

Stock Code: 2897



O-Bank Co., Ltd.

The Minutes for 2021 Annual General Meeting of Shareholders

(Summary Translation)

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

July 20, 2021

O-Bank Co., Ltd.
Minutes of 2021 Annual General Meeting of Shareholders

Time: 9 am, July 20 (Tuesday), 2021

Place: O-Bank Headquarters B1F., No. 99, Sec. 2, Tiding Blvd.,
Neihu Dist., Taipei City, Taiwan (R.O.C.)

Total outstanding shares of the Company:

2,727,269,301 shares (deducted by 5,737,000 non-voting shares pursuant to applicable laws and regulations)

Total shares represented by shareholders present:

2,085,862,274 shares

Percentage of shares held by shareholders present:

76.48%

Non-voting delegates:

Chairman Lo, Tina Y.,

Independent Director Lin, Hank H.K. (convener of the Audit Committee),

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

Deloitte & Touche- CPA Lin, Wang-Sheng,

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

Deputy President Chang, David C.C.,

Deputy President Lin, Roger Y.F.,

Senior Executive Vice President Liu, Gary C. Y.,

Senior Executive Vice President Wang, Chia Chi,

Executive Vice President Siew, Joy C.Y.,

Vice President Hung, Ida K.Y.

Directors in attendance:

Yeh, Roy J.Y. (Managing Director),

Hu, Fu- Hsiung (Independent Managing Director),

Richard R.C. Liu (Independent Director),

Lo, Nina Y.C.,

Lee, Yunny Y,

Lin, Bill K.C.

Chairman: Lo, Tina Y.

Minute Taker: Su, Shang-Chen

The aggregate shareholding of the shareholders present constituted a quorum.

The Chairman called the meeting to order.

Matters for Reporting

Proposal No. 1

Proposal: Business report for 2020

Explanation: Please refer to Appendix I.

Proposal No. 2

Proposal: Review report of 2020 Financial Statements by the Audit Committee

Explanation: Please refer to Appendix II.

Proposal No. 3

Proposal: Distribution of remunerations to directors and employees for 2020

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

Proposal No. 4

Proposal: Amendments to the Bank's Corporate Social Responsibility Best Practice Principles

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

Proposal No. 5

Proposal: Amendments to the Bank's Code of Ethical Conduct

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 2020

Explanation:

1. The Bank's financial statements of 2020, 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 2020 (please refer to Appendices I and III of this Handbook) were approved by the 8th Board of Directors in its 7th meetings and audited by the Audit Committee.
2. Shareholder ratification is respectfully requested.

2,085,862,274 shares (including 1,606,056,022 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 76.48% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,021,824,435 votes/96.92%

(including 1,575,050,183 votes cast electronically)

Disapproval votes: 33,479,663 votes

(including 447,663 votes cast electronically)

Invalid votes: 0 vote

Abstention votes/no votes: 30,558,176 votes

(including 30,558,176 votes cast electronically)

Resolution: voted and acknowledged as originally proposed.

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

Proposal: Distribution of earnings for 2020

Explanation:

1. This proposal for distribution of 2020 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 made NT\$1,147,402,772 in net income for the year 2020. In accordance with the Jing-Shang-Zi-No. 10802432410 letter of the Ministry of Economic Affairs, the Bank took "the year's net income plus other items incorporated into the year's undistributed earnings" as the basis for setting aside its legal reserve. Minus a NT\$31,878,639 (30%) compulsory appropriation of legal reserve, deductions under "other equity" pursuant to Paragraph 1, Article 41 of the *Securities and Exchange Act*, and training expenses deemed necessary to accommodate fintech development or the Bank's operational needs; plus the NT\$68,756,459 reversal of compulsory special reserve, NT\$93,281,393 from disposal of investments in equity instrument designated as at fair value through other comprehensive income, NT\$18,495,516 from adjustment of investment accounted for using equity method, NT\$292,000 from adjustment of remeasurements of defined benefit plans, and the NT\$529,813,909 net reversal of voluntary special reserve (in accordance with the Jing-Shang-Zi-No. 11002005800 letter of the Ministry of Economic Affairs, the Bank plans a NT\$1,153,209,550 reversal of the disposable special reserve that it voluntarily set aside in the previous year to make up for the reduction in undistributed earnings incurred by a prior capital increase done at a discount, plus the year's appropriation of NT\$623,395,641); and taking into account the NT\$1,153,209,550 decrease in undistributed earnings due to the aforesaid capital increase at a discount, the Bank has an amount of NT\$672,953,860 in earnings distributable for the year.
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\$545,453,860 in cash dividends for common shares (NT\$0.20 per share) in 2020.

- (2) The payout total of cash dividends is proposed on the basis of 2,727,269,301 common shares and 300,000,000 preferred shares of the Bank's outstanding issued capital stock as of the end of 2020. 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 2020 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 8th Board of Directors in its 7th meeting and audited by the Audit Committee.
6. Shareholder ratification is respectfully requested.

2,085,862,274 shares (including 1,606,056,022 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 76.48% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,022,086,116 votes /96.94%

(including 1,575,311,864 votes cast electronically)

Disapproval votes: 33,731,163 votes

(including 699,163 votes cast electronically)

Invalid votes: 0 vote

Abstention votes/no votes: 30,044,995 votes

(including 30,044,995 votes cast electronically)

Resolution: voted and acknowledged as originally proposed.

Matters for Discussion

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

Proposal: Amendments 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 19, 2020 and implemented accordingly. In accordance with the principles of 2020.6.3 & 2021.1.28 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No.10900094681 & No.11000014461 to adjust Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings, Company Act, rulings from Company Act and Ministry of Economic Affairs, as well as the bank's operational needs, it is proposed to amend Article 3, 9, and 14 of the Bank's Procedural Rules Governing Shareholders' Meetings (please refer to Appendix V of this Handbook for a comparison table of the original and amended articles). Highlights of these amendments include: adjustment in ways how announcements are to be made and the provision that shareholders can present not more than one proposal on how the Bank should promote the public interests or fulfill its corporate social responsibility, thereby strengthening corporate governance and upholding shareholder rights and interests.
2. The proposal was approved by the 8th Board of Directors in its 7th meeting.
3. Shareholder approval is respectfully requested.

2,085,862,274 shares (including 1,606,056,022 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 76.48% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,020,208,752 votes/96.85%

(including 1,573,434,500 votes cast electronically)

Disapproval votes: 33,518,776 votes

(including 486,776 votes cast electronically)

Invalid votes: 0 vote

Abstention votes/no votes: 32,134,746 votes

(including 32,134,746 votes cast electronically)

Resolution: voted and approved as originally proposed.

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

Proposal: Amendments to the Bank's *Election Procedures for Directors*

Explanation:

1. An earlier amendment to the Bank's *Election Procedures for Directors* was already adopted by the Annual Shareholders' Meeting of June 14, 2017 and implemented accordingly. In accordance with the principles of 2020.6.3 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No.10900094681 to adjust *Sample Template for XXX Co., Ltd. Procedures for Election of Directors*, as well as the bank's operational needs, it is proposed to amend Article 4, 7, and 9 of the Bank's *Election Procedures for Directors* (please refer to Appendix VI of this Handbook for a comparison table of the original and amended articles). Highlights of these amendments include: wording adjustment in line with the competent authority's example and the Bank's operations, and deletion of the original Article 6.
2. The proposal was approved by the 8th Board of Directors in its 7th meeting.
3. Shareholder approval is respectfully requested.

2,085,862,274 shares (including 1,606,056,022 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 76.48% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,020,202,892 votes/96.85%

(including 1,573,428,640 votes cast electronically)

Disapproval votes: 33,529,636 votes

(including 497,636 votes cast electronically)

Invalid votes: 0 vote

Abstention votes/no votes: 32,129,746 votes

(including 32,129,746 votes cast electronically)

Resolution: voted and approved as originally proposed.

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

Proposal: Proposal for release of non-competition restrictions on directors of the Board

Explanation:

1. 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, it is proposed to invoke Paragraph 1, Article 209 of the Company Act “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.” and release them from non-competition restrictions on condition that they do not undermine the Bank’s interests.
2. While the release of non-competition restrictions on members of the Bank’s 8th Board of Directors was already approved by the 2020 General Shareholders’ Meetings, it is proposed that the release applies to other new positions that have since taken (shown in the table below).

Director	Position at the Bank	Positions at other companies
Lo, Tina Y.	Representative of Juristic-person Director (Ming Shan Investment Co., Ltd.)	Director, Lucky Bamboo Investments Limited
Lo, Kenneth C.M.	Natural-person Director	Chairman, Hong Ju Investment Co., Ltd.
Taiwan Cement Corporation	Juristic-person Director	Chairman, TCC International Holdings Limited Director, TCC International Ltd. (TCCI)
Chang, Nelson An-Ping	Representative of Juristic-person Director (Taiwan Cement Corporation)	Chairman, TCC Hong Kong Cement (BVI) Holdings Ltd. Chairman, TCC International Holdings Limited Chairman, Upper Value Investments Limited Director, Chinatrust Investment Co., Ltd. Director, TCC International Ltd. (TCCI) Director, TCC Hong Kong Cement International Ltd.

Director	Position at the Bank	Positions at other companies
Chen, Shih-Tze	Representative of Juristic-person Director (Tai Ya Investment Co., Ltd.)	Director, Eagle Dynasty Investments Limited Director, Lucky Bamboo Investments Limited Director, Star International Pacific Ltd.
Lo, Nina Y.C.	Representative of Juristic-person Director (Ming Shan Investment Co., Ltd.)	Chairman, Prudential Fortune Investment Co., Ltd. Director, Silver Maple Enterprises Limited

3. The proposal was approved by the 8th Board of Directors in its 7th meeting.

4. Shareholder approval is respectfully requested.

2,085,862,274 shares (including 1,606,056,022 shares from E-voting) were represented by the shareholders present in person or by proxy, accounting for 76.48% of the total number of voting shares issued by the Bank.

Voting resolution (including E-voting):

Approval votes: 2,019,986,325 votes/96.84%

(including 1,573,212,073 votes cast electronically)

Disapproval votes: 33,775,820 votes

(including 743,820 votes cast electronically)

Invalid votes: 0 vote

Abstention votes/no votes: 32,100,129 votes

(including 32,100,129 votes cast electronically)

Resolution: voted and approved as originally proposed.

Extempore Motion : None.

Adjournment : 9 : 48 a.m. the same day.

(The Meeting Minutes only reflected the main contents of the meeting. Please refer to the recording for the exact contents and proceeding of the meeting).

Appendix I

Business report for 2020

1. Business Activities

The Bank mainly operates the following businesses:

- Acceptance of various types of deposits.
- Issuance of financial bonds.
- Handling of loans, discounts, and acceptances.
- Handling of domestic and foreign exchange services.
- Handling of domestic and foreign guarantee services.
- Issuance of domestic and foreign L/Cs.
- Agency collection and payment services.
- Investment in and underwriting of securities.
- Proprietary trading of government bonds.
- Factoring services.
- Provision of financial consulting connected with financing and non-financing services.
- Wealth management services.
- Acting as an agent for personal insurance and property insurance.
- Handling of debit card services.
- Handling of guarantee services connected with export and import foreign exchange, outward and inward remittances, foreign currency deposits and loans, and foreign currency guaranteed payments.
- Handling of services permitted under the *Trust Enterprise Act*.
- Handling of financial derivatives services.
- Handling of other services approved by the competent authority.

Key Business Area	Major Business Activity
Corporate Banking Services (Corporate Banking)	Provision of corporate/juristic-person financial products and services: lending and deposit, corporate foreign exchange and international finance, project, corporate financial advisory services, and corporate cash management and e-Banking services, etc.
Retail Banking Services (Retail Banking)	Provision of personal financial products and services: lending and deposit, digital retail banking services, payment, insurance, wealth management, etc.
Trust Business	Trust, securitization, trust asset management, etc.
Investment Business	Financial products and securities transaction, and direct investment.
Investment under Equity Method	Please refer to this annual report "Review of Financial Conditions, Operation Results, and Risk Management" for investment details.

Weight of Business Profits

Unit: NT\$ thousands

Item	Year	2020		2019	
		Amount	%	Amount	%
Net interest income		1,914,583	41	1,957,451	37
Net fee income		583,947	13	808,793	15
Gains or losses on financial assets (liabilities) at fair value through profit or loss		(840,982)	(18)	908,385	17
Gains from sale of fair value through other comprehensive income financial assets		257,439	6	133,451	2
Net gain or loss on exchange		1,642,073	35	293,516	6
Gain on reversal of impairment loss		(3,704)	-	1,284	-
Share of profit or loss of subsidiaries and affiliated businesses accounted for using equity method		990,158	21	1,098,480	21
Net profit apart from interest		107,962	2	103,855	2
Net income		4,651,476	100	5,305,215	100

Weight of Major Business Operations

Unit: NT\$ thousands

Asset	2020.12.31	Percentage (%)	Percentage Increase (Decrease) from the previous year	2019.12.31	Percentage (%)
Loans- Corporate Banking	138,400,828	42.09	(10.14)	154,011,510	45.94
Loans- Retail Banking	27,699,465	8.42	23.68	22,395,242	6.68
Investment	121,440,257	36.93	4.34	116,385,765	34.72
Investment under Equity Method	16,542,108	5.03	10.87	14,920,171	4.45

Unit: NT\$ thousands

Revenue	2020.12.31	Percentage (%)	Percentage Increase (Decrease) from the previous year	2019.12.31	Percentage (%)
Corporate Banking Services	2,669,190	57.38	(16.96)	3,214,248	60.59
Investment	868,808	18.68	(0.57)	873,806	16.47
Investment under Equity Method	990,158	21.29	(9.86)	1,098,480	20.71
Others	123,320	2.65	3.91	118,681	2.23
Net Income	4,651,476	100.00	(12.32)	5,305,215	100.00

Volume of Foreign Exchange:

Unit: US\$ thousands

Item	2020	Percentage (%)	Percentage Increase (Decrease) from the previous year	2019	Percentage (%)
Import (Issuance of L/C; DA;DP)	126,212	0.69	(52.77)	267,225	1.46
Export (Negotiation; Collection;DA;DP)	42,953	0.24	(53.86)	93,094	0.51
Remittance (Outward;Inward)	18,054,029	99.07	0.64	17,939,825	98.03
Total	18,223,194	100.00	(0.42)	18,300,144	100.00

Trust Asset:

Unit: NT\$ thousands

Item	2020.12.31	Percentage (%)	Percentage Increase (Decrease) from the previous year	2019.12.31	Percentage (%)
Monetary	8,182,562	57.39	7.26	7,628,635	59.56
Real Estate	6,075,235	42.61	17.29	5,179,695	40.44
Total	14,257,797	100.00	11.32	12,808,330	100.00

Note: The item is categorized under *Trust Enterprise Act*, Article 16.

2. Business Review

In 2020, the Bank's domestic business locations included its Taipei Headquarters, Zhongxiao Dunhua Branch, Taoyuan Branch, Hsinchu Branch, Taichung Branch, and 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

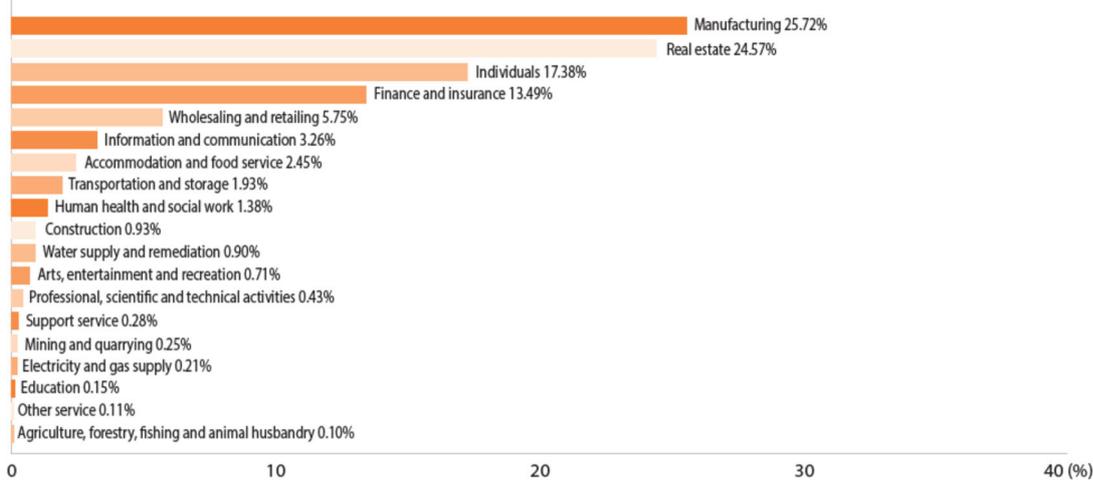
In 2020, the Bank made aggressive inroads into the personal banking sector while continuing to actively cultivate clients in Taiwan and abroad for its corporate banking services. In order to cater to different customer segments, the Bank developed a wide range of loan products—coming with different loan limits, interest calculations, repayment methods, fee discounts, and binding periods—that truly meet customer

needs. On the back of sustained growth in both mortgages and unsecured loans, the Bank's retail banking business saw its loan extension in 2020 increase 23.68% from a year earlier. Moreover, the "My Data" personalized digital services platform was introduced to provide a better-rounded online channel for loan applicants and a faster, safer, and more convenient service to customers. In line with government policy, the Bank shouldered its social responsibility by offering lenient flexibilities to borrowers who had been furloughed or suffered otherwise due to the Covid-19 pandemic.

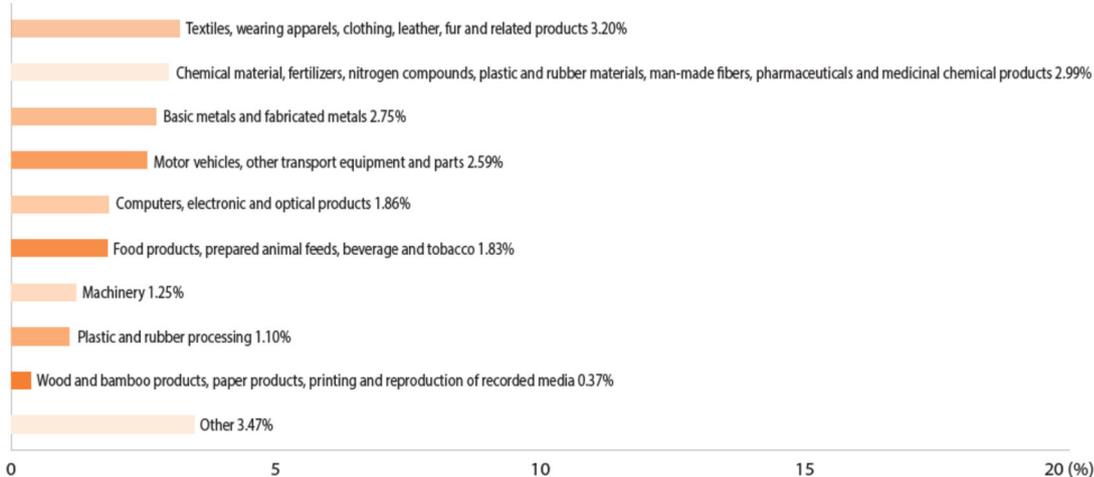
In 2020, the Bank's corporate banking business sustained negative growth in both lending volume and earnings as the Covid-19 pandemic dampened the broader economy and the central bank's rate cut undermined the banking industry's interest income. Given an external environment marked by global uncertainty, the Bank would rather adopt a prudent approach toward expanding its corporate banking business. Rather than seeking a major increase in lending, the objective was to make the best of the limited interest spread and grow fee income while keeping credit risk under control.

By Standard Industrial Classification of Directorate General of Budget, Accounting and Statistics, the Bank's 2020 overall credit risk exposure came in at NT\$203.5 billion (including loans, factoring, receivable acceptance, guarantee, and receivable L/C amounts), and NT\$192.2 billion, excluding that fully secured by the Bank's certificates of deposit. Of these numbers, the manufacturing industries category accounted for the greatest share of our credit risk exposure at 25.72%. Next came the real estate category with 24.57%, the individuals with 17.38%, the financial and insurance industry with 13.49%, the wholesaling and retailing industry with 5.75%, the information and communication industry with 3.26%, the accommodation and food service industry with 2.45%, the transportation and storage industry with 1.93%, the human health and social work industry with 1.38%, the construction industry with 0.93%, the water supply and remediation industry with 0.90%, the arts, entertainment and recreation industry with 0.71%, the professional, scientific and technical activities industry with 0.43%, the support service industry with 0.28%, the mining and quarrying industry with 0.25%, the electricity and gas supply industry with 0.21%, the education industry with 0.15%, the other service industry with 0.11%, the agriculture, forestry, fishing and animal husbandry industry with 0.10%. Within the manufacturing sector, the electronic parts and components industry recorded the greatest credit risk exposure of 4.31%, followed by the textiles, wearing apparels, clothing, leather, fur and related products industry with 3.20%, the chemical material, fertilizers, nitrogen compounds, plastic and rubber materials, man-made fibers, pharmaceuticals and medicinal chemical products industry with 2.99%, the basic metals and fabricated metals industry with 2.75%, the motor vehicles, other transport equipment and parts industry with 2.59%, the computers, electronic and optical products industry with 1.86%, the food products, prepared animal feeds, beverage and tobacco industry with 1.83%, the machinery industry with 1.25%, the plastic and rubber processing industry with 1.10%, the wood and bamboo products, paper products, printing and reproduction of recorded media industry with 0.37%, and other industry with 3.47%.

The credit risk exposure (excluding that fully secured by the Bank’s certificates of deposit) at the end of 2020:



The credit risk exposure within the manufacturing sector (25.72%):



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. The Bank established the Corporate Finance Department to provide customized, quick and precise financing solutions to clients, raise funds for them, and help them solve critical problems. Our target customers are mainly based in the Greater China area (Taiwan and Hong Kong) from all business sectors. Coming with a full spectrum of funding solutions, the Bank is ready to share growth with domestic and international businesses. Furthermore, with refined and professional services, not only does the Bank help corporates keep growing, but also boost its own competitiveness in the market.

In 2020, companies reduced their capital expenditures amid the Covid-19 pandemic and 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, especially when most businesses are applying for low-interest loans to cover operation costs. 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. It is the Bank’s focusing only on niche projects that brought one of its key earnings drivers.

(2) Deposits

As of the end of 2020, the Bank’s outstanding balance of NT dollar and foreign currency deposits came in at approximately NT\$246.4 billion, an increase of 1.15% 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 and small and medium-sized

enterprises (SMEs) 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. In 2020, although the Bank’s import and export business slowed down from the adjustment of target customer segment, the exchange amount continues to grow steadily.

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 2020, all such divestments had been completed except two 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.

A growing credit risk loomed over the world in the first half of 2020 due to the Covid-19 pandemic. This prompted the FED (Federal Reserve) to cut the target federal funds rate and introduce a fresh bond-buying program (Quantitative Easing, QE) in a bid to calm markets. 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 new operations and products. In the wake of rate cuts across major economies to offset the impact of the Covid-19 pandemic, Taiwan's central bank followed suit. What resulted was a decline in the yields of fixed-income products and a shrunk interest spread. Still, the Bank managed a reasonably satisfactory performance by adding more quality bonds to its asset base.

(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. The Covid-19 pandemic dealt a heavy blow to the world economy in 2020. Nevertheless, the pandemic also created WFH demand and boosted intelligent transport, thereby fueling faster growth in HPC and 5G applications. Moreover, Taiwan's technology industry became a beneficiary from the tug of war between the U.S. and China. In 2020, the value of Taiwan's exports reached an all-time high, listed companies fared strongly, and the country's GDP bucked the trend to increase 2.98%. Likewise, Wall Street led other stock markets to move higher as the devastating pandemic drove governments to stimulate their economies with aggressive monetary easing. In Taiwan, the Taixex fell to a low of 8,500 in March before heading for a solid rebound and closing the year 2,735 (+22.8%) higher at 14,733. For its part, the Bank also recorded quite handsome earnings.

(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 corporate consolidation and M&As, debt arrangement, 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 2020, the outstanding balance of assets entrusted to the Bank came in at NT\$14.2 billion, a year-on-year increase of NT\$1.4 billion.

(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. The Bank’s corporate e-Banking platform recorded from a total of 468,102 online transactions in 2019 to 507,296 in 2020.

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. In 2020, we initiated an automated confirmation-handling mechanism by integrating all relevant internal systems to deliver automatic output. With the number of confirmation cases steadily on the rise, the new initiative proved effective in enhancing efficiency and reducing operating risk.

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

- **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, “Robot Advisory,” 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.
- **Digital Wealth Management Services:** We provide a wide range of wealth management products, including mutual funds, back-end load mutual funds, overseas bonds, and “Robot Advisory.” In addition, the option of Taiwan dollar and foreign currency is provided, to meet the diverse customer needs.

(11) Payment Services

- **Card Payment Services:** In addition to debit cards with more than 500 personalized card designs for customers to choose from, we continued to provide co-branded and affinity cards issued in conjunction with members in the consumer markets, chain restaurants, public welfare entities, schools, electronic stored value card operators, etc. Featuring specific debit card discounts, cash rebate and zero-risk card use, they rightly give cardholders peace of mind.
- **Electronic Payment Services:** We have provided customers with the service of immediate deductions from their accounts when they make use of such payment platforms as GAMA PAY, JKOPAY, LINE Pay, and iPASS. As such, we are poised to give customers richer possibilities as to where they can conduct transactions and support a greater number of payment instruments.

(12) Insurance Services

Teaming up with PCA Life, we have introduced protection-oriented life insurance, medical insurance, accident insurance, and NTD/foreign currency savings-oriented insurance. Through face-to-face and phone marketing, 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. Apart from bring out the spirit of protection through insurance, the Bank’s offering of professional insurance service is reciprocated in the customers’ trust and loyalty.

(13) Wealth Management Services

With our consultants serving the individual and entrepreneur customers separately, the Bank provides customers with tailor-made financial products and advisory services, including deposits, investment products, insurance products, and tax and asset arrangement. We provide a full spectrum of services in a bid to attract high-end customers to facilitate interaction with the Bank in depth and width.

Appendix II

O-Bank Co., Ltd. Audit Committee Report

The Board of Directors has compiled and submitted the Bank's consolidated and parent balance sheets, income statements, statements of changes in shareholders' equity, and cash flow statements for 2020 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 Articles 14-4 and 14-5 of the *Securities and Exchange Act*.

Hank Lin
Convener of the Audit Committee
O-Bank Co., Ltd.

Date: March 22, 2021

Appendix III

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2020 and 2019, 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 Publicly Held 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2020 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 "Banking Institutions Regulations Governing the Procedures for Bad Debt").

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 assesses the classification of credit-granting assets and recognize allowance for credit losses of loans in accordance with "Banking Institutions Regulations Governing the Procedures for Bad Debt". 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 "Banking Institutions Regulations Governing the Procedures for Bad Debt". 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 "Bills Finance Companies Regulations for Evaluating Bad Debt"), whereby the reserves for guarantee liabilities are classified and made.

China Bills Finance Corporation concern 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 “Bills Finance Companies 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 the reserve. 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 the reserve meets the requirements of “Bills Finance Companies Regulations for Evaluating Bad Debts” or not.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yin-Chou Chen and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

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 2020 Consolidated Financial Statement of O-Bank from the Market Observation Post System)

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 9,621,739	2	\$ 6,570,002	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	18,125,019	3	19,311,763	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	162,494,696	28	172,913,193	31
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	172,509,235	30	142,112,770	25
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS	4,732,882	1	100,013	-
RECEIVABLES, NET	14,952,859	3	16,483,174	3
CURRENT TAX ASSETS	362,328	-	422,886	-
DISCOUNTS AND LOANS, NET	183,710,973	32	194,246,229	35
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET	789,863	-	-	-
OTHER FINANCIAL ASSETS	858,462	-	1,229,503	-
PROPERTY AND EQUIPMENT, NET	2,672,567	1	2,854,194	1
RIGHT-OF-USE ASSETS, NET	429,678	-	485,426	-
INTANGIBLE ASSETS, NET	2,207,244	-	2,319,547	-
DEFERRED TAX ASSETS	895,887	-	734,542	-
OTHER ASSETS	<u>1,050,198</u>	<u>-</u>	<u>916,774</u>	<u>-</u>
TOTAL	<u>\$575,413,630</u>	<u>100</u>	<u>\$560,700,016</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits From the Central Bank and other banks	\$ 28,479,755	5	\$ 43,439,398	8
Financial liabilities at fair value through profit or loss	790,298	-	533,582	-
Bills and bonds sold under repurchase agreement	181,165,826	32	159,553,385	29
Payables	2,740,642	1	3,687,621	1
Current tax liabilities	172,428	-	46,361	-
Deposits and remittances	267,719,672	47	265,731,824	47
Bank debentures payable	16,400,000	3	18,700,000	3
Other financial liabilities	18,102,763	3	12,909,259	2
Provisions	2,102,012	-	1,915,054	-
Lease liabilities	444,659	-	498,832	-
Deferred tax liabilities	793,255	-	451,572	-
Other liabilities	<u>2,249,555</u>	<u>-</u>	<u>2,416,851</u>	<u>1</u>
Total liabilities	<u>521,160,865</u>	<u>91</u>	<u>509,883,739</u>	<u>91</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	27,330,063	5	24,130,063	4
Preferred stock	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>1</u>
Total capital	<u>30,330,063</u>	<u>5</u>	<u>27,130,063</u>	<u>5</u>
Capital surplus	<u>5,966</u>	<u>-</u>	<u>9,750</u>	<u>-</u>
Retained earnings				
Legal reserve	3,697,811	1	3,367,681	1
Special reserve	1,396,353	-	1,631,335	-
Unappropriated earnings	<u>106,262</u>	<u>-</u>	<u>1,187,851</u>	<u>-</u>
Total retained earnings	<u>5,200,426</u>	<u>1</u>	<u>6,186,867</u>	<u>1</u>
Other equity	<u>57,744</u>	<u>-</u>	<u>(67,477)</u>	<u>-</u>
Treasury stock	<u>(38,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity attributable to owners of the Bank	35,555,895	6	33,259,203	6
NON-CONTROLLING INTERESTS	<u>18,696,870</u>	<u>3</u>	<u>17,557,074</u>	<u>3</u>
Total equity	<u>54,252,765</u>	<u>9</u>	<u>50,816,277</u>	<u>9</u>
TOTAL	<u>\$575,413,630</u>	<u>100</u>	<u>\$560,700,016</u>	<u>100</u>

O-BANK AND SUBSIDIARIES

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE	\$ 7,733,670	96	\$ 9,559,209	115	(19)
INTEREST EXPENSE	<u>(3,709,021)</u>	<u>(46)</u>	<u>(5,674,337)</u>	<u>(68)</u>	(35)
NET INTEREST	<u>4,024,649</u>	<u>50</u>	<u>3,884,872</u>	<u>47</u>	4
TOTAL NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net	2,037,365	25	2,061,879	25	(1)
(Losses) gains on financial assets or liabilities measured at fair value through profit or loss	(199,950)	(3)	1,717,904	20	(112)
Realized gains on financial assets at fair value through other comprehensive income	418,865	5	262,716	3	59
Foreign exchange gain, net	1,734,406	22	256,353	3	577
Impairment loss on assets	(5,203)	-	(10,824)	-	(52)
Share of loss of associates accounted for using equity method	(82,766)	(1)	-	-	-
Other net revenue other than interest	<u>129,125</u>	<u>2</u>	<u>139,051</u>	<u>2</u>	(7)
Total net revenue other than interest revenue	<u>4,031,842</u>	<u>50</u>	<u>4,427,079</u>	<u>53</u>	(9)
NET REVENUE	<u>8,056,491</u>	<u>100</u>	<u>8,311,951</u>	<u>100</u>	(3)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(599,286)</u>	<u>(7)</u>	<u>(1,002,491)</u>	<u>(12)</u>	(40)
OPERATING EXPENSES					
Employee benefits expenses	2,609,229	32	2,726,153	33	(4)
Depreciation and amortization expenses	628,777	8	617,433	7	2
Other general and administrative expenses	<u>1,119,902</u>	<u>14</u>	<u>1,253,639</u>	<u>15</u>	(11)
Total operating expenses	<u>4,357,908</u>	<u>54</u>	<u>4,597,225</u>	<u>55</u>	(5)

(Continued)

O-BANK AND SUBSIDIARIES

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	\$ 3,099,297	39	\$ 2,712,235	33	14
INCOME TAX EXPENSE	<u>785,791</u>	<u>10</u>	<u>681,601</u>	<u>8</u>	15
INCOME FROM CONTINUING OPERATIONS	2,313,506	29	2,030,634	25	14
LOSS FROM DISCONTINUED OPERATIONS	<u>(12,577)</u>	<u>-</u>	<u>(4,033)</u>	<u>-</u>	212
NET PROFIT FOR THE YEAR	<u>2,300,929</u>	<u>29</u>	<u>2,026,601</u>	<u>25</u>	14
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:					
(Losses) gains on remeasurements of defined benefit plans	(1,642)	-	58	-	(2,931)
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	428,610	5	301,995	3	42
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>387</u>	<u>-</u>	<u>(94)</u>	<u>-</u>	512
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax	<u>427,355</u>	<u>5</u>	<u>301,959</u>	<u>3</u>	42

(Continued)

O-BANK AND SUBSIDIARIES

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	\$ (466,094)	(6)	\$ (264,150)	(3)	76
Gains from investments in debt instruments measured at fair value through other comprehensive income	1,031,070	13	448,667	5	130
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(77,219)</u>	<u>(1)</u>	<u>(47,557)</u>	<u>-</u>	62
Components of other comprehensive income that will be reclassified to profit or loss, net of tax	<u>487,757</u>	<u>6</u>	<u>136,960</u>	<u>2</u>	256
Other comprehensive income for the year, net of income tax	<u>915,112</u>	<u>11</u>	<u>438,919</u>	<u>5</u>	108
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,216,041</u>	<u>40</u>	<u>\$ 2,465,520</u>	<u>30</u>	30
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	\$ 1,147,403	14	\$ 1,100,433	13	4
Non-controlling interests	<u>1,153,526</u>	<u>15</u>	<u>926,168</u>	<u>11</u>	25
	<u>\$ 2,300,929</u>	<u>29</u>	<u>\$ 2,026,601</u>	<u>24</u>	14
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 1,384,692	17	\$ 1,280,355	16	8
Non-controlling interests	<u>1,831,349</u>	<u>23</u>	<u>1,185,165</u>	<u>14</u>	55
	<u>\$ 3,216,041</u>	<u>40</u>	<u>\$ 2,465,520</u>	<u>30</u>	30

(Continued)

O-BANK AND SUBSIDIARIES

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

	<u>2020</u>		<u>2019</u>		<u>Percentage Increase (Decrease)</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
EARNINGS PER SHARE (Note 40)					
From continuing and discontinued operations					
Basic	<u>\$0.41</u>		<u>\$0.45</u>		
Diluted	<u>\$0.37</u>		<u>\$0.45</u>		
From continuing operations					
Basic	<u>\$0.42</u>		<u>\$0.45</u>		
Diluted	<u>\$0.37</u>		<u>\$0.45</u>		

(Concluded)

O-BANK AND SUBSIDIARIES

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

	Equity Attributable Owners of the Bank (Notes 9 and 31)								Other Equity		Treasury Stock	Owner of the Bank	Non-controlling Interests (Note 31)	Total Equity
	Capital Stock			Capital Surplus	Retained Earnings			Total	Exchange Differences on the Translation of Foreign Financial Statements of Foreign Operation	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Common Stock	Preferred Stocks	Total		Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2019	\$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 and distribution of 2018 earnings	-	-	-	-	183,014	-	(183,014)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	415,504	(415,504)	-	-	-	-	-	-	-
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(11,527)	(11,527)	-	-	-	(11,527)	-	(11,527)
Unclaimed dividends	-	-	-	341	-	-	-	-	-	-	-	341	2,288	2,629
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	906	-	-	-	-	-	-	-	906	-	906
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(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	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	17,557,074	50,816,277
Reversal of special reserve	-	-	-	-	-	(234,982)	234,982	-	-	-	-	-	-	-
Appropriation and distribution of 2019 earnings	-	-	-	-	330,130	-	(330,130)	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(965,203)	(965,203)	-	-	-	(965,203)	-	(965,203)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Unclaimed dividends	-	-	-	329	-	-	-	-	-	-	-	329	1,071	1,400
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424	-	424
Cash dividends of preferred stock distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(692,624)	(692,624)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,147,403	1,147,403	-	-	-	1,147,403	1,153,526	2,300,929
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(147)	(147)	(390,081)	627,517	-	237,289	677,823	915,112
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,147,256	1,147,256	(390,081)	627,517	-	1,384,692	1,831,349	3,216,041
Capital increase	3,200,000	-	3,200,000	(4,537)	-	-	(1,153,209)	(1,153,209)	-	-	-	2,042,254	-	2,042,254
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(38,304)	(38,304)	-	(38,304)
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	112,215	112,215	-	(112,215)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	\$27,330,063	\$ 3,000,000	\$30,330,063	\$ 5,966	\$ 3,697,811	\$ 1,396,353	\$ 106,262	\$ 5,200,426	\$ (697,554)	\$ 755,298	\$ (38,304)	\$35,555,895	\$18,696,870	\$54,252,765

O-BANK AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 3,099,297	\$ 2,712,235
Loss from discontinued operations before tax	(12,577)	(4,033)
Adjustments to reconcile profit (loss):		
Depreciation expense	355,499	364,173
Amortization expense	273,972	254,094
Expect credit losses recognition of provisions	604,489	1,013,315
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	197,210	(1,725,560)
Interest expense	3,709,021	5,674,337
Interest income	(7,734,166)	(9,560,801)
Dividends income	(185,587)	(72,939)
Share of loss of associates and joint ventures accounted for using equity method	82,766	-
Loss on disposal of property and equipment	678	(426)
Gain on disposal of investments	(233,278)	(192,957)
Gain on lease modification	-	(22)
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(2,208,714)	(759,752)
Financial assets at fair value through profit or loss	9,879,510	(19,903,479)
Financial assets at fair value through other comprehensive income	(28,308,801)	8,860,725
Investments in debt instruments measured at amortized cost	-	500,000
Bills and bonds purchased under resell agreements	(4,632,869)	891,350
Receivables	708,504	4,040,545
Discounts and loans	10,148,245	2,168,123
Deposits From the Central Bank and other banks	(14,959,643)	(12,089,978)
Financial liabilities at fair value through profit or loss	256,716	(259,690)
Bills and bonds sold under repurchase agreements	21,612,441	8,106,485
Payable	(590,067)	(1,908,755)
Deposits and remittances	1,987,848	3,928,503
Net change in provisions	(24,656)	20,702
Net cash flows used in operations	(5,974,162)	(7,943,805)
Interest received	8,355,148	9,775,689
Interest paid	(4,043,442)	(5,664,500)
Dividends received	199,115	78,058
Income taxes paid	(418,828)	(646,230)
Net cash flows used in operating activities	<u>(1,882,169)</u>	<u>(4,400,788)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(863,564)	-
Acquisition of property and equipment	(92,019)	(125,395)
Proceeds from disposal of property and equipment	1,472	7,796
Increase in refundable deposits	(191,817)	-

(Continued)

O-BANK AND SUBSIDIARIES

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

	2020	2019
Decrease in refundable deposits	\$ -	\$ 162,683
Acquisition of intangible assets	(156,053)	(122,345)
Decrease in other financial assets	69,934	401,522
Decrease in other assets	<u>58,393</u>	<u>10,762</u>
Net cash flows (used in) generated from investing activities	<u>(1,173,654)</u>	<u>335,023</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	458,029	-
Decrease in short-term borrowings	-	(555,379)
Increase in commercial papers	4,762,000	-
Decrease in commercial papers	-	(500,000)
Proceeds from issue bank debentures	-	2,500,000
Repayments of bank debentures	(2,300,000)	(1,650,000)
Increase in long-term borrowings	4,811,895	3,458,343
Repayments of long-term borrowings	(4,258,439)	(3,675,596)
Payments of lease liabilities	(175,620)	(172,883)
Decrease in other financial liabilities	(620,641)	(852,642)
Decrease in other liabilities	(168,551)	(17,822)
Dividends paid to ownership of the Bank	(1,092,703)	(11,527)
Capital increase	2,032,000	-
Payments to acquire treasury shares	(38,304)	-
Dividends paid to non-controlling interest	<u>(692,624)</u>	<u>(759,963)</u>
Net cash flows generated from (used in) financing activities	<u>2,717,042</u>	<u>(2,237,469)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(306,047)</u>	<u>(107,716)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(644,828)	(6,410,950)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>17,550,472</u>	<u>23,961,422</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 16,905,644</u>	<u>\$ 17,550,472</u>

(Continued)

O-BANK AND SUBSIDIARIES

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents reported in the consolidated balance sheets	\$ 9,621,739	\$ 6,570,002
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	7,283,905	10,679,363
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>-</u>	<u>301,107</u>
Cash and cash equivalents at end of the year	<u>\$16,905,644</u>	<u>\$17,550,472</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, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (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, 2020 and 2019, 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, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2020 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 "Banking Institutions 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 assess the classification of credit-granting assets and recognize allowance for credit losses of loans in accordance with the “Banking Institutions Regulations Governing the Procedures for Bad Debt”. 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 “Banking Institutions Regulations Governing the Procedures for Bad Debt”. 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”, whereby the 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 “Bills Finance Companies Regulations for Evaluating Bad Debt”), whereby the reserves for guarantee liabilities are classified and made.

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.

China Bills Finance Corporation assesses 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 “Bills Finance Companies Regulations for Evaluating Bad Debt” 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 China Bills Finance Corporation of 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 “Bills Finance Companies Regulations for Evaluating Bad Debt” or not.

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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yin-Chou Chen and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

Notice to Readers

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

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

(With respect to the Notes in the Independent Auditors' Report, please refer to the 2020 Financial Statement of O-Bank from the Market Observation Post System)

O-BANK CO., LTD.

BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 3,566,116	1	\$ 3,714,122	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	17,127,229	5	18,107,334	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	56,042,294	17	80,623,826	24
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	65,178,855	20	35,244,741	11
RECEIVABLES, NET	1,413,105	1	3,233,348	1
CURRENT TAX ASSETS	74,418	-	89,717	-
DISCOUNTS AND LOANS, NET	163,916,864	50	173,981,178	52
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	16,542,108	5	14,920,171	5
OTHER FINANCIAL ASSETS	219,108	-	517,198	-
PROPERTY AND EQUIPMENT, NET	2,489,958	1	2,661,050	1
RIGHT-OF-USE ASSETS, NET	246,147	-	309,517	-
INTANGIBLE ASSETS, NET	1,084,891	-	1,163,114	-
DEFERRED TAX ASSETS	367,617	-	288,087	-
OTHER ASSETS	<u>584,938</u>	<u>-</u>	<u>399,430</u>	<u>-</u>
TOTAL	<u>\$328,853,648</u>	<u>100</u>	<u>\$335,252,833</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits From the Central Bank and other banks	\$ 22,339,755	7	\$ 28,938,529	9
Financial liabilities at fair value through profit or loss	637,659	-	519,880	-
Bills and bonds sold under repurchase agreements	1,439,016	-	2,863,548	1
Payables	1,925,339	1	2,681,645	1
Current tax liabilities	23,946	-	46,360	-
Deposits and remittances	246,420,823	75	243,645,080	73
Bank debentures payable	16,400,000	5	18,700,000	5
Other financial liabilities	2,848,008	1	3,468,649	1
Provisions	512,847	-	370,856	-
Lease liabilities	253,261	-	313,446	-
Deferred tax liabilities	435,263	-	400,449	-
Other liabilities	<u>61,836</u>	<u>-</u>	<u>45,188</u>	<u>-</u>
Total liabilities	<u>293,297,753</u>	<u>89</u>	<u>301,993,630</u>	<u>90</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	27,330,063	8	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>30,330,063</u>	<u>9</u>	<u>27,130,063</u>	<u>8</u>
Capital surplus	<u>5,966</u>	<u>-</u>	<u>9,750</u>	<u>-</u>
Retained earnings				
Legal reserve	3,697,811	1	3,367,681	1
Special reserve	1,396,353	1	1,631,335	1
Unappropriated earnings	<u>106,262</u>	<u>-</u>	<u>1,187,851</u>	<u>-</u>
Total retained earnings	<u>5,200,426</u>	<u>2</u>	<u>6,186,867</u>	<u>2</u>
Other equity	<u>57,744</u>	<u>-</u>	<u>(67,477)</u>	<u>-</u>
Treasury shares	<u>(38,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>35,555,895</u>	<u>11</u>	<u>33,259,203</u>	<u>10</u>
TOTAL	<u>\$328,853,648</u>	<u>100</u>	<u>\$335,252,833</u>	<u>100</u>

O-BANK CO., LTD.

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST					
INTEREST REVENUE	\$ 4,359,827	94	\$ 5,763,585	109	(24)
INTEREST EXPENSE	<u>(2,445,244)</u>	<u>(53)</u>	<u>(3,806,134)</u>	<u>(72)</u>	(36)
NET INTEREST	<u>1,914,583</u>	<u>41</u>	<u>1,957,451</u>	<u>37</u>	(2)
TOTAL NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net	583,947	13	808,793	15	(28)
(Losses) gains on financial assets or liabilities measured at fair value through profit or loss	(840,982)	(18)	908,385	17	(193)
Realized gains on financial assets at fair value through other comprehensive income	257,439	6	133,451	2	93
Foreign exchange gain, net	1,642,073	35	293,516	6	459
(Impairment loss) reversal of impairment loss on assets	(3,704)	-	1,284	-	(388)
Share of profit of associates subsidiaries and accounted for using equity method	990,158	21	1,098,480	21	(10)
Other net revenue other than interest	<u>107,962</u>	<u>2</u>	<u>103,855</u>	<u>2</u>	4
Total net revenue other than interest revenue	<u>2,736,893</u>	<u>59</u>	<u>3,347,764</u>	<u>63</u>	(18)
TOTAL NET REVENUE	<u>4,651,476</u>	<u>100</u>	<u>5,305,215</u>	<u>100</u>	(12)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(429,960)</u>	<u>(9)</u>	<u>(921,016)</u>	<u>(17)</u>	(53)
OPERATING EXPENSES					
Employee benefits expenses	1,611,723	35	1,701,727	32	(5)
Depreciation and amortization expenses	526,662	11	512,931	10	3

(Continued)

O-BANK CO., LTD.

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Other general and administrative expenses	<u>846,840</u>	<u>18</u>	<u>959,449</u>	<u>18</u>	(12)
Total operating expenses	<u>2,985,225</u>	<u>64</u>	<u>3,174,107</u>	<u>60</u>	(6)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	1,236,291	27	1,210,092	23	2
INCOME TAX EXPENSE	<u>88,888</u>	<u>2</u>	<u>109,659</u>	<u>2</u>	(19)
NET PROFIT FOR THE YEAR	<u>1,147,403</u>	<u>25</u>	<u>1,100,433</u>	<u>21</u>	4
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	292	-	(412)	-	171
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	299,035	6	85,932	2	248
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	<u>39,965</u>	<u>1</u>	<u>83,856</u>	<u>1</u>	(52)
	<u>339,292</u>	<u>7</u>	<u>169,376</u>	<u>3</u>	100
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					

(Continued)

O-BANK CO., LTD.

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

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Exchange differences on translation of financial statements of foreign operations	(446,246)	(10)	(237,382)	(4)	88
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	255,704	6	95,117	2	169
Gains from investments in debt instruments measured at fair value through other comprehensive income	32,374	1	130,096	2	(75)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>56,165</u> <u>(102,003)</u>	<u>1</u> <u>(2)</u>	<u>22,715</u> <u>10,546</u>	<u>-</u> <u>-</u>	147 (1,067)
Other comprehensive income for the year, net of tax	<u>237,289</u>	<u>5</u>	<u>179,922</u>	<u>3</u>	32
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,384,692</u>	<u>30</u>	<u>\$ 1,280,355</u>	<u>24</u>	8
EARNINGS PER SHARE					
Basic	<u>\$0.41</u>		<u>\$0.45</u>		
Diluted	<u>\$0.37</u>		<u>\$0.45</u>		

(Concluded)

O-BANK CO., LTD.

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

	Capital Stock			Capital Surplus	Retained Earnings				Other Equity		Treasury Stock (Note 28)	Total Equity
	Common Stocks	Preferred Stocks	Total		Legal Reserve	Special Reserve	Unappropriated Earnings		Exchange Differences on the Translation of Foreign Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive		
							Total	Total				
BALANCE AT JANUARY 1, 2019	\$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 and distribution 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)
Unclaimed dividends	-	-	-	341	-	-	-	-	-	-	-	341
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	906	-	-	-	-	-	-	-	906
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
Reversal of special reserve	-	-	-	-	-	(234,982)	234,982	-	-	-	-	-
Appropriation and distribution of 2019 earnings												
Legal reserve appropriated	-	-	-	-	330,130	-	(330,130)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(965,203)	(965,203)	-	-	-	(965,203)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)
Unclaimed dividends	-	-	-	329	-	-	-	-	-	-	-	329
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,147,403	1,147,403	-	-	-	1,147,403
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(147)	(147)	(390,081)	627,517	-	237,289
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,147,256	1,147,256	(390,081)	627,517	-	1,384,692
Capital increase	3,200,000	-	3,200,000	(4,537)	-	-	(1,153,209)	(1,153,209)	-	-	-	2,042,254
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(38,304)	(38,304)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	112,215	112,215	-	(112,215)	-	-
BALANCE AT DECEMBER 31, 2020	\$27,330,063	\$ 3,000,000	\$30,330,063	\$ 5,966	\$ 3,697,811	\$ 1,396,353	\$ 106,262	\$ 5,200,426	\$ (697,554)	\$ 755,298	\$ (38,304)	\$35,555,895

O-BANK CO., LTD.

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 1,236,291	\$ 1,210,092
Adjustments to reconcile profit (loss):		
Depreciation expense	261,527	268,936
Amortization expense	265,135	243,995
Expect credit losses/recognition of provisions	433,664	919,732
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	840,982	(908,385)
Interest expense	2,445,244	3,806,134
Interest income	(4,359,827)	(5,763,585)
Dividends income	(134,398)	(25,572)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(990,158)	(1,098,480)
Loss on disposal of property and equipment	-	5,886
Gain on disposal of investments	(123,041)	(107,879)
Gain on lease modification	-	(22)
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(2,208,714)	(759,752)
Financial assets at fair value through profit or loss	23,858,329	(26,156,113)
Financial assets at fair value through other comprehensive income	(29,345,706)	13,954,290
Investments in debt instruments measured at amortized cost	-	500,000
Receivables	1,238,603	3,726,768
Discounts and loans	9,833,490	4,483,080
Due to from the Central Bank and other banks	(6,598,774)	(46,343)
Bills and bonds sold under repurchase agreements	(1,424,532)	(1,536,894)
Payables	(477,663)	(2,141,164)
Deposits and remittances	2,775,743	3,183,781
Provisions	(31,645)	600
Cash outflow used in operations	(2,505,450)	(6,240,895)
Interest received	4,810,708	5,692,121
Dividends received	413,026	329,193
Interest paid	(2,706,268)	(3,809,980)
Income taxes paid	(84,554)	(105,325)
Net cash flows used in operating activities	<u>(72,538)</u>	<u>(4,134,886)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(863,564)	-
Acquisition of property and equipment	(63,432)	(97,152)
Proceeds from disposal of property and equipment	-	634
Increase in refundable deposits	(194,299)	-
Decrease in refundable deposits	-	128,674
Acquisition of intangible assets	(121,693)	(113,882)
Increase in other financial assets	(3,017)	-
Decrease in other financial assets	-	398,828

(Continued)

O-BANK CO., LTD.

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

	2020	2019
Decrease in other assets	<u>8,791</u>	<u>3,591</u>
Net cash flows (used in) generated from investing activities	<u>(1,237,214)</u>	<u>320,693</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing bank debentures	-	2,500,000
Repayments of bank debentures	(2,300,000)	(1,650,000)
Increase in long-term borrowings	808,828	874,210
Repayments of long-term borrowings	(937,659)	(2,244,601)
Payments of lease liabilities	(98,007)	(104,852)
Increase in other financial liabilities	-	517,749
Decrease in other financial liabilities	(491,810)	-
Increase in other liabilities	16,648	-
Decrease in other liabilities	-	(11,045)
Cash dividends paid	(1,092,703)	(11,527)
Capital increase	2,032,000	-
Payments to acquire treasury shares	<u>(38,304)</u>	<u>-</u>
Net cash flows used in financing activities	<u>(2,101,007)</u>	<u>(130,066)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(227,173)</u>	<u>(47,779)</u>
NET DECREASE IN CASH	(3,637,932)	(3,992,038)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	<u>13,490,163</u>	<u>17,482,201</u>
CASH AND CASH EQUIVALENT AT END OF THE YEAR	<u>\$ 9,852,231</u>	<u>\$ 13,490,163</u>

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

	December 31	
	2020	2019
Cash and cash equivalents reported in the balance sheets	\$ 3,566,116	\$ 3,714,122
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	6,286,115	9,474,934
Other items qualifying for cash and cash equivalents under the definition of IAS 7	-	301,107
Cash and cash equivalents at end of the year	<u>\$ 9,852,231</u>	<u>\$ 13,490,163</u>

(Concluded)

Appendix VI

O-Bank Co., Ltd. Distribution of 2020 Earnings

Currency: NT\$

Net income		1,147,402,772
Less: Legal reserve appropriation (30%)		(31,878,639)
Earnings distributable for the year		1,115,524,133
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	93,281,393	
2. Adjustment of investment accounted for using equity method	18,495,516	
3. Adjustment of remeasurements of defined benefit plans	292,000	
4. Reversal of compulsory special reserve	68,756,459	
5. Net reversal of voluntary special reserve	529,813,909	
6. Reduction in undistributed earnings incurred by a prior capital increase done at a discount	(1,153,209,550)	(442,570,273)
Total distributable amount		672,953,860
Preferred stock dividend		(127,500,000)
Common stock dividend -2,727,269,301 shares (NT\$0.20 per share)		(545,453,860)
Undistributed earnings as of the end of the period		0

Chairman: Lo, Tina Y.

President: Lee, Elton F.Y.

Accounting Officer: Tyane, Edward F.C.

Appendix V

O-Bank Co., Ltd. *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>, 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, 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 and the essential contents shall be explained in the notice. None of the aforesaid matters may be raised by an extempore motion.</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>, 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, 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 and the essential contents shall be explained in the notice. None of the aforesaid matters may be raised by an extempore motion.</p> <p><u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p>	<p>The method of disclosure is amended in accordance with the principles of 2021.1.28 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No. 11000014461 to adjust <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</i>.</p>

Amended Article	Original Article	Explanation
<p><u>Paragraph 5 is omitted.</u></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. In addition, when the circumstances of any subparagraph of paragraph 4, Article 172-1 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. <u>Shareholders may submit proposals for urging the Company to promote public interests or fulfill its social responsibilities. In accordance with Article 172-1 of the <i>Company Act</i>, such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.</u></p> <p>The subsequent paragraphs are omitted.</p>	<p><u>Paragraph 5 is omitted.</u></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 Board of Directors.</u> In addition, when the circumstances of any subparagraph of Article 172-1, <u>paragraph 4</u> 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>The subsequent paragraphs are omitted.</p>	<p>Paragraph 6 is amended in accordance with the principles of 2020.6.3 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No. 10900094681 to adjust <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</i> in order to conform to the amendment to paragraph 5, Article 172-1 of <i>Company Act</i>, and in accordance with the Jing-Shang-Zi No. 10700105410 letter of Ministry of Economic Affairs.</p>
<p>Article 9 Paragraph 1 is omitted.</p> <p>The chair shall call the meeting to order at the appointed meeting</p>	<p>Article 9 Paragraph 1 is omitted.</p> <p>The chair shall call the meeting to order at the appointed meeting</p>	<p>Paragraph 2 is</p>

Amended Article	Original Article	Explanation
<p>time, and announce <u>the number of shares with no voting right and the number of shares held by the attending shareholders.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that not more than two such postponements, for a combined total of not more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>The subsequent paragraphs are omitted.</p>	<p>time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that not more than two such postponements, for a combined total of not more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</p> <p>The subsequent paragraphs are omitted.</p>	<p>amended in accordance with the principles of 2021.1.28 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No. 11000014461 to adjust <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</i>, so as to bolster corporate governance and protect shareholder rights.</p>

¹ According to Paragraph 5, Article 172-1 of the *Company Act*, “A shareholder proposal proposed under Paragraph 1 for urging a company to promote public interests or fulfill its social responsibilities may still be included in the proposals to be discussed at a shareholders meeting by the board of directors.” The purpose of statute is to conform to the Article 1 which spells out that the Company should faithfully fulfill social responsibilities such as environment concerns and pollution issues. If a shareholder proposal is proposed with the intention to achieve such goals, it may still be included at the shareholders’ meeting by the Board of Directors. Paragraph 5 is thus added. Therefore, shareholders may submit proposals with a view to urging the Company to promote public interests or fulfill its social responsibilities, while complying with the procedures indicated in Article 172-1 of the *Company Act*. That is, even if the proposals are submitted with such intent, they are limited to one item only, and no proposal containing more than one item shall be included in the meeting agenda. (Ministry of Economic Affairs Letter Jing-Ji-Shang-Zi No. 10700105410)

Amended Article	Original Article	Explanation
<p>Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on the spot immediately, including the names of those elected as directors and the numbers of votes with which they are elected, <u>and the names of those not elected as directors and the number of votes received by them.</u></p> <p>Paragraph 2 is omitted.</p>	<p>Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on the spot immediately, including the names of those elected as directors and the numbers of votes with which they are elected.</p> <p>Paragraph 2 is omitted.</p>	<p>Paragraph 1 is amended in accordance with the principles of 2021.1.28 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No. 11000014461 to adjust <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</i>, so as to bolster corporate governance and protect shareholder rights.</p>

Appendix IV

O-Bank Co., Ltd. *Election Procedures for Directors:*

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 4: Prior to the commencement of an election, the chairperson shall appoint several ballot examiners <u>(with shareholder status)</u> and ballot counters to perform related duties.</p>	<p>Article 4: Prior to the commencement of an election, the chairperson shall appoint several ballot examiners and ballot counters <u>with shareholder status</u> to perform related duties.</p>	<p>In the Bank's operation, the Chairman may authorize the staff from the stock agency as ballot counters during the election. Considering that ballot counters may not own shareholder status, the wording is amended accordingly.</p>
<p>(Deleted)</p>	<p>Article 6: <u>Where a candidate is also a shareholder, the person casting the vote shall specify the candidate's account name and the shareholder account number on the ballot in the column entitled "Candidate". If the candidate is not a shareholder, the person casting the vote shall specify the name and ID number of the candidate in the said column. Provided, however, if the candidate is a government entity or a juristic person, the person casting the vote shall specify the name of the government entity or juristic person and may in addition specify the name of the representative of the government entity or juristic person. Where there are multiple representatives, the name of each representative shall be indicated.</u></p>	<p>In accordance with the principles of 2020.6.3 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No. 10900094681 to adjust <i>Sample Template for XXX Co., Ltd. Procedures for Election of Directors</i>, and the principles of 2019.4.25 Financial Supervisory Commission Order Jin-Guan-Zheng-Jiao-Zi No. 1080311451, the candidate nomination system shall be adopted for the election of directors and supervisors of all TWSE- and TPEX-listed companies from January 1, 2021. Furthermore, the shareholders shall</p>

Amended Article	Original Article	Explanation
		elect the directors and supervisors among the nominees listed in the roster of candidates. Shareholders are to be notified of candidates' name and experience from the roster of candidates; therefore, it is unnecessary for them to identify the candidates from the shareholder account number or ID number. This Article is deleted accordingly.
Article <u>6</u> : (omitted)	Article <u>7</u> : (omitted)	Given the deletion of Article 6, the order of articles is adjusted.
<p>Article <u>7</u></p> <p>A ballot shall be null and void upon occurrence of one of the following:</p> <p>(1) The cast ballot is not one <u>prepared by the party entitled to convene.</u></p> <p>(2) The ballot cast into the ballot box is blank.</p> <p>(3) The ballot contains unclear and unidentifiable writing or writing that has been altered.</p> <p>(4) In the event of the selected candidate <u>does not conform to the director candidate list.</u></p> <p>(5) The ballot contains writing other than the number of votes assigned thereto.</p> <p><u>(6)</u> Two or more candidates are selected on the ballot.</p>	<p>Article <u>8</u>:</p> <p>A ballot shall be null and void upon occurrence of one of the following:</p> <p>(1) The cast ballot is not one <u>prescribed by these Procedures.</u></p> <p>(2) The ballot cast into the ballot box is blank.</p> <p>(3) The ballot contains unclear and unidentifiable writing or writing that has been altered.</p> <p>(4) In the event of the selected candidate <u>being a shareholder, the name and shareholder account number provided are inconsistent with those registered in the shareholder roster; in the event of the selected</u></p>	<p>1. Given the deletion of Article 6, the order of articles is adjusted.</p> <p>2. Amended in accordance with the principles of 2020.6.3 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No. 10900094681 to adjust <i>Sample Template for XXX Co., Ltd. Procedures for Election of Directors.</i></p> <p>3. In accordance with Article 173 of <i>Company Act</i>, under certain circumstances where, for example,</p>

Amended Article	Original Article	Explanation
	<p><u>candidate being a non-shareholder, the name and ID number provided fail to check out.</u></p> <p>(5) The ballot contains writing other than <u>a selected candidate's name, shareholder account number or name, ID number, and</u> number of votes assigned thereto.</p> <p>(6) <u>The name, shareholder account number or name, and ID number of any given candidate are not specified on the ballot.</u></p> <p>(7) Two or more candidates are selected on the ballot.</p>	<p>board of directors fails to give a notice for convening a special meeting of shareholders, shareholders may convene a special meeting of shareholders on his/their own after obtaining an approval from the competent authority. Section 1 of this article is amended accordingly. Also, in accordance with the principles of 2019.4.25 Financial Supervisory Commission Order Jin-Guan-Zheng-Jiao-Zi No. 1080311451, the candidate nomination system shall be adopted for the election of directors and supervisors of all TWSE- and TPEX-listed companies from January 1, 2021, and the shareholders shall elect the directors and supervisors among the nominees listed in the roster of candidates.</p> <p>Therefore, Section 4 and 5 of this article are amended, and Paragraph 6 is deleted accordingly.</p>

Amended Article	Original Article	Explanation
Article <u>8</u> : (omitted)	Article <u>9</u> : (omitted)	Given the deletion of Article 6, the order of articles is adjusted.
<p>Article <u>9</u>: The voting rights shall be calculated on site immediately after the end of the poll, and the chairperson or an individual designated by the chairperson shall announce the voting result on the site, including the name list of persons elected as directors and votes won by them respectively; <u>the name list of persons not elected as directors and votes obtained by them respectively.</u></p> <p>Paragraph 2 is omitted.</p>	<p>Article <u>10</u>: The voting rights shall be calculated on site immediately after the end of the poll, and the chairperson or an individual designated by the chairperson shall announce the voting result on the site, including the name list of persons elected as directors and votes won by them respectively.</p> <p>Paragraph 2 is omitted.</p>	<p>1. Given the deletion of Article 6, the order of articles is adjusted.</p> <p>2. In accordance with the amendment to Article 14 of the Bank's <i>Procedural Rules Governing Shareholders' Meetings</i>, the article is amended accordingly.</p>
Article <u>10</u> : (omitted)	Article <u>11</u> : (omitted)	Given the deletion of Article 6, the order of articles is adjusted.
Article <u>11</u> : (omitted)	Article <u>12</u> : (omitted)	Given the deletion of Article 6, the order of articles is adjusted.
Article <u>12</u> : (omitted)	Article <u>13</u> : (omitted)	Given the deletion of Article 6, the order of articles is adjusted.