

Stock Code: 2897

O-Bank Co., Ltd.

2020 Annual General Meeting of
Shareholders
Agenda Handbook

(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.

June 19, 2020

O-Bank Co., Ltd.
Agenda Handbook for
2020 Annual General Meeting of Shareholders

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O-Bank Co., Ltd.
2020 Annual General Meeting of Shareholders

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

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

Procedure of meeting:

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Matters for Reporting

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

Proposal: Business report for 2019

Explanation: Please refer to Appendix III of this Handbook.

Proposal No. 2 (Proposed by the Audit Committee)

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

Explanation: Please refer to the Audit Committee Review Report.

O-Bank Co., Ltd.
Audit Committee Review Report

The Board of Directors has compiled and submitted the Bank's consolidated and parent balance sheets, income statements, statements of changes in shareholders' equity, and cash flow statements for 2019 audited by certified public accountants Yin-Chou Chen and Wang-Sheng Lin of Deloitte & Touche, business report, and statement of distribution of earnings to the Audit Committee. After reviewing the abovementioned statements and reports and discussing with the CPAs, the Audit Committee has found them to meet the requirements of applicable laws and regulations. This report is hereby prepared and submitted in accordance with Article 219 of the *Company Act* and Article 14-4 of the *Securities and Exchange Act*.

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

Date: May 19, 2020

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

Proposal: Distribution of remunerations to directors and employees for 2019

Explanation:

1. The Bank shall, pursuant to Articles 22 and 32 of the *Articles of Incorporation* of the Bank, first deduct the amount preserved to cover accumulated losses from a given year's pretax profit before distribution of remunerations for directors and employees. Of the surplus, not more than 2.5% shall be set aside as remunerations for directors and 1-2.5% for employees.
2. It is proposed that the remunerations for directors and employees for 2019 are set aside as the following percentages and amounts:
 - (1) Remunerations for directors: Pursuant to Article 22 of the *Articles of Incorporation* of the Bank, 2.5% of the aforesaid surplus, or NT\$31,430,968, is to be set aside for the purpose. The remunerations shall be distributed among directors in proportion to their regular compensations and those who have been elected less than a year earlier shall be remunerated according to the proportion of the length of their service. Independent directors shall be excluded from this distribution of remunerations.
 - (2) Remunerations for employees: Pursuant to Article 32 of the *Articles of Incorporation* of the Bank, 1.25% of the aforesaid surplus, or NT\$15,715,484, is to be set aside for distribution in cash.
3. This proposal was approved by the 7th Board of Directors in its 24th meeting.

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

Proposal: Report of amendment to *O-Bank Co., Ltd. Ethical Corporate Management Best Practice Principles*

Explanation:

1. To support the government initiative of promoting ethical corporate management and bolster corporate anti-corruption mechanisms, the Taiwan Stock Exchange has amended the *Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies*. As such, the Bank is amending its *Ethical Corporate Management Best Practice Principles* (please refer to Appendix V of this Handbook for a comparison table of the original and amended articles). A summary is as follows:
 - (1) Article 5: The ethical management policy shall obtain approval from the Board of Directors
 - (2) Article 7: The Bank shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.
 - (3) Article 8, paragraph 1: The Bank shall request directors and senior management to issue a statement of compliance with the ethical management policy and require in terms of employment the employees comply with such policy.
 - (4) Article 8, paragraph 3: The Bank shall compile documented information on the ethical management policy, statement, commitment and implementation, and retain said information properly.
 - (5) Article 17: The dedicated unit responsible for ethical management shall avail itself of adequate resources and staff itself with competent personnel, as well as report at least once a year to the Board of Directors with regard to the matters that the unit is in charge of.

- (6) Article 20: The internal audit unit shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and examine accordingly the compliance with the prevention programs. The results of examination shall be reported to senior management and the ethical management responsible unit and put down in writing in the form of an audit report to be submitted to the Board of Directors.
- (7) Article 23: The concrete whistle-blowing system shall include: follow-up measures is to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority; anonymous reporting is to be accepted.
2. This proposal was approved by the 7th Board of Directors in its 19th meeting.

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

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

Explanation:

1. In accordance with the principles of 2018.4.26 Financial Supervisory Commission Order Jin-Guan-Yin-Wai-Zi No.10702712390 and the Bankers Association of the R.O.C.'s *Suggested Best Practices for Banks' Controls over Tax-related Money Laundering Risks*, the Bank shall ensure that the employees follow the code of ethics or relevant policies, and shall not assist the customer in arrangement for intentional tax evasion or tax-related money laundering.
2. It is proposed that the Bank revises article 11 of the Bank's Criteria Governing Codes of Ethical Conduct to stipulate that personnel of all levels shall faithfully follow the codes of ethical conduct, and shall not assist customers in arrangements meant for intentional tax evasion or tax-related money laundering (please refer to Appendix VI of this Handbook for a comparison table of the original and amended articles).
3. This proposal was approved by the 7th Board of Directors in its 22nd meeting.

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

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

Explanation:

1. In accordance with the principles of 2020.2.13 Taiwan Stock Exchange Corporation (TWSE) order Tai-Zheng-Zhi-Li-Zi No. 1090002299 to adjust *Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies*, it is proposed that the Bank revises some articles of its *Corporate Social Responsibility Best Practice Principles* (please refer to Appendix VII of this Handbook for a comparison table of the original and amended articles). A summary is as follows:
 - (1) Wording is added to Article 3 to stipulate that the Bank shall observe the materiality principle in the assessments of risk in environmental, social, and corporate governance issues relevant to its business activities, and devise risk management policies and strategies accordingly.
 - (2) Wording is added to Article 20 to stipulate that the Bank shall set out and implement reasonable employee benefits (including pay, leave, and other benefits).
 - (3) Wording is added to Article 23 to stipulate that the Bank shall abide by applicable laws and regulations, and international guidelines regarding the customer health and safety, customer privacy, marketing, and labeling of its products and services, and shall not deceive, mislead, commit fraud, or engage in any other acts that betray customer trust or damage customer rights and interests.
 - (4) Wording is added to Article 28 to stipulate that the Bank shall set out supplier management policies to require suppliers observe certain regulations on environmental protection, occupational health and safety, or labor human rights.

- (6) Wording is added to Article 30 to stipulate that the Bank shall take inventory of their greenhouse gas emissions, water consumption, and total waste produced, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management.
 - (7) Wording is added to Article 31 to stipulate that the Bank shall evaluate the potential risk and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues.
2. This proposal was approved by the 7th Board of Directors in its 24th meeting.

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

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

Explanation:

1. In accordance with the principles of 2020.2.13 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No. 1090002299 to adjust *Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct*, it is proposed that the Bank revises Article 5, 11, 16, 21, and 23 of the Bank's *Procedures for Ethical Management and Guidelines for Conduct* (please refer to Appendix VIII of this Handbook for a comparison table of the original and amended articles). A summary is as follows:
 - (1) The dedicated unit responsible for ethical management shall install adequate resources and competent personnel and submit regular (at least once a year) reports to the Board of Directors regarding matters that the unit is in charge of.
 - (2) The dedicated unit's major responsibilities include analyzing and assessing the risk of unethical conduct within the business scope once a year and setting out in each program the standard operating procedures accordingly
 - (3) The Bank shall compile documented information on the ethical management policy, statement, commitment and implementation, and retain said information properly
 - (4) When the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.
 - (5) The Bank shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.
 - (6) Anonymous reporting is to be accepted; an appropriate course of action shall be taken after the subsequent investigation is completed.
2. This proposal was approved by the 7th Board of Directors in its 24th meeting.

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

Proposal: The Bank's Share Repurchase Plan and Its Implementation

Explanation :

1. The Bank's implementation of its repurchase plan in 2020:
 - (1) Date of resolution on the planned repurchase adopted by the Board of Directors: March 19, 2020.
 - (2) Purpose of repurchase: Transfer to employees.
 - (3) Type of shares to be repurchased: Common shares.
 - (4) Ceiling on total monetary amount of the repurchase: NT\$4,781,949,079.
 - (5) Planned period for the repurchase: March 20-May 19, 2020.
 - (6) Number of shares to be repurchased: 35,000,000, or 1.45% of the common shares already issued by the Bank.
 - (7) Price range for the repurchase: NT\$5.00-7.00; the repurchase, however, shall proceed even if the Bank's share price runs below the said range.
 - (8) Manner of the repurchase: via the computerized trading system of the centralized securities market.
 - (9) Number of shares actually repurchased: 4,841,000.
 - (10) Total monetary amount for shares actually repurchased: NT\$32,145,998 (transaction fees included).
 - (11) Average price for shares actually repurchased: NT\$6.64 (transaction fees included).
 - (12) Cumulative number of shares already repurchased: 4,841,000.
 - (13) Ratio of cumulative number of shares already repurchased against the common shares already issued by the Bank: 0.20%.
 - (14) Reasons for failure to complete the planned repurchase: To strike a balance between shareholder interests and market

mechanisms, the Bank opted for a batch-by-batch repurchase approach while taking into account changes in share price and trading turnover. The Bank failed to complete the planned repurchase in its entirety because market turnover proved lower than expected during the said repurchase period.

2. In order to facilitate subsequent procedures for the repurchase, the Bank has set out the Rules for Its 2nd Repurchase of Shares for Transfer to Employees (please refer to Appendix IX of this Handbook).
3. This proposal was approved by the 7th Board of Directors in its 23rd and 25th meetings.

Matters for Ratification

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

Proposal: Business Report and Financial Statements of 2019

Explanation:

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

Resolution:

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

Proposal: Distribution of earnings for 2019

Explanation:

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

- (3) All cash dividends being distributed shall be rounded off proportionately to the nearest Taiwan dollar and the sum of all cash dividends less than NT\$1 shall be calculated as the Bank's other income.
4. Subject to approval of this proposed distribution of earnings for 2019 by this shareholders' meeting, it is proposed that the Board of Directors be authorized to determine the record date of the common and preferred stock dividend distribution.
5. This proposal was approved by the 7th Board of Directors in its 23rd meeting and audited by the Audit Committee.
6. Shareholder ratification is respectfully requested.

Resolution:

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

Currency: NT\$

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

Chairman: Lo, Kenneth C.M.

President: Lee, Elton F.Y.

Accounting Officer: Tyane, Edward F.C.

Matters for Discussion

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

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

Explanation:

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

Resolution:

Matters for Discussion

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

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

Explanation:

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

Resolution:

Matters for Election (Proposed by the Board of Directors)

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

Explanation:

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

Result of Election:

Candidates for members of the 8th Board of Directors (independent directors included) nominated by the Board of Directors, O-Bank Co., Ltd.:

Number	Position for Nomination	Name of Nominee	Academic Background	Professional Experience	Number of Shares Held by Nominee
1	Director	Ming Shan Investment Co., Ltd. Rep.: Lo, Tina Y.	MBA, MIT (Massachusetts Institute of Technology) Sloan School of Management, USA	<i>Current:</i> <ul style="list-style-type: none"> • Vice Chairman, O-Bank • Vice Chairman, EverTrust Bank • Director, the Bankers Association of the R.O.C. • Board Member, MIT Sloan Asian Executive Board <i>Previous:</i> <ul style="list-style-type: none"> • President, O-Bank Hong Kong Branch 	250,769,967 *23,972,980
2	Director	Lo, Kenneth C.M.	M.A.in Finance, The University of Alabama	<i>Current:</i> <ul style="list-style-type: none"> • Chairman, O-Bank • Director, Taiwan Cement Corporation • Honorary Chairman, Chinese National Association of Industry and Commerce <i>Previous:</i> <ul style="list-style-type: none"> • President, CTBC Bank 	1,296,443 *128,945
3	Director	Taiwan Cement Corporation Rep. : Chang, Nelson An-Ping	M.B.A., School of Business Administration, New York University	<i>Current:</i> <ul style="list-style-type: none"> • Managing Director, O-Bank • Chairman, Taiwan Cement Corporation • Chairman, TCC International Holdings Ltd. • Chairman, Hong Kong Cement Manufacturing Co., Ltd. • Independent Director, Synnex Technology International Corp. • Director, Taiwan Stock Exchange Corporation <i>Previous:</i> <ul style="list-style-type: none"> • Vice Chairman, Taiwan Cement Corporation 	29,719,000 *2,955,881
4	Director	Tai Ya Investment Co., Ltd. Rep.:Chen, Shih-Tze	Department of Foreign Languages & Literatures, National Taiwan University	<i>Current:</i> <ul style="list-style-type: none"> • Director, O-Bank • Chairman, Yi Chang Investment Co., Ltd. • Chairman, Ming Shan Investment Co., Ltd. 	75,307,768 *7,490,185

Number	Position for Nomination	Name of Nominee	Academic Background	Professional Experience	Number of Shares Held by Nominee
				<ul style="list-style-type: none"> Chairman, Tai Ya Investment Co., Ltd. Chairman, Tai Hsuan Investment Co., Ltd. Director, Kogyoku Foods Co., Ltd. <i>Previous:</i> <ul style="list-style-type: none"> Managing Director, O-Bank Co., Ltd. 	
5	Director	Yi Chang Investment Co., Ltd. Rep. :Yeh, Roy J.Y.	Department of Insurance, Tamkang University	<i>Current:</i> <ul style="list-style-type: none"> Chairman, IBT Management Corporation Chairman, IBT VII Venture Capital Co., Ltd. Director, IBT Leasing Co., Ltd. Director, IBT International Leasing Corp. <i>Previous:</i> <ul style="list-style-type: none"> President, IBT Leasing Co., Ltd. 	240,254,084 *23,786,204
6	Director	Abag Investment Holdings Co., Ltd. Rep.: Cheng, George C.J.	MBA, St. John's University	<i>Current:</i> <ul style="list-style-type: none"> Director, O-Bank Director, San Ho Plastics Fabrication Co., Ltd. Chairman, Abag Enterprise Co., Ltd. Chairman, Abag Investment Holdings Co., Ltd. Chairman, San Ho Development Co., Ltd. <i>Previous:</i> <ul style="list-style-type: none"> President, San Ho Plastics Fabrication Co., Ltd. 	50,000
7	Director	Lee, Mark J.C.	Department of Accounting, Feng Chia University	<i>Current:</i> <ul style="list-style-type: none"> Director, O-Bank President, Heng Tong Machinery Co., Ltd. President, Heng Guo Co., Ltd. <i>Previous:</i> <ul style="list-style-type: none"> Vice President, Heng Tong Machinery Co., Ltd. 	100,390 *9,984
8	Director	Tai Ya Investment Co., Ltd.	MBA, Manchester Business School	<i>Current:</i> <ul style="list-style-type: none"> Director, O-Bank President, O-Bank 	75,307,768 *7,490,185

Number	Position for Nomination	Name of Nominee	Academic Background	Professional Experience	Number of Shares Held by Nominee
		Rep.: Lee, Elton F.Y.		<ul style="list-style-type: none"> Director, EverTrust Bank <i>Previous:</i> <ul style="list-style-type: none"> President, O-Bank Hong Kong Branch 	
9	Director	Yi Chang Investment Co., Ltd. Rep. Lin, Gordon W.C.	MBA, National Taiwan University	<i>Current:</i> <ul style="list-style-type: none"> Director, O-Bank Chairman, IBT Leasing Co., Ltd. Chairman, IBT International Leasing Corp. <i>Previous:</i> <ul style="list-style-type: none"> Chairman, IBT Securities Co., Ltd. 	240,254,084 *23,786,204
10	Director	Ming Shan Investment Co., Ltd. Rep.: Lo, Nina Y.C.	M.A. in Education Psychology, University of Southern California	<i>Current:</i> <ul style="list-style-type: none"> Director, O-Bank CEO, O-Bank Education Foundation <i>Previous:</i> <ul style="list-style-type: none"> Project Manager, O-Bank Risk Management Department 	250,769,967 *23,972,980
11	Director	Lee, Yunny Y.	Department of Accounting, National Taiwan University	<i>Current:</i> <ul style="list-style-type: none"> Senior Consultant, Shanghai Lujiazui International Financial Asset Exchange Co.,Ltd. <i>Previous:</i> <ul style="list-style-type: none"> Country Business Manager, Citibank(Taiwan) Global Consumer Banking 	
12	Director	Lin, Bill K.C.	MBA, Chinese Culture University EMBA, National Taiwan University	<i>Current:</i> <ul style="list-style-type: none"> Director, EasyCard Investment Holding Co., Ltd. Director, EasyCard Corporation Director, UUPON INC. Director, Curdoctor Information Service Corp. <i>Previous:</i> <ul style="list-style-type: none"> Founder and CEO, Payeasy Digital Integration Co., Ltd. 	
13	Independent Director	Hu, Fu- Hisung	MBA, National Taiwan University	<i>Current:</i> <ul style="list-style-type: none"> Chairman, Taiwan Cooperative Securities Co., Ltd. <i>Previous:</i>	

Number	Position for Nomination	Name of Nominee	Academic Background	Professional Experience	Number of Shares Held by Nominee
				<ul style="list-style-type: none"> • Chairman, Joint Credit Information Center • Director and Supervisor, Taiwan Rating Corp. • Director and Supervisor, Taiwan Financial Services Roundtable • Consultant, the Bankers Association of the R.O.C. 	
14	Independent Director	Lin, Hong-Guang	MBA, City University of New York (Brooklyn College)	<p><i>Current:</i></p> <ul style="list-style-type: none"> • CPA, Ernst & Young • Director, EY Cultural and Educational Foundation • Supervisor, Union MechTronic Inc. <p><i>Previous:</i></p> <ul style="list-style-type: none"> • Chairman and CPA, Ernst & Young 	
15	Independent Director	Liu, Richard R.C.	Master of Economics, University of San Francisco; Master of Public Administration, National Chengchi University	<p><i>Current:</i></p> <ul style="list-style-type: none"> • Independent Director, O-Bank <p><i>Previous:</i></p> <ul style="list-style-type: none"> • Director, Taishin International Bank • Independent Director, First Bank • Managing Director, Hua Nan Financial Holdings • Chief Secretary, Ministry of Finance 	

Note: “*” denotes Class A Preferred Shares in this Table.

Other Matters (Proposed by the Board of Directors)

Proposal: Proposal for Release of Non-competition Restrictions on Directors of the Board of the 8th term

Explanation:

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

Resolution:

**List for Release of Non-competition Restrictions on Directors of the
Bank's 8th Board**

Director	Position at the Bank	Positions at other companies
Ming Shan Investment Co., Ltd.	Juristic-person Director	Director, China Bills Finance Corporation
Lo, Tina Y.	Representative of Juristic-person Director	Director, Ming Shan Investment Co., Ltd. Director, Tai Ya Investment Co., Ltd. Director, Tai Hsuan Investment Co., Ltd. Director, Yi Chang Investment Co., Ltd. Director, IBT Holdings Corp. Vice Chairman, EverTrust Bank Director, KC Investments Corporation
Taiwan Cement Corporation	Juristic-person Director	Chairman, TCC Investment Corporation Director, Chinatrust Investment Co., Ltd.
Chang, Nelson An-Ping	Representative of Juristic-person Director	Chairman, TCC Investment Corporation Chairman, Union Cement Traders Inc.
Chen, Shih-Tze	Representative of Juristic-person Director	Chairman, Ming Shan Investment Co., Ltd. Chairman, Tai Ya Investment Co., Ltd. Chairman, Tai Hsuan Investment Co., Ltd. Chairman, Yi Chang Investment Co., Ltd. Director, Crystal Lake Global Limited Director, KC Investments Corporation Director, Global Sail Holdings Ltd. Director, Triple Ace Management Co., Ltd. Director, Paradise Palms Ltd. Sky Capital International Group Inc.
Yeh, Roy J.Y.	Representative of Juristic-person Director	Director, IBT Leasing Co., Ltd. Director, IBT International Leasing Corp. Chairman, IBT Management Corporation Chairman, IBT VII Venture Capital Co., Ltd.
Cheng, George C.J.	Representative of Juristic-person Director	Chairman, Abag Investment Holdings Co., Ltd.

Director	Position at the Bank	Positions at other companies
Lee, Mark J.C.	Natural-person Director	Director, Heng Tin Feng Invest Development Co., Ltd. Director, Heng Gi Lie Investment Co., Ltd. Director, Bai Tong Investment Co., Ltd. Director, Tong Chuan Invest Development Co., Ltd. Director, Chang Yan Investment Co., Ltd. Director, Hong Fu Investment Co., Ltd. Director, Siang Tai Investment Co., Ltd. Director, Hong Da Investment Co., Ltd.
Lee, Elton F.Y.	Representative of Juristic-person Director	Director, EverTrust Bank
Lin, Gordon W.C.	Representative of Juristic-person Director	Director, IBTS Holdings (BVI) Limited Chairman, IBT Leasing Co., Ltd. Chairman, IBT International Leasing Corp.
Lo, Nina Y.C.	Representative of Juristic-person Director	Director, Yi Chang Investment Co., Ltd. Director, Tai Ya Investment Co., Ltd.
Lin, Bill K.C.	Natural-person Director	Director, EasyCard Investment Holding Co., Ltd. Director, EasyCard Corporation

Extempore Motion

Appendix I

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

Instituted on July 12, 1999

Amended by General Shareholders' Meeting of June 14, 2013

Amended by General Shareholders' Meeting of June 2, 2015

Amended by General Shareholders' Meeting of June 14, 2017

Article 1

Pursuant to Article 5 of the *Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies*, these *Procedural Rules Governing Shareholders' Meetings* (the "Rules") are adopted for the purposes of establishing a sound governance system for shareholders' meetings, building well-rounded supervisory capabilities, and strengthening management capabilities.

Article 2

Unless otherwise provided by applicable laws and regulations or the Company's *Articles of Incorporation*, the shareholders' meetings of the Company shall be held in accordance with the Rules set forth below.

Article 3

Unless otherwise provided by applicable laws or regulations, the shareholders' meetings of the Company shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for discussion, or the election or dismissal of directors, and upload them onto the Market Observation Post System (MOPS) not fewer than 30 days before the date of a general shareholders' meeting or not fewer than 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda handbook and supplemental meeting materials and upload them onto the MOPS not fewer than 21 days before the date of a general shareholders' meeting or not fewer than 15 days before the date of a special shareholders' meeting. In addition, not fewer than 15 days before the date of a shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda handbook and supplemental meeting materials and made them available for review by shareholders at any time. The aforesaid meeting agenda handbook and supplemental materials shall also be displayed at the Company and the shareholder services agent designated thereby as well as distributed at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the *Articles of Incorporation*, 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 *Regulations Governing the Offering and Issuance of Securities by Securities Issuers* shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the aforesaid matters may be raised by an extempore motion.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general shareholders' meeting. Such proposals, however, 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 Article 172-1, paragraph 4 of the *Company Act* apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a general shareholders' meeting is held, the Company shall publicly announce that it will accept shareholder proposals and specify the location and time period for their submission; the period for submission of shareholder proposals shall not be fewer than 10 days.

Shareholder proposals are limited to 300 words in writing, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the general shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of its screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals from the meeting agenda.

Article 4

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company not fewer than five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or by electronic means, a written notice of proxy cancellation shall be submitted to the Company not fewer than two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of independent directors with respect to the place and time of the meeting.

Article 6

The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations are to be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (the "shareholders") shall present attendance cards, sign-in cards, or other certificates of attendance to attend shareholders' meetings. The Company shall not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall provide attending shareholders with an attendance book to sign in for the meeting, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall also provide attending shareholders with a meeting agenda handbook, an annual report, an attendance card, speaker's slips, voting slips, and

other meeting materials. Where there is an election of directors, preprinted ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chair, the vice chairman shall act in place of the chair; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman of the board shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic-person director that serves as chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the chairman of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party that is not the Board of Directors but has the power to convene, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8

The Company shall, beginning from the time it accepts shareholder attendance registrations, make an uninterrupted video and audio recording of the entire process

of a shareholders' meeting, including the registration procedure, the proceedings of the meeting, and the voting and vote-counting procedures.

The aforesaid video and audio recording shall be retained for a minimum of one year. If a lawsuit has been instituted by any shareholder in accordance with Article 189 of the *Company Act*, however, the Company shall retain the aforesaid recording until the conclusion of the litigation.

Article 9

Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised in writing or by electronic means.

The chair shall call the meeting to order at the appointed meeting 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.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the *Company Act*; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the *Company Act*.

Article 10

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which shall not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party that is not the Board of Directors but has the power to convene.

The chair shall not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of these Rules, the other members of the board shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then resume the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to be voted on, the chair may announce the discussion closed and call for a vote.

Article 11

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to that given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder shall not speak more than twice on the same proposal, and a single speech shall not exceed 5 minutes. If the shareholder's speech violates relevant regulations or exceeds the scope of the agenda item in question, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders shall not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic-person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or instruct relevant personnel to respond.

Article 12

Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder shall not vote on that item, and shall not exercise voting rights for any other shareholder by proxy.

The number of shares for which voting rights shall not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy shall not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the *Company Act*.

When the Company holds a shareholders' meeting, it shall adopt electronic means for shareholders to exercise their voting rights and may allow them to exercise such rights in writing. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting; it is therefore advisable that the Company refrains from presenting extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights in writing or by electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company not fewer than two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights in writing or by electronic means, in the event that the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, not fewer than two days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised in writing or by electronic means shall prevail. When a shareholder has both exercised voting rights in writing or by electronic means and appointed a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the *Company Act* and in the Company's *Articles of Incorporation*, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be uploaded onto the MOPS.

If no objection is voiced after solicitation by the chair, a resolution shall be deemed adopted and shall have the same effect as if it had been put to a vote. If objection is indeed voiced (including the exercise of voting rights in writing or by electronic means to indicate objection or abstention), the case shall be put to a vote.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any of them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on the spot, and a record made of the vote.

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.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the *Company Act*, the ballots shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed electronically.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement uploaded onto the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

For the resolution methods referred to in the preceding paragraph, a resolution shall be recorded as "the resolution was adopted based on the unanimous concurrence of shareholders" if no objection was voiced after solicitation by the chair. If objection is indeed voiced, however, the voting approach and the number of votes with which the resolution in question was adopted as well as their percentage of the total number of issued shares shall be specified in the resolution method.

Article 16

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation as well as the number of shares represented by proxies, and shall make a disclosure of the same at the place of the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of the resolution in question onto the MOPS within the prescribed time period.

Article 17

Staffers handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chair may direct proctors or security guards to help maintain order at the meeting. The aforesaid proctors or security guards shall wear an identification card or armband marked the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates these Rules and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder out of the meeting.

Article 18

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting is to be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the *Company Act*.

Article 19

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Appendix II

O-Bank Co., Ltd. Articles of Incorporation

Amended at the General Shareholders' Meeting of June 14, 2018

Chapter I: General Provisions

- Article 1: This Bank has been established for the purposes of promoting industrial development, fostering industrial and commercial prosperity, creating an environment beneficial to all, and providing the public with comprehensive, specialized, and innovative financial services. It has been incorporated in line with the government's financial policy and in accordance with provisions of the *Company Act* and *Banking Act*.
- Article 2: The name of the Bank shall be O-Bank Co., Ltd.
- Article 3: The head office of the Bank shall be in Taipei City. Depending on business needs, branch entities may be established at suitable locations in Taiwan and abroad. The establishment, cancellation, or change of any of the foregoing branch entities by a commercial bank requires approval of the Board of Directors and approval of and registration with the competent authority.
- Article 4: All public announcements by the Bank shall be made in daily newspapers circulated at the seat of the Bank's head office, unless otherwise provided for by the authority in charge of securities.

Chapter II: Scope of Business

- Article 5: The Bank operates commercial banking business (Code: H101021/limited to items approved by the competent authority), securities brokerage business (Code: H301011/limited to items approved by the competent authority), personal insurance agency business (Code: H601011), and property and liability insurance agency business (Code: H601021).
- Article 6: With respect to its investment total while engaging in investment business, the Bank shall not violate the *Banking Act* and regulations of the competent authority governing investment by commercial banks.

Chapter III: Shares

- Article 7: The total authorized capital of the Bank shall be NT\$35 billion, divided into 3.5 billion shares with a par value of NT\$10 each and including common and preferred shares. The Board of Directors is authorized to, in accordance with the *Company Act* and applicable laws and regulations, issue such shares in installments if necessary. The source of capital contribution by shareholders is limited to cash only. The Bank may issue employee share subscription warrants and 200 million shares of the foregoing capital stock shall be set aside for the purpose of issuing such warrants.

Article 8: The shares of the Bank shall be registered shares affixed with the signatures or seals of the chair of the board and not fewer than two managing directors and shall be numbered and issued after being certified by the competent authority or a registration agency authorized thereby. The Bank may, in accordance with applicable laws and regulations, issue scripless shares; such operations as their registrations and book-entry transfers shall be conducted in accordance with the regulations of the relevant centralized securities custody enterprise.

Article 8-1: The rights and obligations of the Bank's preferred shares as well as other important terms of issuance are as follows:

1. If a surplus remains after the Bank closes its books for a given year, the Bank shall, in accordance with its *Articles of Incorporation*, first set aside funds for taxes and offset the accumulated losses from previous years, make provisions for legal reserve, and register allocation or reverse of special reserve before giving priority to using the remainder in distributing cash dividends for preferred shares for the year.
2. The dividend rate of preferred shares is capped at 8% per annum on the issue price. Cash dividends shall be distributed as lump-sum payments annually. After the Bank's general shareholders' meeting ratifies its audited financial statements for a given year, the Board of Directors shall set the record date for paying the cash dividends that are to be distributed for the previous year. With respect to distribution of cash dividends for the year of issuance and year of redemption, the amount of payable dividends shall be calculated based on the actual number of days of the aforesaid shares being in issuance that year.
3. The Bank has autonomous discretion on distribution of cash dividends for preferred shares. If the Bank's audited results of a given year show no surplus or a surplus insufficient for distribution of cash dividends for preferred shares, or if distribution of cash dividends will cause the Bank's capital adequacy ratio to fall short of legal requirements or the minimum required by the competent authority, the Bank's decision to cancel distribution of cash dividends for preferred shares shall not be regarded as an event of default. If the preferred shares issued by the Bank are specified as non-cumulative, the undistributed dividends or shortfalls in dividends distributed will not be cumulative and therefore no deferred payment will be paid in subsequent years when there is a surplus in earnings.
4. While being entitled to the cash dividends prescribed in subparagraph 2 of this article, holders of preferred shares—if their holdings are of the non-participating type—shall not be entitled to distribution of cash or stock dividends for common shares drawing from retained earnings and capital surplus.

5. In terms of entitlement to distribution of the Bank's residual assets, holders of preferred shares shall take precedence over holders of common shares. With their order of priority subordinate to that of general creditors, holders of the Bank's different types of preferred shares shall rank *pari passu* without any preference among themselves and their entitlement shall be capped at the monetary amount of preferred shares issued.
6. At shareholders' meetings, holders of preferred shares are denied voting rights and rights to elect directors but are entitled to be elected as directors themselves. Holders of preferred shares have voting rights at meetings of preferred shareholders.
7. Convertible preferred shares issued by the Bank shall not be converted within one year after issuance. The Board of Directors is authorized to specify in the terms of issuance the time period during which conversion is to be allowed. Holders of convertible preferred shares may, pursuant to the terms of issuance, apply for conversion of all or part of their holdings to common shares on a 1-for-1 basis. After the exercise, the newly converted shares shall entail the same rights and obligations as those applicable to common shares. Distribution of cash dividends for the year of conversion shall be calculated based on the actual number of days in issuance proportionate to the total number of days of the year in question. If the aforesaid conversion to common shares takes place prior to the record date for going ex-dividend, however, shareholders shall not be entitled to distribution of cash dividends for preferred shares for that year and the year after. Still, such shareholders shall be entitled to distribution of dividends for common shares drawing from retained earnings and capital surplus.
8. Where the Bank issues perpetual preferred shares, holders of such shares shall be denied the right to request redemption of their holdings by the Bank. For its part, the Bank may set a redemption date not earlier than the day after the fifth anniversary of the issuance date. Redemption of previously issued preferred shares, in whole or in part, shall be conducted at the original issue price. The remaining and outstanding preferred shares shall retain the rights and obligations described in the preceding paragraphs. If the Bank resolves on distribution of cash dividends for preferred shares for the year of redemption, such distribution shall be based on the number of days in issuance up to the date of redemption.
9. Where the Bank issues non-perpetual preferred shares, their term shall not be shorter than five years and holders of such shares shall have no right to request their redemption by the Bank. Upon expiry of such shares or beginning from the day after the fifth anniversary of the issuance date, the Bank may, pursuant to the issue price and terms of issuance, redeem

such shares in cash, issue new shares to accommodate compulsory conversion on a 1-for-1 basis, or effect redemption by other means permitted under other laws or regulations. If the Bank should fail to redeem all or part of the aforesaid preferred shares due to force majeure or other reasons within the aforesaid time period, the rights and obligations of the outstanding preferred shares shall remain unchanged until their redemption by the Bank.

The Board of Directors is authorized to take into account market conditions and investor sentiment and determine the name, issuance date, and other issuance terms of preferred shares in accordance with the Bank's *Articles of Incorporation* and applicable laws and regulations.

Article 9: With respect to share transfers, no rights shall be asserted against the Bank if the name and domicile or residence of the transferee are not recorded in the shareholders' roster.

Within 60 days prior to the convocation of a general shareholders' meeting, or 30 days prior to the convocation of a special shareholders' meeting, or five days prior to the record date for declaration of dividends or any other interests, share transfer registrations and other changes to the shareholders' roster shall be suspended.

Article 10: Each shareholder of the Bank shall complete a seal specimen card and submit the same to the Bank for filing, and this shall apply to any change to the seal specimen. The seal specimen kept by the Bank shall be the basis for shareholders to collect dividends or bonuses or exercise shareholder rights in writing.

All stock affairs of the Bank shall be undertaken in accordance with the *Regulations Governing the Administration of Shareholder Services of Public Companies* promulgated by the competent authority.

Chapter IV: Shareholders' Meetings

Article 11: The shareholders' meetings of the Bank shall include the following two types:

1. General shareholders' meetings: Held annually at the seat of the Bank's head office, a general shareholders' meeting shall be convened by the Board of Directors within six months after the end of each fiscal year.
2. Special shareholders' meetings: Unless otherwise provided for by the *Company Act*, a special shareholders' meeting is to be convened by the Board of Directors when it is deemed necessary. Shareholders who have held a total of not less than 3% of the Bank's total number of issued shares for not less than one year may request the Board of Directors to convene such a meeting in writing that specifies proposals to be addressed and the reasons thereof.

A meeting of preferred shareholders may be convened in accordance with applicable laws and regulations.

Article 12: The Bank shall notify each shareholder and make a public announcement of the date, venue, and reasons for a general shareholders' meeting 30 days in advance, or 15 days in advance if it is a special shareholders' meeting being convened.

Article 13: Unless otherwise provided for by law, a shareholders' meeting shall adopt a resolution after it is voted for by the majority of attending shareholders and the attending shareholders represent more than half of the total number of issued shares.

Article 14: Unless otherwise provided for by applicable laws and regulations and the Bank's *Articles of Incorporation*, a shareholder shall be entitled to one vote for each share held.

When the Bank holds a shareholders' meeting, it shall adopt electronic means for shareholders to exercise their voting rights and may allow them to exercise such rights in writing. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

Article 15: Any shareholder who cannot attend a shareholders' meeting in person for any reason may entrust a representative to attend on behalf thereof by presenting a proxy form issued by the Bank, specifying the scope of authorization. When one person is concurrently appointed as proxy by two or more shareholders, however, the voting rights represented by that proxy shall not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

The aforesaid proxy form shall be delivered to the Bank not fewer than five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Bank, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or by electronic means, a written notice of proxy cancellation shall be presented to the Bank not fewer than two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 16: More than one person is allowed to represent a juristic-person shareholder, provided the voting rights of such representatives are exercised based on their combined shareholding. Where there are more than two representatives, such representatives shall jointly exercise their voting rights.

Article 17: The shareholders' meetings of the Bank shall resolve the following matters:

- (1) Establishment or amendment of the Bank's *Articles of Incorporation*.
- (2) Election and dismissal of directors.
- (3) Auditing and ratification of the statements and reports prepared by the Board of Directors.
- (4) Increases or decreases in capital stock.
- (5) Distribution of earnings, dividends, and bonuses.
- (6) Other matters that shall be resolved by shareholders' meetings in accordance with applicable laws and regulations.

Article 18: When a shareholders' meeting convenes, it shall be chaired by the chairman of the board. When the chairman of the board is absent for any reason, the vice chairman shall act in place of the chair; if there is no vice chairman or the vice chairman is also absent, the chairman of the board shall appoint one of the managing directors to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to act as chair.

Article 19: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced electronically and distributed by means of a public announcement.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Bank.

The attendance book meant for attending shareholders and the proxy forms shall be retained for a minimum of one year. If a lawsuit has been instituted by any shareholder in accordance with Article 189 of the *Company Act*, however, the Bank shall retain the aforesaid documents until the conclusion of the litigation.

Chapter V: Directors and the Board

Article 20: The Bank shall have 15 directors who are to make up the Board. The candidates nomination system is adopted for the election of directors; directors shall be elected from a list of candidates by a shareholders' meeting.

Of the foregoing number of directors, the number of independent directors shall not be fewer than three and shall not account for less than one-fifth of the total number of directors.

The handling of matters regarding professional qualifications, shareholdings, limits on concurrent positions, nomination and election methods, and other

matters for compliance in relation to independent directors shall be subject to applicable laws and regulations.

Article 21: The combined shareholdings of all directors shall not fall short of the share ownership ratios required by the competent authority.

Article 22: Directors shall each hold office for a term of three years and shall be eligible for re-election.

If no election of new directors is effected after expiration of the term of office of existing directors, the term of office of outgoing directors shall be extended until the time new directors have been elected and assumed their office.

The Bank shall provide compensation to directors (including independent directors) for the performance of their duties on behalf of the Bank, regardless of whether the Bank makes a profit or not. The Board of Directors shall be authorized to determine such compensation in line with industry standards on the basis of their degree of participation in the Bank's operations and value of their contribution to the Bank.

If the Bank records a profit in a year, the Bank shall appropriate not more than 2.5% of the profit for director remunerations, but independent directors shall be excluded from such distribution. If the Bank has accumulated losses, however, the aforesaid profit shall be used to offset accumulated losses first.

The Bank may, upon a resolution of the Board of Directors, purchase liability insurance to cover indemnification obligations of directors arising from performing their duties during their tenure of office.

The Board of Directors may give full authority to the chairman to renew the aforesaid insurance.

Article 23: The Bank shall have five managing directors who are to make up the Board of Managing Directors. The managing directors shall be elected from among the directors by a majority vote of the directors present at a meeting attended by at least two-thirds of all directors. The chairman shall be elected from among the managing directors in the same fashion; a vice chairman shall also be thus elected if it is deemed necessary.

Of the aforesaid number of managing directors, the number of independent directors shall not be fewer than one and shall not account for less than one-fifth of the total number of managing directors.

Article 24: The chairman of the board shall internally preside at shareholders' meetings as well as Board of Directors and Board of Managing Directors meetings, and shall externally represent the Bank. When the chairman of the board is on leave or for any reason unable to exercise his/her powers, the vice chairman shall act in his/her place. If there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise

his/her powers, the chairman of the board shall appoint one of the managing directors to act on his/her behalf. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to act as chair.

Article 25: The Board of Directors is composed of all directors and convened by the chairman of the board. Unless otherwise provided for by applicable laws and regulations, the Board of Directors shall adopt resolutions by a majority vote of the directors present at a meeting attended by a majority of all directors.

Each director shall attend Board of Directors meetings in person but, if he/she is unable to do so for any reason, may appoint another director as proxy. In each such case, the absent director shall issue a written proxy and state therein the scope of authorization with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the aforesaid proxy of only one other director.

Article 26: Except the matters subject by law to resolutions adopted by shareholders' meetings, the Bank shall conduct business operations in accordance with resolutions adopted by the Board of Directors. The duties and powers of the Board of Directors are as follows:

- (1) Examine and approve rules and regulations.
- (2) Examine and approve business plans.
- (3) Propose increases or decreases in capital stock.
- (4) Decide on establishing, canceling, or changing branch outlets.
- (5) Examine major contracts.
- (6) Examine and approve budgeting and book-closing.
- (7) Decide on acquiring or disposing of major assets; ensure compliance with Article 185 of the *Company Act* when warranted.
- (8) Propose distribution of earnings.
- (9) Approve major lending and business cases.
- (10) Decide on appointment and dismissal of managers.
- (11) Appoint CPAs.
- (12) Examine and approve matters assigned by the chairman of the board and those proposed by the president.
- (13) Implement resolutions adopted by shareholders' meetings.
- (14) Undertake other duties and powers under applicable laws and regulations.

To promote sound decision-making and strengthen management mechanisms, the Board of Directors may establish various functional committees and adopt their respective charters thereof.

Article 27: When the Board of Directors is in recess, managing directors shall, by assembly, perform the duties and powers of the board on a regular basis, and the chairman of the board may convene meetings at any time. Resolutions of such meetings shall be adopted by a majority vote of the managing directors present at a meeting attended by a majority of all managing directors.

With respect to the Board of Managing Directors performing the duties and powers of the Board of Directors referred to in the preceding paragraph, the scope of authorization thereof shall be determined in accordance with applicable laws and regulations, these Articles, and resolutions adopted by shareholders' meetings and the Board of Directors. The aforesaid scope of authorization shall specify the level and content of affairs being authorized. With respect to matters that are required by applicable laws to undergo discussion at the Board of Directors, however, it shall be mandatory to secure resolutions of the Board of Directors.

Article 28: The Bank shall set up the Audit Committee, which shall be composed of the entire number of independent directors. Its members shall not be fewer than three, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The committee's duties and powers as well as other compliance matters shall be handled in accordance with applicable laws and regulations or the relevant bylaws of the Bank.

Since the Bank has established the Audit Committee, the Bank is not required by law to have supervisors separately.

Chapter VI: Managers

Article 29: The Bank shall have the position of president, whose appointment, dismissal, and compensation shall be proposed by the chairman of the board and require a majority vote of the directors present at a meeting attended by a majority of all directors.

Article 30: The Bank shall have a number of vice presidents to assist the president in conducting its business operations. Their appointment and dismissal shall be proposed by the chairman of the board together with the president and require a majority vote of the directors present at a meeting attended by a majority of all directors. Separately, the Bank shall have a chief auditor to handle all audit affairs; his/her appointment, dismissal, or transfer shall be handled in accordance with applicable laws or regulations.

Chapter VII: Closing of Books and Distribution of Earnings

Article 31: The fiscal year of the Bank is from the first of January every year to the thirty first of December of the same year. At the end of each fiscal year, the Bank shall prepare the following reports and statements and, after examination by the Board of Directors, submit them to a shareholders' meeting for ratification according to statutory procedure:

- (1) Business report.
- (2) Financial statements.
- (3) Proposals for distribution of earnings or compensation for losses.

The Bank shall undertake mid-year closing of books pursuant to applicable laws and regulations at the end of June every year.

The Bank shall prepare and submit the aforesaid annual and semi-annual financial statements to the competent authority and make a public announcement on the same.

Article 32: If the Bank records a profit in a year, the Bank shall set aside 1-2.5% of the profit for employee remunerations. If the Bank has accumulated losses, however, the profit shall be used to offset the aforesaid accumulated losses first.

Distribution of employee remunerations in stock or cash shall require a resolution adopted through a majority vote of the directors present at a meeting attended by not less than two-thirds of all directors, which in turn shall be reported to a shareholders' meeting. The employees entitled to the aforesaid remunerations may include those employed by the Bank's affiliated companies who meet specific requirements.

Article 32-1: If there is a profit after its annual closing of books, the Bank shall first set aside funds for taxes and offset the accumulated losses from previous years before appropriating 30% of the profit toward its legal reserve. No appropriation shall be required if the Bank's legal reserve already equals the total amount of its paid-in capital. After appropriation or reverse of any special reserve and distribution of cash dividends for preferred shares, if a profit remains, the outstanding balance together with undistributed earnings from previous years shall be used as the basis for the Board of Directors to propose distribution and seek a resolution of a shareholders' meeting thereof.

Before the legal reserve equals the total amount of capital stock, the maximum cash distribution of earnings shall not exceed 15% of the total amount of paid-in capital.

With regard to the foregoing dividend distribution, the Bank adopts a policy of stability and balance that takes into account capital budget planning, capital needs for business operations, and commitment to a sound financial structure. In particular, the cash dividend payout shall account for not less than 20% of the total dividend payout for any given year. The aforesaid method of dividend distribution is intended only as a principle-based guideline; the Bank may consider actual needs and, via the Board of Directors, propose an amendment and seek shareholder approval in the form of a resolution adopted by a shareholders' meeting.

Chapter VIII: Supplemental Provisions

Article 33: Matters not stipulated herein shall be governed by the *Company Act*, *Banking Act*, and other applicable laws and regulations.

The Banks' charter, business guidelines, and standards for the division of authority between the Board of Directors and managerial departments as well as other relevant regulations shall be separately prescribed by the Board of Directors.

Article 34: These *Articles of Incorporation* were enacted on June 22, 1998, with the 1st amendment on July 12, 1999; the 2nd amendment on April 8, 2000; the 3rd amendment on August 19, 2000; the 4th amendment on May 22, 2001; the 5th amendment on May 30, 2002; the 6th amendment on June 11, 2004; the 7th amendment on June 10, 2005; the 8th amendment on June 9, 2006; the 9th amendment on June 15, 2007; the 10th amendment on June 19, 2009; the 11th amendment on June 18, 2010; the 12th amendment on June 13, 2011; the 13th amendment on June 18, 2012; the 14th amendment on June 14, 2013; the 15th amendment on June 2, 2015; the 16th amendment on October 2, 2015; the 17th amendment on June 3, 2016; the 18th amendment on June 14, 2017 ; and the 19th amendment on June 14, 2018.

Appendix III

Business Review in 2019

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

1. Credit Extension

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

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

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

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

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

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

2. Deposits

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

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

3. Foreign Exchange and Offshore Banking

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

4. Direct Investment

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

5. Financial Product Trading

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

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

6. Securities Trading

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

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

7. Project Finance

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

8. Trust Business

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

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

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

9. Cash Management and e-Banking

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

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

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

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

10. Digital Retail Banking Services

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

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

Chairman: Lo, Kenneth C.M.

President: Lee, Elton F.Y.

Accounting Officer: Tyane, Edward F.C.

Appendix IV

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Public Bills Finance Companies and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2019 are as follows:

Allowance for Credit Losses of Loans

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

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

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

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

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

Assessment of Reserve for Losses on Guarantee Contracts

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

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

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

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

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

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

Other Matter

We have also audited the parent company independent financial statements of the Bank as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 24, 2020

Notice to Readers

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

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

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

O-BANK AND SUBSIDIARIES

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

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

O-BANK AND SUBSIDIARIES

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

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

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O-BANK AND SUBSIDIARIES

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

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

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O-BANK AND SUBSIDIARIES

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

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

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O-BANK AND SUBSIDIARIES

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

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

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O-BANK AND SUBSIDIARIES

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

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

O-BANK AND SUBSIDIARIES

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

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

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O-BANK AND SUBSIDIARIES

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

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

(Continued)

O-BANK AND SUBSIDIARIES

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

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

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

O-Bank Co., Ltd.

Opinion

We have audited the accompanying financial statements of O-Bank Co., Ltd (the "Bank"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2019 are as follows:

Allowance for Credit Losses of Loans

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

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

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

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

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

Investments Accounted for Using the Equity Method - Assessment of

Reserve for Loss on Guarantee Contracts

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

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 24, 2020

Notice to Readers

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

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

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

O-BANK CO., LTD.

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

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

O-BANK CO., LTD.

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

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

(Continued)

O-BANK CO., LTD.

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

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

(Continued)

O-BANK CO., LTD.

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

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

(Concluded)

O-BANK CO., LTD.

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

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

O-BANK CO., LTD.

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

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

(Continued)

O-BANK CO., LTD.

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

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

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

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

(Concluded)

Appendix V

O-Bank Co., Ltd.'s *Ethical Corporate Management Best Practice Principles*:

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 5</p> <p>While standing by core values of “Trust, Outstanding, Unity, Creativity, and Honor,” the Bank abides by the operational philosophies of honesty, transparency and responsibility, bases policies on the principle of good faith <u>and obtains approval from the Board of Directors</u>, and establishes good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Article 5</p> <p>While standing by core values of “Trust, Outstanding, Unity, Creativity, and Honor,” the Bank abides by the operational philosophies of honesty, transparency and responsibility, bases policies on the principle of good faith, and establishes good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>In accordance with Article 5 of <i>Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</i></p>
<p>Article 7</p> <p>The Bank <u>shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</u> <u>The Bank may refer to prevailing domestic and foreign standards or guideline in establishing the prevention programs,</u> which shall at least include preventive measures against the following:</p>	<p>Article 7</p> <p>The Bank, upon establishing prevention programs, shall at least include preventive measures against the following:</p>	<p>In accordance with Article 7 of <i>Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</i></p>

Amended Article	Original Article	Explanation
<ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 	<ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 	
<p>Article 8 <u>The Bank shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in terms of employment the employees comply with such policy.</u> <u>The Bank shall clearly specify in their rules, external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</u> <u>The Bank shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>Article 8 The Bank shall clearly specify in their rules, external documents the ethical corporate management policies and the commitment by the board of directors and management on rigorous and thorough implementation, and shall carry out the policies in internal management and in commercial activities.</p>	<p>In accordance with Article 8 of <i>Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</i></p>

Amended Article	Original Article	Explanation
<p>Article 17 The Bank, its directors, managers, employees, mandatories, and substantial controllers shall exercise the due care of good administrators to urge the Bank to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the corporate governance subcommittee of the Bank's Corporate Social Responsibility (CSR) Committee is <u>the dedicated unit and avail itself of adequate resources and staff itself with competent personnel</u>, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis <u>(at least once a year)</u>:</p> <p>1. Assisting in incorporating ethics and moral values into the Bank's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and</p>	<p>Article 17 The Bank, its directors, managers, employees, mandatories, and substantial controllers shall exercise the due care of good administrators to urge the Bank to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the corporate governance subcommittee of the Bank's Corporate Social Responsibility (CSR) Committee is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</p> <p>1. Assisting in incorporating ethics and moral values into the Bank's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and</p>	<p>In accordance with Article 17 of <i>Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</i></p>

Amended Article	Original Article	Explanation
<p>regulations.</p> <p>2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Banks' operations and business..</u></p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>regulations.</p> <p>2. Adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Bank's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	

Amended Article	Original Article	Explanation
<p>Article 20</p> <p>The Bank shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Bank shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</u></p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>Article 20</p> <p>The Bank shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Bank shall, engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	<p>In accordance with Article 20 of <i>Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</i></p>
<p>Article 23</p> <p>The Bank shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p>	<p>Article 23</p> <p>The Bank shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p>	<p>In accordance with Article 23 of <i>Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</i></p>

Amended Article	Original Article	Explanation
<p>1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the bank to submit reports.</p> <p>2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or <u>senior management</u> shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed.</u> <u>Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p>4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, <u>and an undertaking regarding anonymous reporting.</u></p> <p>6. Measures for protecting whistle-blowers from</p>	<p>1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the bank to submit reports.</p> <p>2. Dedicated personnel or unit appointed to handle the whistle-blowing system. Any tip involving a director or <u>managerial officer</u> shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from</p>	

Amended Article	Original Article	Explanation
<p>inappropriate disciplinary actions due to their whistle-blowing.</p> <p><u>7.</u> Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Bank comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	<p>inappropriate disciplinary actions due to their whistle-blowing.</p> <p><u>6.</u> Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Bank comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	
<p>Article 27</p> <p>The Principles is implemented after the board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p><u>When the Bank submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there</u></p>	<p>Article 27</p> <p>The Principles is implemented after the board of directors grants the approval, and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>The Principles shall apply mutatis mutandis to the audit committee.</p>	<p>In accordance with Article 27 of <i>Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</i></p>

Amended Article	Original Article	Explanation
<p><u>is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</u></p> <p>The Principles shall apply mutatis mutandis to the audit committee.</p>		

Appendix VI

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

Amended Article	Original Article	Explanation
<p>Article 11 Workplace Ethics</p> <p>1. Managers and employees may not form joint ventures with customers, run their own businesses, or engage in monetary lending with customers.</p> <p>2. With the exception of relatives of direct lineage, managers and employees may not act as the undersigned on behalf of customers or undertake any other affair for them by proxy.</p> <p><u>3. Personnel of all levels shall faithfully follow the codes of ethical conduct, and shall not assist customers in arrangements meant for intentional tax evasion or tax-related money laundering.</u></p> <p><u>4.</u> Personnel of all levels shall maintain mutual respect while dealing with customers, treat each other with sincerity, and may not act in ways associated with sexual harassment.</p> <p><u>5.</u> Personnel of all levels shall apply reasonable judgment to instructions from superiors, clearly define their powers and responsibilities, and, if in doubt, seek clarification from superiors and be refrained from making presumptions and engaging in favor-currying, lobbying, or any other misconduct in violation of relevant regulations.</p>	<p>Article 11 Workplace Ethics</p> <p>1. Managers and employees may not form joint ventures with customers, run their own businesses, or engage in monetary lending with customers.</p> <p>2. With the exception of relatives of direct lineage, managers and employees may not act as the undersigned on behalf of customers or undertake any other affair for them by proxy.</p> <p>3. Personnel of all levels shall maintain mutual respect while dealing with customers, treat each other with sincerity, and may not act in ways associated with sexual harassment.</p> <p>4. Personnel of all levels shall apply reasonable judgment to instructions from superiors, clearly define their powers and responsibilities, and, if in doubt, seek clarification from superiors and be refrained from making presumptions and engaging in favor-currying, lobbying, or any other misconduct in violation of relevant regulations.</p>	<p>In accordance with the principles of 2018.4.26 Financial Supervisory Commission Order Jin-Guan-Yin-Wai-Zi No.10702712390 and Bankers Association of the R.O.C.'s <i>Suggested Best Practices for Banks' Controls over Tax-related Money Laundering Risks</i>, the Bank should ensure that the employees follow the code of ethics or relevant policies, and should not assist the customer in arrangement for intentional tax evasion or tax-related money laundering.</p>

Appendix VII

O-Bank Co., Ltd.'s *Corporate Social Responsibility* *Best Practice Principles:*

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 3</p> <p><u>The Bank shall observe the materiality principle in the assessments of risk in environmental, social, and corporate governance issues relevant to its business activities, and devise risk management policies and strategies accordingly. Meanwhile,</u> committed to sustainable development, the Bank has devoted itself to the five major corporate social responsibility areas:</p> <ol style="list-style-type: none"> 1. Corporate Governance 2. Employee Care 3. Customer Service 4. Environmental Protection 5. Social Engagement 	<p>Article 3</p> <p>Committed to sustainable development, the Bank has devoted itself to the five major corporate social responsibility areas:</p> <ol style="list-style-type: none"> 1. Corporate Governance 2. Employee Care 3. Customer Service 4. Environmental Protection 5. Social Engagement 	<p>Wording is added in accordance with article 3 of <i>Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies</i>.</p>
<p>Article 20</p> <p><u>The Bank shall set out and implement reasonable employee benefits (including pay, leave, and other benefits), and</u> reasonably reflect operating performance or results in its employee compensation policy to facilitate the recruitment and retention of human resource so as to ensure sustainable development.</p>	<p>Article 20</p> <p>The Bank shall reasonably reflect operating performance or results in its employee compensation policy to facilitate the recruitment and retention of human resources and thus ensure sustainable development.</p>	<p>Wording is added in accordance with article 21 of <i>Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies</i>.</p>

Amended Article	Original Article	Explanation
<p>Article 23</p> <p>The Bank, while undertaking operations and rendering services, shall abide by laws and regulations of the competent authority and evaluate legal compliance thereof, thereby guaranteeing product and service quality and protecting customer rights and interests. Separately, the Bank, while marketing or advertising its products or services, shall abide by business ethics, ensure the information transparency and safety of its products and services, and devise and make public its policy with regard to customer rights and interests in order not to damage customer rights and interests. Meanwhile, the Bank shall abide by applicable laws and regulations and international guidelines <u>regarding the customer health and safety, customer privacy, marketing, and labeling of its products and services</u>, and shall not deceive, mislead, commit fraud, or engage in any other acts that betray customer trust or damage customer rights and interests.</p>	<p>Article 23</p> <p>The Bank, while undertaking operations and rendering services, shall abide by laws and regulations of the competent authority and evaluate legal compliance thereof, thereby guaranteeing product and service quality and protecting customer rights and interests. Separately, the Bank, while marketing or advertising its products or services, shall abide by business ethics, ensure the information transparency and safety of its products and services, and devise and make public its policy with regard to customer rights and interests in order not to damage customer rights and interests. Meanwhile, the Bank shall abide by applicable laws and regulations and international guidelines and shall not deceive, mislead, commit fraud, or engage in any other acts that betray customer trust or damage customer rights and interests.</p>	<p>Wording is added in accordance with article 24 of <i>Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies</i>.</p>
<p>Article 28</p> <p>The Bank shall assess the impact its procurement has on society as well as the environment of the community that it is procuring from, and shall cooperate with its suppliers to jointly foster a stronger sense of</p>	<p>Article 28</p> <p>The Bank shall assess the impact its procurement has on society as well as the environment of the community that it is procuring from, and shall cooperate with its suppliers to jointly foster a stronger sense of</p>	<p>Wording is added in accordance with article 26 of <i>Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies</i>.</p>

Amended Article	Original Article	Explanation
<p>corporate social responsibility. <u>In addition, the Bank shall implement supplier management policies to require suppliers observe certain regulations on environmental protection, occupational health and safety, or labor human rights</u> The Bank, before proceeding with a business transaction, shall verify if a given supplier is known to have had an adverse effect on the environment or society so as not to do business with any party that runs counter to its corporate social responsibility policy. Separately, any contract signed with a major supplier shall call for compliance with the corporate social responsibility policies of both parties and make it clear that if the supplier violates the said policies and causes a conspicuous impact on the environment of its community and society at large, the Bank is entitled to terminate or nullify the contract in question.</p>	<p>corporate social responsibility. The Bank, before proceeding with a business transaction, shall verify if a given supplier is known to have had an adverse effect on the environment or society so as not to do business with any party that runs counter to its corporate social responsibility policy. Separately, any contract signed with a major supplier shall call for compliance with the corporate social responsibility policies of both parties and make it clear that if the supplier violates the said policies and causes a conspicuous impact on the environment of its community and society at large, the Bank is entitled to terminate or nullify the contract in question.</p>	
<p>Article 30 To improve resource efficiency, the Bank shall <u>take inventory of their greenhouse gas emissions, water consumption, and total waste produced, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management.</u></p> <p>Separately, the Bank shall establish and strengthen</p>	<p>Article 30 To improve water use efficiency, the Bank shall properly and sustainably use water resources and implement relevant management measures. Separately, the Bank shall establish and strengthen environmental protection facilities in order not to pollute water, air, and soil. The Bank shall also do its utmost to mitigate harm to human health and the</p>	<p>Wording is added in accordance with article 17 of <i>Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies</i>.</p>

Amended Article	Original Article	Explanation
<p>environmental protection facilities in order not to pollute water, air, and soil. The Bank shall also do its utmost to mitigate harm to human health and the environment by adopting the best possible pollution control technologies and measures.</p>	<p>environment by adopting the best possible pollution control technologies and measures.</p>	
<p>Article 31 The Bank shall <u>evaluate the potential risk and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues,</u> and disclose its result, and establish corporate strategies for energy conservation and carbon and greenhouse gas reduction based upon its operating conditions and the aforesaid result, thereby reducing the impact of the Bank's business operations on the natural environment.</p>	<p>Article 31 The Bank shall monitor the impact of climate change on its operations, implement a greenhouse gas volume check and disclose its result, and establish corporate strategies for energy conservation and carbon and greenhouse gas reduction based upon its operating conditions and the aforesaid result, thereby reducing the impact of the Bank's business operations on the natural environment.</p>	<p>Wording is added in accordance with article 17 of <i>Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies</i>.</p>

Appendix VIII

O-Bank Co., Ltd.'s *Procedures for Ethical Management and Guidelines for Conduct*:

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 5 (Responsible unit <u>and duties</u>)</p> <p>The Bank designates Corporate Social Responsibility (CSR) Committee as the solely responsible unit (hereinafter, "responsible unit") under the board of directors, <u>installing adequate resources and competent personnel, and</u> designates the Corporate Governance Subcommittee in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular <u>(at least once a year)</u> reports to the board of directors:</p> <p>1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p>	<p>Article 5 (Responsible unit)</p> <p>The Bank designates Corporate Social Responsibility(CSR) Committee as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and designates the Corporate Governance Subcommittee in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:</p> <p>1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p>	<p>In accordance with Article 5 of <i>Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct and the Bank's operational needs</i>.</p>

Amended Article	Original Article	Explanation
<p>2. <u>Analyzing and assessing the risk of unethical conduct within the business scope once a year.</u> Setting out in each program the standard operating procedures <u>accordingly</u> and conduct guidelines with respect to the Bank's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>2. Setting out in each program the standard operating procedures and conduct guidelines with respect to the Bank's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures</p>	

Amended Article	Original Article	Explanation
<p><u>7. Compiling and safekeeping the documented information on ethical management policy, compliance statement, commitment and implementation.</u></p>		
<p>Article 11 (Recusal) When the Bank’s director, supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in <u>an agenda item</u> at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Bank would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p><u>When the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p>	<p>Article 11 (Recusal) When the Bank’s director, supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Bank would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p>	<p>In accordance with Article 11 of <i>Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct</i></p>

Amended Article	Original Article	Explanation
<p>If in the course of conducting company business, any personnel of the Bank discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Bank may use company resources on commercial activities other than those of the Bank, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.</p>	<p>If in the course of conducting company business, any personnel of the Bank discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of the Bank may use company resources on commercial activities other than those of the Bank, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.</p>	
<p>Article 16 (<u>Compliance with and announcement of policy of ethical management</u>)</p> <p><u>The Bank shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p>	<p>Article 16 (Announcement of policy of ethical management <u>to outside parties</u>)</p> <p>The Bank shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties</p>	<p>In accordance with Article 16 of <i>Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct</i></p>

Amended Article	Original Article	Explanation
<p>The Bank shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	
<p>Article 21 (Handling of unethical conduct by personnel of the Bank)</p> <p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Bank will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>The Bank internally establishes and publicly announces on its website and the intranet, an independent mailbox or hotline, for the Bank insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:</p>	<p>Article 21 (Handling of unethical conduct by personnel of the Bank)</p> <p>As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Bank will grant a reward depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.</p> <p>The Bank internally establishes and publicly announces on its website and the intranet, an independent mailbox or hotline, for the Bank insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:</p>	<p>In accordance with Article 21 of <i>Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct</i></p>

Amended Article	Original Article	Explanation
<p>1. The whistleblower's full name, national I.D. number_ <u>(anonymous report shall also be accepted)</u>, as well as an address, telephone number, and e-mail address where the whistleblower can be contacted.</p> <p>2. The full name(s) of the person(s) being reported, or other characteristics sufficient to make clear the identity of the person(s) being reported.</p> <p>3. Concrete facts that can be investigated.</p> <p>The Bank's personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Bank also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</p> <p>The responsible unit of the Bank's independent whistleblower system <u>shall</u> observe the following procedure <u>for handling the report of unethical conduct</u>:</p> <p>1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.</p> <p>2. The responsible unit of the Bank's independent</p>	<p>1. The whistleblower's full name, national I.D. number, as well as an address, telephone number, and e-mail address where the whistleblower can be contacted.</p> <p>2. The full name(s) of the person(s) being reported, or other characteristics sufficient to make clear the identity of the person(s) being reported.</p> <p>3. Concrete facts that can be investigated.</p> <p>The Bank's personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Bank also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.</p> <p>The responsible unit of the Bank's independent whistleblower system <u>will</u> observe the following procedure:</p> <p>1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.</p> <p>2. The responsible unit of the Bank's independent</p>	

Amended Article	Original Article	Explanation
<p>whistleblower system and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</p> <p>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Bank's policy and regulations of ethical management, the Bank shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Bank <u>will report to the competent authority, refer to judicial authority for investigation</u>, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests</p> <p>4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p> <p>5. With respect to a confirmed information, the Bank shall charge relevant units with the</p>	<p>whistleblower system and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.</p> <p>3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Bank's policy and regulations of ethical management, the Bank shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Bank will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p> <p>4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.</p> <p>5. With respect to a confirmed information, the Bank shall charge relevant units with the</p>	

Amended Article	Original Article	Explanation
<p>task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6. The responsible unit of the Bank's independent whistleblower system shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>	<p>task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>6. The responsible unit of the Bank's independent whistleblower system shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.</p>	
<p>Article 23 (<u>Internal announcement and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures</u>)</p> <p>The responsible unit of the Bank shall organize an awareness session each year and arrange for the chairperson, president, or senior management to communicate the importance of ethics to its directors, employees, and mandatories.</p> <p>The Bank shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.</p> <p>If any personnel of the Bank seriously violates ethical conduct, this Corporation shall</p>	<p>Article 23 (Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)</p> <p>The responsible unit of the Bank shall organize an awareness session each year and arrange for the chairman, president, or senior management to communicate the importance of ethics to its directors, employees, and mandatories.</p> <p>The Bank shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.</p> <p>If any personnel of the Bank seriously violates ethical conduct, this Corporation shall dismiss the</p>	<p>In accordance with Article 23 of <i>Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct</i></p>

Amended Article	Original Article	Explanation
<p>dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Bank.</p> <p>The Bank shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p>	<p>personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Bank.</p> <p>The Bank shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.</p>	

Appendix IX

O-Bank Co., Ltd.'s Rules for Its 2nd Repurchase of Shares for Transfer to Employees

Approved by the 7th Board of Directors in its 23rd meeting on March 25, 2020
Amended by the 7th Board of Directors in its 25th meeting on April 29, 2020

Article 1: Purpose of Formulation

In order to motivate employees and enhance their loyalty, the Company hereby formulates these Rules for Repurchase of Shares for Transfer to Employees pursuant to such applicable regulations as subparagraph 1, paragraph 1, Article 28-2 of the *Securities and Exchange Act* and the Financial Supervisory Commission's *Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies*. Unless otherwise provided in applicable laws, the Company's repurchase of shares for transfer to employees shall be conducted in accordance with these Rules.

Article 2: Class of Shares; Rights Attached and Restrictions Imposed

The shares to be transferred to employees are common shares. Unless provided otherwise in applicable laws and these Rules, such shares bear the same rights and obligations as the Company's other outstanding common shares.

Article 3: Transfer Period

Pursuant to these Rules, the Company may transfer repurchased shares, in whole or in tranches, to employees within five years from the date of repurchase.

Article 4: Transferee Qualifications

Fulltime employees of the Company and subsidiaries (overseas subsidiaries included), as of the record date of subscription, in which the Company directly or indirectly holds over 50% of the voting shares shall be entitled to subscribe to the amount of shares provided in Article 5 of these Rules. Except with approval of the chairman of the Board, transferees who leave employment or suspend employment without pay prior to the deadline for subscription settlement shall be deprived of their entitlement to subscription.

Article 5: Number of Subscribable Shares

The Company takes into account employees' duties, performance, years of service, and contribution when deciding on the amount of shares they are entitled to subscribe to, which shall be presented to the chairman of the Board for approval. Employees who fail to settle their subscription by the given deadline shall be deemed to have waived their entitlement; the chairman of the Board may arrange for other employees to subscribe to any balance of shares due to under-subscription.

Article 6: Procedures for Transfer of Shares

Procedures for transferring repurchased shares to employees:

1. In accordance with the pertinent board resolution, the Company shall announce, report, and implement its repurchase of shares within the designated period.

The Company shall, pursuant to these Rules, determine and announce such matters as the record date of subscription, criteria for subscribable amounts, settlement period, and rights attached and restrictions imposed, which in turn shall be presented to the chairman of the Board for approval with the latter's authorization.

2. Compile statistics with respect to the number of shares actually subscribed to and paid for; register share transfer accordingly.

Article 7: Transfer Price Per Share

The transfer price of the repurchased shares shall be the average price of the cumulative repurchases actually undertaken. If the total number of the Company's common shares already issued increases prior to transfer, the transfer price shall be adjusted proportionately.

Article 8: Rights and Obligations after Transfer of Shares

After the repurchased shares have been transferred to employees and registered accordingly, the rights and obligations they bear shall be the same as those of all existing common shares unless provided otherwise.

Article 9: Implementation

These Rules shall be implemented upon approval of the Board of Directors. The same applies to their amendment, which shall also be presented to the Shareholders' Meeting.

Appendix X

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

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

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

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

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

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

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

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

Appendix XI

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

Comparison Table of Original and Amended Articles

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

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

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

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

Appendix XII

O-Bank Co., Ltd.'s Election Procedures for Directors

Amended by the General Shareholders' Meeting of June 14, 2017

- Article 1: The election of the Bank's directors shall be held in accordance with provisions of these *Procedures*.
- Article 2: In the Bank's election of directors, each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or distribute among multiple candidates.
- Article 3: The Bank 's Board of Directors shall prepare the number of ballots equal to the number of directors to be elected and shall fill in the number of votes to be distributed to the attending members in the shareholders' meeting.
- Article 4: Prior to the commencement of an election, the chairperson shall appoint several ballot examiners with shareholder status and ballot counters to perform related duties.
- Article 5: The Board of Directors shall prepare a ballot box for the election of directors to be inspected by the ballot examiners prior to the casting of ballots.
- Article 6: 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.
- Article 7: In the election of directors, independent directors and non-independent directors shall be elected together, but their election lists shall be calculated separately.
- Article 8: A ballot shall be null and void upon occurrence of one of the following:
- (1) The cast ballot is not one prescribed by these *Procedures*.
 - (2) The ballot cast into the ballot box is blank.
 - (3) The ballot contains unclear and unidentifiable writing or writing that has been altered.
 - (4) In the event of the selected candidate 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

candidate being a non-shareholder, the name and ID number provided fail to check out.

- (5) The ballot contains writing other than a selected candidate's name, shareholder account number or name, ID number, and number of votes assigned thereto.
- (6) The name, shareholder account number or name, and ID number of any given candidate are not specified on the ballot.
- (7) Two or more candidates are selected on the ballot.

Article 9: The Bank's directors shall be elected by a shareholders' meeting from among persons with juridical action capacity. Based on voting results and the number of seats prescribed in the Bank's *Articles of Incorporation*, candidates to whom the ballots cast represent prevailing numbers of votes shall be elected as independent directors and non-independent directors in order respectively. If two or more candidates receive an equal number of votes, a draw shall take place between these candidates to determine who shall be elected. Where a candidate is not present, the chairman shall draw on behalf of the candidate.

Where, upon further verification, it is confirmed that the personal information of a director thus elected proves non-conforming or that the election of the said director shall be null pursuant to applicable laws or regulations, the candidate receiving the second most votes in the same election shall be declared in the same shareholders' meeting as the one to fill the seat thus vacated.

Article 10: 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.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. Where shareholders file a lawsuit according to Article 189 of the *Company Act*, said ballots shall be kept until the resolution of the litigation.

Article 11: The Board of Directors shall send each elected director a notice of appointment.

Article 12: Matters not stipulated herein shall be governed by the Company Act, the Bank's Articles of Incorporation, and other applicable laws and regulations.

Article 13: These Procedures were enacted on July 12, 1999, with the 1st amendment on May 30, 2002; the 2nd amendment on June 15, 2007; the 3rd amendment on June 13, 2011; the 4th amendment on June 14, 2017.

Appendix XIII

Shareholdings of Directors

Record Date (Book Closure Date): April 21, 2020

Position	Name		Date of Election	Term (2017.6.14- 2020.6.13)	Shareholding When Elected		Current Shareholding	
					Shares	Ratio%	Shares	Ratio%
Chairman	Lo, Kenneth C.M.	Representatives of Yi Chang Investment Co., Ltd.	2017/6/14	3 years	238,644,084	9.98	240,254,084 *23,786,204	9.96 *7.93
Managing Director	Yang, Tony C.Y.		2017/6/14	3 years				
Director	Lin, Gordon W.C.		2017/6/14	3 years				
Vice Chairman	Lo, Tina Y.	Representatives of Ming Shan Investment Co., Ltd.	2017/6/14	3 years	238,697,967	9.99	250,769,967 *23,972,980	10.39 *7.99
Director	Lo, Nina Y.C.		2017/6/14	3 years				
Managing Director	Taiwan Cement Corp. Representative: Chang, Nelson An-Ping		2017/6/14	3 years	30,000,000	1.25	29,719,000 *2,955,881	1.23 *0.99
Independent Managing Director	Chan, Hou-Sheng		2017/6/14	3 years	0	0	0	0
Directors	Chen, Shih- Tze	Representatives of Tai Ya Investment Co., Ltd.	2017/6/14	3 years	77,091,768	3.22	75,307,768 *7,490,185	3.12 *2.50
	Lee, Elton F.Y.		2017/6/14	3 years				
Director	Abag Investment Holdings Co., Ltd. Representative: Cheng, George C.J.		2017/6/14	3 years	50,000	0.002	50,000	0.002
Director	Lee, Mark J.C.		2017/6/14	3 years	100,390	0.004	100,390 *9,984	0.004 *0.000
Director	Pioneer Chemical Corp. Representative: Sheng, Bobby P.S.		2017/6/14	3 years	10,167,384	0.43	9,980,384	0.41
Independent Director	Yue, Thomas C.T.		2017/6/14	3 years	0	0	0	0
Independent Director	Liu, Richard R.C.		2017/6/14	3 years	0	0	0	0
Director	Wang Hsiang Co., Ltd. Representative: Tung, Ta-Nien		2017/6/14	3 years	5,884,631	0.25	5,697,631	0.24

Note:

1. "*" denotes Class A Preferred Shares in this Table.
2. As of April 21, 2020, the Bank's total shares in issue stood at 2,713,006,301.
3. The Bank's board directors are required by law to hold a minimum of 65,112,151 shares. As of April 21, 2020, the roster of shareholders showed all directors to hold a combined 670,094,458 shares.
 - Shareholdings of independent directors are not included in those of all directors.
4. The Bank has established its Audit Committee, so the legal requirement over the minimum shareholdings of supervisors no longer applies.