$2,465,520</u>	<u>30</u>	<u>\$1,560,566</u>	<u>20</u>	58

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)) %
	Amount	%	Amount	%	
EARNINGS PER SHARE (Note 39)					
From continuing and discontinued operations					
Basic	<u>\$0.45</u>		<u>\$0.40</u>		
Diluted	<u>\$0.45</u>		<u>\$0.40</u>		
From continuing operations					
Basic	<u>\$0.45</u>		<u>\$0.40</u>		
Diluted	<u>\$0.45</u>		<u>\$0.40</u>		

(Concluded)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank								Other Equity					
	Capital Stock			Capital Surplus	Retained Earnings				Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Valuation Gains (Losses) on Financial Assets Measures at Fair Value Through Other Comprehensive	Owner of the Bank	Non-controlling Interests	Total Equity
	Common Stock	Preferred Stocks	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2018	\$24,130,063	\$ -	\$24,130,063	\$ 7,730	\$ 2,880,297	\$ 1,229,536	\$ 1,014,567	\$ 5,124,400	\$ (216,266)	\$ 236,666	\$ -	\$29,282,593	\$16,892,050	\$46,174,643
Effect of retrospective application	-	-	-	-	-	-	(208,457)	(208,457)	-	(236,666)	144,112	(301,011)	90,927	(210,084)
BALANCE AT JANUARY 1, 2018 AS RESTATED	24,130,063	-	24,130,063	7,730	2,880,297	1,229,536	806,110	4,915,943	(216,266)	-	144,112	28,981,582	16,982,977	45,964,559
Appropriation of 2017 earnings	-	-	-	-	304,370	-	(304,370)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	304,370	-	(304,370)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(13,705)	13,705	-	-	-	-	-	-	-
Cash dividends distributed by the Bank	-	-	-	-	-	-	(723,902)	(723,902)	-	-	-	(723,902)	-	(723,902)
Unclaimed dividends	-	-	-	308	-	-	-	-	-	-	-	308	1,174	1,482
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	465	-	-	-	-	-	-	-	465	-	465
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(683,005)	(683,005)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	954,659	954,659	-	-	-	954,659	987,694	1,942,353
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	2,405	2,405	123,460	-	(349,849)	(223,984)	(157,803)	(381,787)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	957,064	957,064	123,460	-	(349,849)	730,675	829,891	1,560,566
Issue of shares	-	3,000,000	3,000,000	-	-	-	-	-	-	-	-	3,000,000	-	3,000,000
Capital reduction of subsidiaries for cash received by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,453)	(1,453)
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(138,562)	(138,562)	-	-	138,562	-	-	-
BALANCE AT DECEMBER 31, 2018	24,130,063	3,000,000	27,130,063	8,503	3,184,667	1,215,831	610,045	5,010,543	(92,806)	-	(67,175)	31,989,128	17,129,584	49,118,712
Appropriation of 2018 earnings	-	-	-	-	183,014	-	(183,014)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	183,014	-	(183,014)	-	-	-	-	-	-	-
Special reserve of preferred stock	-	-	-	-	-	415,504	(415,504)	-	-	-	-	-	-	-
Cash dividends distributed by the Bank	-	-	-	-	-	-	(11,527)	(11,527)	-	-	-	(11,527)	-	(11,527)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	906	-	-	-	-	-	-	-	906	-	906
Unclaimed dividends	-	-	-	341	-	-	-	-	-	-	-	341	2,288	2,629
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(759,963)	(759,963)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	1,100,433	1,100,433	-	-	-	1,100,433	926,168	2,026,601
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(305)	(305)	(214,667)	-	394,894	179,922	258,997	438,919
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	1,100,128	1,100,128	(214,667)	-	394,894	1,280,355	1,185,165	2,465,520
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	87,723	87,723	-	-	(87,723)	-	-	-
BALANCE AT DECEMBER 31, 2019	<u>\$24,130,063</u>	<u>\$ 3,000,000</u>	<u>\$27,130,063</u>	<u>\$ 9,750</u>	<u>\$ 3,367,681</u>	<u>\$ 1,631,335</u>	<u>\$ 1,187,851</u>	<u>\$ 6,186,867</u>	<u>\$ (307,473)</u>	<u>\$ -</u>	<u>\$ 239,996</u>	<u>\$33,259,203</u>	<u>\$17,557,074</u>	<u>\$50,816,277</u>

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 2,712,235	\$ 2,670,478
Profit (loss) from discontinued operations before tax	(4,033)	2,877
Adjustments to reconcile profit (loss):		
Depreciation expense	364,173	191,971
Amortization expense	254,094	233,493
Expect credit losses/recognition of provisions	1,013,315	538,605
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,731,804)	(2,145,784)
Interest expense	5,674,337	4,959,744
Interest revenue	(9,560,801)	(9,234,808)
Dividends income	(72,939)	(101,079)
Share of profit of associates and joint ventures accounted for using equity method	-	(4,944)
Gain on disposal of property and equipment	(426)	(2,363)
Gain on disposal of investments	(192,958)	(45,392)
Gain on lease modification	(22)	-
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(759,752)	(1,663,780)
Financial assets at fair value through profit or loss	(19,897,235)	4,983,337
Financial assets at fair value through other comprehensive income	8,860,726	182,691
Investments in debt instruments measured at amortized cost	500,000	-
Bills and bonds purchased under resell agreements	891,350	(991,363)
Receivables	4,040,545	(185,261)
Discounts and loans	2,168,123	(17,830,922)
Due to the Central Bank and banks	(12,089,978)	2,496,737
Financial liabilities at fair value through profit or loss	(259,690)	2,254
Bills and bonds sold under repurchase agreements	8,106,485	(38,375,068)
Payable	(1,885,965)	334,380
Deposits and remittances	3,928,503	63,516,621
Net change in provisions	<u>20,702</u>	<u>(9,468)</u>
Net cash flows (used in) generated from operations	(7,921,015)	9,522,956
Interest received	9,775,689	9,214,702
Interest paid	(5,664,500)	(4,678,421)
Dividends received	78,058	111,551
Income taxes paid	<u>(646,230)</u>	<u>(814,143)</u>
Net cash flows (used in) generated from operating activities	<u>(4,377,998)</u>	<u>13,356,645</u>

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments accounted for using equity method	\$ -	\$ 4,944
Acquisition of property and equipment	(125,395)	(300,091)
Proceeds from disposal of property and equipment	7,796	59,656
Decrease in refundable deposits	162,683	2,851,478
Acquisition of intangible assets	(122,345)	(183,566)
Increase in other financial assets	-	(1,219,825)
Decrease in other financial assets	401,522	-
Decrease in other assets	<u>10,762</u>	<u>88,777</u>
Net cash flows generated from investing activities	<u>335,023</u>	<u>1,301,373</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(555,379)	(1,330,691)
Decrease in commercial papers	(500,000)	(2,299,676)
Proceeds from issue bank debentures	2,500,000	1,750,000
Repayments of bank debentures	(1,650,000)	(4,300,000)
Repayments of long-term borrowings	(217,253)	(1,996,605)
Payments of lease liabilities	(172,883)	-
Decrease in other financial liabilities	(852,642)	(1,676,491)
Decrease in other liabilities	(40,612)	(71,251)
Dividends paid to ownership of the Bank	(11,527)	(723,902)
Proceeds from issuing shares	-	3,000,000
Dividends paid to non-controlling interest	<u>(759,963)</u>	<u>(683,005)</u>
Net cash flows used in financing activities	<u>(2,260,259)</u>	<u>(8,331,621)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(107,716)</u>	<u>28,600</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(6,410,950)	6,354,997
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>23,961,422</u>	<u>17,606,425</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$17,550,472</u>	<u>\$23,961,422</u>

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2019 and 2018:

	December 31	
	2019	2018
Cash and cash equivalents reported in the consolidated balance sheets	\$ 6,570,002	\$ 9,227,068
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	10,679,363	14,734,354
Other items that meet the definition of cash and cash equivalents in IAS 7	<u>301,107</u>	<u>-</u>
Cash and cash equivalents at end of the year	<u>\$17,550,472</u>	<u>\$23,961,422</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

O-Bank Co., Ltd.

Opinion

We have audited the accompanying financial statements of O-Bank Co., Ltd (the "Bank"), which comprise the balance sheets as of December 31, 2019 and 2018, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2019 and 2018, 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.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. 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 descriptions of the key audit matters of the financial statements for the year ended December 31, 2019 are as follows:

Allowance for Credit Losses of Loans

The Bank is engaged principally in providing loans to customers. The Bank's management performed loans impairment assessment in accordance with the requirements of International Financial Reporting Standard 9, "Financial Instruments". In addition, the allowance for credit losses of loans was calculated and classified in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans" (referred to as the "Regulations Governing the Procedures for Bad Debts").

For details about the accounting policy on the allowance for credit losses, refer to Note 4 to the accompanying financial statements; for details about the critical accounting judgments, estimates and appropriateness of assumptions of loan impairment, refer to Note 5 to the accompanying financial statements; and for details about the allowance for credit losses, refer to Note 12 to the accompanying financial statements

The Bank is required to assess the classification of credit-granting assets and recognize allowance for credit losses of loans in accordance with the “Regulations Governing the Procedures for Bad Debts”. As the assessment and recognition of loss allowance involve subjective judgments and significant estimation assumptions of the management, we have included the assessment of allowance for credit losses of loans as a key audit matter.

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

- We obtained an understanding and performed testing of the internal controls in respect of the Bank’s loan impairment assessment.
- We examined that the classifications of loans were in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. We also recalculated the amount of the allowance for credit losses on loans and checked that the Bank has met the requirements of the regulations.

Investments Accounted for Using the Equity Method - Assessment of

Reserve for Loss on Guarantee Contracts

China Bills Finance Corporation, subsidiary accounted for using equity method, sets aside reserves for guarantee liabilities. It is required to comply, with both the International Financial Reporting Standard 9, “Financial Instruments”, with respect to the evaluation of expected losses on guarantee obligations generated by financial guarantee contracts, and the “Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt” (referred to as the “Regulations for Evaluating Bad Debts”), with respect to the recognition and classification of liabilities.

For the accounting policy and details about the investments accounted for using the equity method, refer to Notes 4 and 13 to the accompanying financial statements.

The assessment of reserve for guarantee contracts involves subjective judgements and significant estimation assumptions of the management. The classification of credit-granting assets and recognition of the reserve for guarantee contracts in accordance with the “Regulations for Evaluating Bad Debts” influence the amounts of the reserve for guarantee contracts. Thus, we consider the assessment of reserve losses on guarantee contracts as a key audit matter.

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

- We understood the internal controls about the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management used to assess. We checked the completeness of amount of credit-granting assets in the schedule and rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked that it meets the requirements of the regulations.

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 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities with the Bank to express opinions 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, 2019 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 audit resulting in this independent auditors' report are Yin-Chou Chen and Wang-Sheng Lin.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 24, 2020

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.

(With respect to the Notes in the Independent Auditors' Report, please refer to the 2019 Financial Statement of O-Bank from the Market Observation Post System)

O-BANK CO., LTD.

BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 3,714,122	1	\$ 3,670,225	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	18,107,334	5	21,684,624	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	80,623,826	24	53,820,259	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	35,244,741	11	48,889,287	15
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	-	-	499,940	-
RECEIVABLES, NET	3,233,348	1	6,842,372	2
CURRENT TAX ASSETS	89,717	-	82,212	-
DISCOUNTS AND LOANS, NET	173,981,178	52	179,388,428	54
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	14,920,171	5	14,120,402	4
OTHER FINANCIAL ASSETS	517,198	-	614,919	-
PROPERTY AND EQUIPMENT, NET	2,661,050	1	2,757,103	1
RIGHT-OF-USE ASSETS, NET	309,517	-	-	-
INTANGIBLE ASSETS, NET	1,163,114	-	1,274,262	-
DEFERRED TAX ASSETS	288,087	-	164,392	-
OTHER ASSETS	<u>399,430</u>	-	<u>531,695</u>	-
TOTAL	<u>\$335,252,833</u>	<u>100</u>	<u>\$334,340,120</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and banks	\$ 28,938,529	9	\$ 28,984,872	9
Financial liabilities at fair value through profit or loss	519,880	-	780,811	-
Bills and bonds sold under repurchase agreements	2,863,548	1	4,400,442	1
Payables	2,681,645	1	4,834,006	2
Current tax liabilities	46,360	-	-	-
Deposits and remittances	243,645,080	73	240,461,299	72
Bank debentures payable	18,700,000	5	17,850,000	5
Other financial liabilities	3,468,649	1	4,321,291	1
Provisions	370,856	-	328,048	-
Lease liabilities	313,446	-	-	-
Deferred income tax liabilities	400,449	-	333,990	-
Other liabilities	<u>45,188</u>	-	<u>56,233</u>	-
Total liabilities	<u>301,993,630</u>	<u>90</u>	<u>302,350,992</u>	<u>90</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	24,130,063	7	24,130,063	7
Preferred stock	<u>3,000,000</u>	<u>1</u>	<u>3,000,000</u>	<u>1</u>
Total capital	<u>27,130,063</u>	<u>8</u>	<u>27,130,063</u>	<u>8</u>
Capital surplus	<u>9,750</u>	-	<u>8,503</u>	-
Retained earnings				
Legal reserve	3,367,681	1	3,184,667	1
Special reserve	1,631,335	1	1,215,831	1
Unappropriated earnings	<u>1,187,851</u>	-	<u>610,045</u>	-
Total retained earnings	<u>6,186,867</u>	<u>2</u>	<u>5,010,543</u>	<u>2</u>
Other equity	<u>(67,477)</u>	-	<u>(159,961)</u>	-
Total equity	<u>33,259,203</u>	<u>10</u>	<u>31,989,128</u>	<u>10</u>
TOTAL	<u>\$335,252,833</u>	<u>100</u>	<u>\$334,340,120</u>	<u>100</u>

O-BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)) %
	Amount	%	Amount	%	
NET INTEREST					
INTEREST REVENUE	\$5,763,585	109	\$5,505,554	116	5
INTEREST EXPENSE	<u>(3,806,134)</u>	<u>(72)</u>	<u>(3,324,033)</u>	<u>(70)</u>	15
Net interest	<u>1,957,451</u>	<u>37</u>	<u>2,181,521</u>	<u>46</u>	(10)
NET REVENUE OTHER THAN INTEREST INCOME					
Net service fee income	808,793	15	610,128	13	33
Gain on financial assets or liabilities measured at fair value through profit or loss	908,385	17	1,385,777	29	(34)
Realized gains on financial assets at fair value through other comprehensive income	133,451	2	78,990	2	69
Foreign exchange gain (loss), net	293,516	6	(536,618)	(11)	155
Reversal of impairment loss on assets	1,284	-	1,910	-	(33)
Share of profit of associates subsidiaries and accounted for using equity method	1,098,480	21	880,415	18	25
Other net revenue other than interest revenue	<u>103,855</u>	<u>2</u>	<u>127,760</u>	<u>3</u>	(19)
Net revenue other than interest	<u>3,347,764</u>	<u>63</u>	<u>2,548,362</u>	<u>54</u>	31
TOTAL NET REVENUE	<u>5,305,215</u>	<u>100</u>	<u>4,729,883</u>	<u>100</u>	12
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(921,016)</u>	<u>(17)</u>	<u>(453,038)</u>	<u>(9)</u>	103
OPERATING EXPENSES					
Employee benefits expenses	1,701,727	32	1,633,518	35	4
Depreciation and amortization expense	512,931	10	382,934	8	34
Other general and administrative expense	<u>959,449</u>	<u>18</u>	<u>1,133,707</u>	<u>24</u>	(15)
Total operating expenses	<u>3,174,107</u>	<u>60</u>	<u>3,150,159</u>	<u>67</u>	1

(Continued)

O-BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)) %
	Amount	%	Amount	%	
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	\$ 1,210,092	23	\$ 1,126,686	24	7
INCOME TAX EXPENSE	<u>109,659</u>	<u>2</u>	<u>172,027</u>	<u>4</u>	(36)
NET PROFIT FOR THE YEAR	<u>1,100,433</u>	<u>21</u>	<u>954,659</u>	<u>20</u>	15
OTHER COMPREHENSIVE INCOME					
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	(412)	-	1,077	-	(138)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	85,932	2	(127,365)	(3)	167
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	<u>83,856</u>	<u>1</u>	<u>(30,934)</u>	<u>-</u>	371
	<u>169,376</u>	<u>3</u>	<u>(157,222)</u>	<u>(3)</u>	208
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	(237,382)	(4)	149,013	3	(259)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	95,117	2	(90,021)	(2)	206

(Continued)

O-BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)) %
	Amount	%	Amount	%	
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	\$ 130,096	2	\$ (100,201)	(2)	230
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>22,715</u>	<u>-</u>	<u>(25,553)</u>	<u>(1)</u>	189
	<u>10,546</u>	<u>-</u>	<u>(66,762)</u>	<u>(2)</u>	116
Other comprehensive income (loss) for the year, net of income tax	<u>179,922</u>	<u>3</u>	<u>(223,984)</u>	<u>(5)</u>	180
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,280,355</u>	<u>24</u>	<u>\$ 730,675</u>	<u>15</u>	75
EARNINGS PER SHARE					
Basic	<u>\$0.45</u>		<u>\$0.40</u>		
Diluted	<u>\$0.45</u>		<u>\$0.40</u>		

(Concluded)

O-BANK CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Capital Stock			Capital Surplus	Retained Earnings				Other Equity			Total Equity
	Common Stocks	Preferred Stocks	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Unrealized Valuation Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive	
BALANCE AT JANUARY 1, 2018	\$24,130,063	\$ -	\$24,130,063	\$ 7,730	\$ 2,880,297	\$ 1,229,536	\$ 1,014,567	\$ 5,124,400	\$ (216,266)	\$ 236,666	\$ -	\$29,282,593
Effect of retrospective application	-	-	-	-	-	-	(208,457)	(208,457)	-	(236,666)	144,112	(301,011)
BALANCE AT JANUARY 1, 2018 AS RESTATED	24,130,063	-	24,130,063	7,730	2,880,297	1,229,536	806,110	4,915,943	(216,266)	-	144,112	28,981,582
Appropriation of 2017 earnings												
Legal reserve	-	-	-	-	304,370	-	(304,370)	-	-	-	-	-
Special reserve	-	-	-	-	-	(13,705)	13,705	-	-	-	-	-
Cash dividends distributed by the Bank	-	-	-	-	-	-	(723,902)	(723,902)	-	-	-	(723,902)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	465	-	-	-	-	-	-	-	465
Unclaimed dividends	-	-	-	308	-	-	-	-	-	-	-	308
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	954,659	954,659	-	-	-	954,659
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	2,405	2,405	123,460	-	(349,849)	(223,984)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	957,064	957,064	123,460	-	(349,849)	730,675
Issuance of shares	-	3,000,000	3,000,000	-	-	-	-	-	-	-	-	3,000,000
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(138,562)	(138,562)	-	-	138,562	-
BALANCE AT DECEMBER 31, 2018	24,130,063	3,000,000	27,130,063	8,503	3,184,667	1,215,831	610,045	5,010,543	(92,806)	-	(67,175)	31,989,128
Appropriation of 2018 earnings												
Legal reserve	-	-	-	-	183,014	-	(183,014)	-	-	-	-	-
Special reserve	-	-	-	-	-	415,504	(415,504)	-	-	-	-	-
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(11,527)	(11,527)	-	-	-	(11,527)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	906	-	-	-	-	-	-	-	906
Unclaimed dividends	-	-	-	341	-	-	-	-	-	-	-	341
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	1,100,433	1,100,433	-	-	-	1,100,433
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(305)	(305)	(214,667)	-	394,894	179,922
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	1,100,128	1,100,128	(214,667)	-	394,894	1,280,355
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	87,723	87,723	-	-	(87,723)	-
BALANCE AT DECEMBER 31, 2019	\$24,130,063	\$ 3,000,000	\$27,130,063	\$ 9,750	\$ 3,367,681	\$ 1,631,335	\$ 1,187,851	\$ 6,186,867	\$ (307,473)	\$ -	\$ 239,996	\$33,259,203

O-BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 1,210,092	\$ 1,126,686
Adjustments to reconcile profit (loss):		
Depreciation expense	268,936	160,032
Amortization expense	243,995	222,902
Expect credit losses/recognition of provisions	919,732	451,128
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(908,385)	(1,385,777)
Interest expense	3,806,134	3,324,033
Interest revenue	(5,763,585)	(5,505,554)
Dividends income	(25,572)	(50,847)
Net change in other provisions	-	983
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(1,098,480)	(875,470)
Loss on disposal of property and equipment	5,886	20
Gain on disposal of investments	(107,879)	(28,143)
Gain on lease modification	(22)	-
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(759,752)	(1,663,780)
Financial assets at fair value through profit or loss	(26,156,113)	(7,589,283)
Financial assets at fair value through other comprehensive income	13,954,290	163,621
Investments in debt instruments measured at amortized cost	500,000	-
Receivables	3,726,768	(546,365)
Discounts and loans	4,483,080	(17,210,345)
Due to the Central Bank and banks	(46,343)	(5,910,047)
Bills and bonds sold under repurchase agreements	(1,536,894)	(11,445,488)
Payables	(2,141,164)	483,800
Deposits and remittances	3,183,781	57,439,908
Provisions	600	(26,432)
Cash inflow (outflow) generated from operations	(6,240,895)	11,135,582
Interest received	5,692,121	5,272,750
Dividends received	329,193	328,052
Interest paid	(3,809,980)	(3,073,861)
Income taxes paid	(105,325)	(201,328)
Net cash flows generated from (used in) operating activities	<u>(4,134,886)</u>	<u>13,461,195</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of investments accounted for using equity method	-	572,905
Acquisition of property and equipment	(97,152)	(231,412)
Proceeds from disposal of property and equipment	634	9,303
Increase in fundable deposits	-	(263,871)
Decrease in fundable deposits	128,674	-
Acquisition of intangible assets	(113,882)	(164,254)

(Continued)

O-BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Increase in other financial assets	\$ -	\$ (614,919)
Decrease in other financial assets	398,828	-
Increase in other assets	-	(16,451)
Decrease in other assets	<u>3,591</u>	<u>-</u>
Net cash flows generated from (used in) investing activities	<u>320,693</u>	<u>(708,699)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing bank debentures	2,500,000	1,750,000
Repayments of bank debentures	(1,650,000)	(4,300,000)
Increase in long-term debt	874,210	1,063,417
Repayments of long-term debt	(2,244,601)	(2,739,908)
Payments of lease liabilities	(104,852)	-
Increase in other financial liabilities	517,749	-
Decrease in other liabilities	(11,045)	(171,398)
Cash dividends paid	(11,527)	(723,902)
Proceeds from issuing shares	<u>-</u>	<u>3,000,000</u>
Net cash flows used in financing activities	<u>(130,066)</u>	<u>(2,121,791)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(47,779)</u>	<u>44,978</u>
NET INCREASE (DECREASE) IN CASH	(3,992,038)	10,675,683
CASH AT BEGINNING OF THE YEAR	<u>17,482,201</u>	<u>6,806,518</u>
CASH AT END OF THE YEAR	<u>\$13,490,163</u>	<u>\$17,482,201</u>

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets at December 31, 2019 and 2018:

	December 31	
	2019	2018
Cash and cash equivalents reported in the balance sheets	\$ 3,714,122	\$ 3,670,225
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	9,474,934	13,811,976
Other items that meet the definition of cash and cash equivalents in IAS 7	<u>301,107</u>	<u>-</u>
Cash and cash equivalents at end of the year	<u>\$13,490,163</u>	<u>\$17,482,201</u>

(Concluded)

Appendix 4

O-Bank Co., Ltd. Proposed Distribution of 2019 Earnings

Currency: NT\$

Net income	1,100,432,989
Plus/Less: Undistributed earnings adjustment items	
1. Disposal of investments in equity instrument designated as at fair value through other comprehensive income, with cumulative profits or losses directly transferred to retained earnings	60,589,676
2. Adjustment of investment accounted for using equity method	27,239,964
3. Adjustment of remeasurements of defined benefit plans	(412,000)
After-adjustment undistributed earnings	1,187,850,629
Legal reserve appropriation (30%)	(330,129,897)
Reversal of compulsory special reserve	93,675,516
Reversal of voluntary special reserve	141,306,273
Earnings available for distribution	1,092,702,521
Distribution items:	
Preferred stock dividend	127,500,000
Cash dividend	965,202,521
Undistributed earnings as of the end of the period	0

Chairman: Lo, Kenneth C.M.

President: Lee, Elton F.Y.

Accounting Officer: Tyane, Edward F.C.

Appendix 5

O-Bank Co., Ltd.'s *Articles of Incorporation*: Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
Article 8 (delete)	Article 8 The shares of the Bank shall be registered shares affixed with the signatures or seals of the chair of the board and not fewer than two managing directors and shall be numbered and issued after being certified by the competent authority or a registration agency authorized thereby. The Bank may, in accordance with applicable laws and regulations, issue scripless shares; such operations as their registrations and book-entry transfers shall be conducted in accordance with the regulations of the relevant centralized securities custody enterprise.	Article 8 is deleted to accommodate the Bank's registration with TDCC for dematerialized securities and the unavailability of physical securities afterwards.
Article 18 When a shareholders' meeting convenes, it shall be chaired by the chairman of the Board. When the chairman of the Board is absent for any reason, the vice chairman shall act in place of the chair; if there is no vice chairman or the vice chairman is also absent, the chairman of the Board shall appoint one of the managing directors to act as chair; <u>if there are no managing directors, the chairman of the Board shall appoint one of the directors to act as chair.</u> Where	Article 18 When a shareholders' meeting convenes, it shall be chaired by the chairman of the Board. When the chairman of the Board is absent for any reason, the vice chairman shall act in place of the chair; if there is no vice chairman or the vice chairman is also absent, the chairman of the Board shall appoint one of the managing directors to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among	In accordance with the current amendment to Article 20 and 23 of the Bank's <i>Article of Incorporation</i>

Amended Article	Original Article	Explanation
<p>the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to act as chair.</p>	<p>themselves one person to act as chair.</p>	
<p>Article 20 The Bank shall have <u>7 to 15</u> directors who are to make up the Board and <u>the Board shall decide the number of directors in the range</u> ; The candidates nomination system is adopted for the election of directors; directors shall be elected from a list of candidates by a shareholders' meeting.</p> <p>Of the foregoing number of directors, the number of independent directors shall not be fewer than three and shall not account for less than one-fifth of the total number of directors.</p> <p>The handling of matters regarding professional qualifications, shareholdings, limits on concurrent positions, nomination and election methods, and other matters for compliance in relation to independent directors shall be subject to applicable laws and regulations.</p>	<p>Article 20 The Bank shall have 15 directors who are to make up the Board. The candidates nomination system is adopted for the election of directors; directors shall be elected from a list of candidates by a shareholders' meeting.</p> <p>Of the foregoing number of directors, the number of independent directors shall not be fewer than three and shall not account for less than one-fifth of the total number of directors.</p> <p>The handling of matters regarding professional qualifications, shareholdings, limits on concurrent positions, nomination and election methods, and other matters for compliance in relation to independent directors shall be subject to applicable laws and regulations.</p>	<p>The setup of the number of directors is amended to a variable range to accommodate corporate governance flexibility and practical needs.</p>
<p>Article 23 <u>When the Bank has 9 to 15 directors, it may have 3 to 5 managing directors</u> who are to</p>	<p>Article 23 The Bank shall have <u>five managing directors</u> who are to make up the Board of Managing</p>	<p>The wording for the establishment of the managing directors is amended in</p>

Amended Article	Original Article	Explanation
<p>make up the Board of Managing Directors. The managing directors shall be elected from among the directors by a majority vote of the directors present at a meeting attended by at least two-thirds of all directors. The chairman shall be elected from among the managing directors in the same fashion; a vice chairman shall also be thus elected if it is deemed necessary.</p> <p>Of the aforesaid number of managing directors, the number of independent directors shall not be fewer than one and shall not account for less than one-fifth of the total number of managing directors.</p> <p><u>If the Bank has no managing directors, the Board of Directors shall elect a chairman of the board from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairman of the board when necessary.</u></p>	<p>Directors. The managing directors shall be elected from among the directors by a majority vote of the directors present at a meeting attended by at least two-thirds of all directors. The chairman shall be elected from among the managing directors in the same fashion; a vice chairman shall also be thus elected if it is deemed necessary.</p> <p>Of the aforesaid number of managing directors, the number of independent directors shall not be fewer than one and shall not account for less than one-fifth of the total number of managing directors.</p>	<p>accordance with the current amendment to Article 20 of the Bank's <i>Article of Incorporation</i> and the applicable laws and regulations.</p>
<p>Article 24 The chairman of the board shall internally preside at shareholders' meetings as well as Board of Directors and Board of Managing Directors meetings, and shall externally represent the Bank. When the chairman of the</p>	<p>Article 24 The chairman of the board shall internally preside at shareholders' meetings as well as Board of Directors and Board of Managing Directors meetings, and shall externally represent the Bank. When the chairman of the</p>	<p>In accordance with the current amendment to Article 20 and 23 of the Bank's <i>Article of Incorporation</i>.</p>

Amended Article	Original Article	Explanation
<p>board is on leave or for any reason unable to exercise his/her powers, the vice chairman shall act in his/her place. If there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise his/her powers, the chairman of the board shall appoint one of the managing directors to act on his/her behalf. <u>If there are no managing directors, the chairman of the Board shall appoint one of the directors to act on his/her behalf.</u> Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to act as chair.</p>	<p>board is on leave or for any reason unable to exercise his/her powers, the vice chairman shall act in his/her place. If there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise his/her powers, the chairman of the board shall appoint one of the managing directors to act on his/her behalf. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to act as chair.</p>	
<p>Article 27 <u>When the Bank has managing directors and the Board of Directors is in recess, managing directors shall, by assembly, perform the duties and powers of the board on a regular basis, and the chairman of the board may convene meetings at any time. Resolutions of such meetings shall be adopted by a majority vote of the managing directors present at a meeting attended by a majority of all managing directors.</u></p> <p>With respect to the Board of Managing Directors performing the duties and powers of the</p>	<p>Article 27 When the Board of Directors is in recess, managing directors shall, by assembly, perform the duties and powers of the board on a regular basis, and the chairman of the board may convene meetings at any time. Resolutions of such meetings shall be adopted by a majority vote of the managing directors present at a meeting attended by a majority of all managing directors.</p> <p>With respect to the Board of Managing Directors performing the duties and powers of the</p>	<p>In accordance with the current amendment to Article 20 and 23 of the Bank's <i>Article of Incorporation</i></p>

Amended Article	Original Article	Explanation
<p>Board of Directors referred to in the preceding paragraph, the scope of authorization thereof shall be determined in accordance with applicable laws and regulations, these Articles, and resolutions adopted by shareholders' meetings and the Board of Directors. The aforesaid scope of authorization shall specify the level and content of affairs being authorized. With respect to matters that are required by applicable laws to undergo discussion at the Board of Directors, however, it shall be mandatory to secure resolutions of the Board of Directors.</p>	<p>Board of Directors referred to in the preceding paragraph, the scope of authorization thereof shall be determined in accordance with applicable laws and regulations, these Articles, and resolutions adopted by shareholders' meetings and the Board of Directors. The aforesaid scope of authorization shall specify the level and content of affairs being authorized. With respect to matters that are required by applicable laws to undergo discussion at the Board of Directors, however, it shall be mandatory to secure resolutions of the Board of Directors.</p>	
<p>Article 32-1 If there is a profit after its annual closing of books, the Bank shall first set aside funds for taxes and offset the accumulated losses from previous years before appropriating 30% of the profit toward its legal reserve. No appropriation shall be required if the Bank's legal reserve already equals the total amount of its paid-in capital. After appropriation or reverse of any special reserve and distribution of cash dividends for preferred shares, if a profit remains, the outstanding balance together with undistributed earnings from previous years shall be used as the basis for the Board of Directors to propose distribution</p>	<p>Article 32-1 If there is a profit after its annual closing of books, the Bank shall first set aside funds for taxes and offset the accumulated losses from previous years before appropriating 30% of the profit toward its legal reserve. No appropriation shall be required if the Bank's legal reserve already equals the total amount of its paid-in capital. After appropriation or reverse of any special reserve, the outstanding balance together with undistributed earnings from previous years shall be used as the basis for the Board of Directors to propose distribution and seek a resolution of a shareholders' meeting thereof.</p>	<p>The common stock dividend policy is amended to make the dividend policy more specific, and the wording and paragraph are adjusted accordingly. The measure is taken to adopt good corporate governance practices to protect shareholder rights and to ensure equal treatment of shareholders</p>

Amended Article	Original Article	Explanation
<p>and seek a resolution of a shareholders' meeting thereof.</p> <p><u>The distribution of common stock dividend shall not be lower than 20% of distributable earnings after deducting distributable but not yet distributed preferred stock dividends for the current year. In particular, the cash dividend payout shall account for not less than 20% of the total common stock dividend payout for any given year. Separately, before the legal reserve equals the total amount of capital stock, the maximum cash distribution of earnings shall not exceed 15% of the total amount of paid-in capital.</u></p> <p>With regard to the foregoing <u>distribution of common stock dividends</u>, the Bank adopts a policy of stability and balance that takes into account capital budget planning, capital needs for business operations, and commitment to a sound financial structure. The aforesaid method of dividend distribution is intended only as a principle-based guideline; the Bank may consider actual needs and, via the Board of Directors, propose an amendment and seek shareholder approval in the form of a resolution adopted by a shareholders' meeting.</p>	<p><u>Before the legal reserve equals the total amount of capital stock, the maximum cash distribution of earnings shall not exceed 15% of the total amount of paid-in capital.</u></p> <p>With regard to the foregoing dividend distribution, the Bank adopts a policy of stability and balance that takes into account capital budget planning, capital needs for business operations, and commitment to a sound financial structure. <u>In particular, the cash dividend payout shall account for not less than 20% of the total dividend payout for any given year. The aforesaid method of dividend distribution</u> is intended only as a principle-based guideline; the Bank may consider actual needs and, via the Board of Directors, propose an amendment and seek shareholder approval in the form</p>	

Amended Article	Original Article	Explanation
	of a resolution adopted by a shareholders' meeting.	
<p>Article 34 These <i>Articles of Incorporation</i> were enacted on June 22, 1998 . . . ; the 15th amendment on June 2, 2015; the 16th amendment on October 2, 2015; the 17th amendment on June 3, 2016; the 18th amendment on June 14, 2017; the 19th amendment on June 14, 2018; <u>and the 20th amendment on June, 2020.</u></p>	<p>Article 34 These <i>Articles of Incorporation</i> were enacted on June 22, 1998 . . . ; the 15th amendment on June 2, 2015; the 16th amendment on October 2, 2015; the 17th amendment on June 3, 2016; the 18th amendment on June 14, 2017; and the 19th amendment on June 14, 2018.</p>	<p>The date and ordinal number of another amendment are added.</p>

Appendix 6

O-Bank Co., Ltd.'s Procedural Rules Governing Shareholders' Meetings:

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 3 Paragraph 1, 2 and 3 are omitted.</p> <p>Election or dismissal of directors, amendments to the <i>Articles of Incorporation</i>, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares</u>, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the <i>Regulations Governing the Offering and Issuance of Securities by Securities Issuers</i> shall be set out in the notice of the reasons for convening the shareholders' meeting <u>and the essential contents shall be explained in the notice</u>. None of the aforesaid matters may be raised by an extempore motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company</u>.</p>	<p>Article 3 Paragraph 1, 2 and 3 are omitted.</p> <p>Election or dismissal of directors, amendments to the <i>Articles of Incorporation</i>, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the <i>Company Act</i>, Articles 26-1 and 43-6 of the <i>Securities and Exchange Act</i>, or Articles 56-1 and 60-2 of the <i>Regulations Governing the Offering and Issuance of Securities by Securities Issuers</i> shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the aforesaid matters may be raised by an extempore motion.</p>	<p>Paragraph 4 is amended in accordance with the principles of 2020.1.2 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No.1080024221 to adjust <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</i>, and in accordance with the amendment to Article 172, paragraph 5 of <i>Company Act</i>.</p>

Amended Article	Original Article	Explanation
<p><u>and such website shall be indicated in the above notice.</u></p> <p><u>Where a reelection of the Board of Directors and the date of its assuming office are specified in the notice of reasons for convening the shareholders' meeting, the said meeting shall not alter this date of assuming office by an extempore motion or any other means after the given reelection has been completed.</u></p>		<p>Paragraph 5 is added in accordance with the principle of 2018.8.6 Ministry of Economic Affairs Jing-Shang-Zi No.10702417500.</p>
<p>A shareholder holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a general shareholders' meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, a shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the proposals by the</u></p>	<p>A shareholder holding 1% or more of the total number of issued shares may submit to the Company a <u>written</u> proposal for discussion at a general shareholders' meeting. Such proposals, <u>however</u>, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.</p>	<ol style="list-style-type: none"> 1. Original paragraph 5 is moved to paragraph 6. 2. The wording is amended in accordance with Article 172-1, paragraph 1 and the additional paragraph 5 of <i>Company Act</i>.
<p><u>Board of Directors.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the <i>Company Act</i> apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p>	<p>In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the <i>Company Act</i> apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.</p>	<p>Combined with paragraph 6 in accordance with <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</i></p>
<p>Prior to the book closure date</p>	<p>Prior to the book closure date</p>	

Amended Article	Original Article	Explanation
<p>before a general shareholders' meeting is held, the Company shall publicly announce that it will accept shareholder proposals <u>in writing or electronically</u> and specify the location and time period for their submission; the period for submission of shareholder proposals shall not be fewer than 10 days.</p> <p>Paragraph 8 and 9 are omitted.</p>	<p>before a general shareholders' meeting is held, the Company shall publicly announce that it will accept shareholder proposals and specify the location and time period for their submission; the period for submission of shareholder proposals shall not be fewer than 10 days.</p> <p>Paragraph 8 and 9 are omitted.</p>	<p>In accordance with Article 172-1, paragraph 2 of <i>Company Act</i>.</p>
<p>Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. <u>The proposals, including the extempore motions and the amendment to the original matters, shall be voted on by poll.</u> The meeting shall proceed in the order set by the agenda, which shall not be changed without a resolution of the shareholders' meeting.</p> <p>Paragraph 2 and 3 are omitted.</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward</p>	<p>Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which shall not be changed without a resolution of the shareholders' meeting.</p> <p>Paragraph 2 and 3 are omitted.</p> <p>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward</p>	<p>Paragraph 1 is amended in accordance with the principles of 2020.1.2 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No.1080024221 to adjust <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</i>, and in accordance with the adoption of e-voting systems by all listed companies from 2018 to implement the voting by poll principle.</p> <p>Paragraph 4 is amended lest parties entitled to call a shareholders' meeting restrict voting time</p>

Amended Article	Original Article	Explanation
<p>by shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to be voted on, the chair may announce the discussion closed to call for a vote <u>and allow sufficient time to vote.</u></p>	<p>by shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to be voted on, the chair may announce the discussion closed and call for a vote.</p>	<p>excessively, thereby giving shareholders insufficient time to vote and thus undermining their exercising of voting rights.</p>
<p>Article 15 Paragraph 1 and 2 are omitted.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, a summary of the deliberations and <u>voting results (including the statistical weight), as well as the number of votes obtained by each electee in the event of a Board of Directors election,</u> and shall be retained for the duration of the existence of the Company.</p> <p>Paragraph 4 is omitted</p>	<p>Article 15 Paragraph 1 and 2 are omitted.</p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and <u>their</u> results, and shall be retained for the duration of the existence of the Company.</p> <p>Paragraph 4 is omitted</p>	<p>Paragraph 3 is amended in accordance with the principles of 2020.1.2 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No.1080024221 to adjust <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings,</i> while also upholding the voting by poll principle, adopting the Asian Corporate Governance Association's recommendation, and meeting the Bank's operational needs.</p>