

Stock Code: 2897

O-Bank Co., Ltd.

2021 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 25, 2021

**O-Bank Co., Ltd.**  
**Agenda Handbook for**  
**2021 Annual General Meeting of Shareholders**

Table of Contents

Procedure of Meeting

Matters for Reporting

1. Business report for 2020
2. Review report of 2020 Financial Statements by the Audit Committee
3. Distribution of remunerations to directors and employees for 2020
4. Amendments to the Bank's Corporate Social Responsibility Best Practice Principles
5. Amendments to the Bank's Code of Ethical Conduct

Matters for Ratification

1. Business report and financial statements of 2020
2. Distribution of earnings for 2020

Matters for Discussion

1. Amendments to the Bank's *Procedural Rules Governing Shareholders Meetings*
2. Amendments to the Bank's *Election Procedures for Directors*
3. Proposal for release of non-competition restrictions on directors of the Board

Extempore Motion

## Appendices

- I. *Procedural Rules Governing Shareholders' Meetings* of the Bank
- II. *Articles of Incorporation* of the Bank
- III. Business Report for 2020
- IV. Financial Statements for 2020 and CPA Audit Report
- V. Comparison Table of Original and Amended Articles of *Corporate Social Responsibility Best Practice Principles* of the Bank
- VI. Comparison Table of Original and Amended Articles of *Codes of Ethical Conduct* of the Bank
- VII. Comparison Table of Original and Amended Articles of *Procedural Rules Governing Shareholders' Meetings* of the Bank
- VIII. Comparison Table of Original and Amended Articles of *Election Procedures for Directors* of the Bank
- IX. Shareholdings of Directors

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

**Time: 9 am, June 25 (Friday), 2021**

**Place: Sho-chieh Tsiang International Conference Hall, Chung-Hua  
Institution for Economic Research (CIER)  
No. 75, Changxing St., Da'an Dist., Taipei City**

Procedure of meeting:

1. Meeting in session.
2. Address by Chairman.
3. Matters for reporting.
4. Matters for ratification.
5. Matters for discussion.
6. Extempore motion.
7. Meeting adjourned.

## **Matters for Reporting**

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

Proposal: Business report for 2020

Explanation: Please refer to Appendix III of this Handbook.

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

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

Explanation: Please refer to the next page for the Audit Committee Review Report.

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

The Board of Directors has compiled and submitted the Bank's consolidated and parent balance sheets, income statements, statements of changes in shareholders' equity, and cash flow statements for 2020 audited by certified public accountants Yin-Chou Chen and Wang-Sheng Lin of Deloitte & Touche, business report, and statement of distribution of earnings to the Audit Committee. After reviewing the abovementioned statements and reports and discussing with the CPAs, the Audit Committee has found them to meet the requirements of applicable laws and regulations. This report is hereby prepared and submitted in accordance with Articles 14-4 and 14-5 of the *Securities and Exchange Act*.

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

Date: March 22, 2021

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

Proposal: Distribution of remunerations to directors and employees for 2020

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. Separately, in accordance with the Jing-Shang-Zi-No. 11002005800 letter of the Ministry of Economic Affairs, the Bank intends to reverse the disposable special reserve that it voluntarily set aside in the previous year to make up for the reduction in undistributed earnings incurred by a prior capital increase done at a discount, as well as to tap 2020 earnings for distribution of remunerations for employees and directors.
2. It is proposed that the remunerations for directors and employees for 2020 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\$32,111,453, 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\$16,055,726, is to be set aside for distribution in cash.
3. This proposal was approved by the 8<sup>th</sup> Board of Directors in its 7<sup>th</sup> meeting.



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

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

Explanation:

1. In accordance with ESG risk ratings of Sustainalytics, the external evaluation institution, and the competent authority's request for the financial institutions to implement the principle of fair policy to treat customers, it is proposed that the Bank revises Article 22 and newly adds Article 24 and 34 of the *Principle*. (please refer to Appendix V of this Handbook for a comparison table of the original and amended articles). Highlights of these amendments include: fulfilling the principle of fair policy to treat customers in a fair and reasonable manner; incorporating sustainability concepts regarding environmental, social, and governance (ESG) into product designs and service planning; establishing and deepening the environmental consciousness of employees, customers, suppliers, and members of the public.
2. This proposal was approved by the 8<sup>th</sup> Board of Directors in its 3<sup>rd</sup> and 4<sup>th</sup> meetings.

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

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

Explanation:

1. In accordance with the principles of 2020.6.3 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No.10900094681 to adjust Sample Template for *XXX Co., Ltd. Rules Governing the Scope of Powers of Independent Directors* and the environmental, social, and governance (ESG) criteria, as well as in keeping with international trends and to fulfill corporate social responsibility, it is proposed to amend Article 4, 5, and 13 of the Bank's *Code of Ethical Conduct* (please refer to Appendix VI of this Handbook for a comparison table of the original and amended articles). Highlights of these amendments include: a clear account of the basic types of conflicts of interest, prohibition against bribery, definitions of bribery and interests, and adjustment in wording where needed.
2. This proposal was approved by the 8<sup>th</sup> Board of Directors in its 3<sup>rd</sup> meeting.

## **Matters for Ratification**

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

Proposal: Business report and financial statements of 2020

Explanation:

1. The Bank's financial statements of 2020, which certified public accountants Yin-Chou Chen and Wang-Sheng Lin of Deloitte & Touche audited and for which they presented an unconditional opinion accordingly, and business report for 2020 (please refer to Appendices III and IV of this Handbook) were approved by the 8<sup>th</sup> Board of Directors in its 7<sup>th</sup> 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 2020

Explanation:

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

### 3. Proposed Distribution of Earnings:

- (1) Pursuant to Article 8-1 of the Bank's *Articles of Incorporation*, it is proposed to pay NT\$127,500,000 in cash dividends for preferred shares A (NT\$0.425 per share) and then NT\$545,453,860 in cash dividends for common shares (NT\$0.20 per share) in 2020.
  - (2) The payout total of cash dividends is proposed on the basis of 2,727,269,301 common shares and 300,000,000 preferred shares of the Bank's outstanding issued capital stock as of the end of 2020. It is proposed that the Board of Directors be authorized to adjust the dividend distribution ratio in the event of a change in outstanding issued capital stock on the record date derived from a capital increase or decrease, conversion of preferred shares, the buyback of any of the Bank's outstanding shares, or the transfer of the Bank's treasury stock to employees.
  - (3) All cash dividends being distributed shall be rounded off proportionately to the nearest Taiwan dollar and the sum of all cash dividends less than NT\$1 shall be calculated as the Bank's other income.
4. Subject to approval of this proposed distribution of earnings for 2020 by this shareholders' meeting, it is proposed that the Board of Directors be authorized to determine the record date of the common and preferred stock dividend distribution.
  5. This proposal was approved by the 8<sup>th</sup> Board of Directors in its 7<sup>th</sup> meeting and audited by the Audit Committee.
  6. Shareholder ratification is respectfully requested.

Resolution:

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

Currency: NT\$

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

Chairman: Lo, Tina Y.

President: Lee, Elton F.Y.

Accounting Officer: Tyane, Edward F.C.

## Matters for Discussion

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

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

Explanation:

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

Resolution:

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

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

Explanation:

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

Resolution:



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

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

Explanation:

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

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

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

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

4. Shareholder approval is respectfully requested.

Resolution:

## 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

Amended by General Shareholders' Meeting of June 19, 2020

#### 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, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the 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 and the essential contents shall be explained in the notice. None of the aforesaid matters may be raised by an extempore motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

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.

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. However, a shareholder proposal proposed for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the proposals by the Board of Directors. 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 in writing or electronically 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 proposals, including the extempore motions and the amendment to the original matters, shall be voted on by poll. 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 to call for a vote and allow sufficient time to 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, a summary of the deliberations and 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, 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 by the General Shareholders' Meeting of June 19, 2020

#### **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: (deleted)

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; if there are no managing directors, the chairman of the Board shall appoint one of the 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 7 to 15 directors who are to make up the Board and the Board shall decide the number of directors in the range ; 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: When the Bank has 9 to 15 directors, it may have 3 to 5 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.

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.

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. If there are no managing directors, the chairman of the Board shall appoint one of the 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 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.

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.

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.

With regard to the foregoing distribution of common stock dividends, 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 1<sup>st</sup> amendment on July 12, 1999; the 2<sup>nd</sup> amendment on April 8, 2000; the 3<sup>rd</sup> amendment on August 19, 2000; the 4<sup>th</sup> amendment on May 22, 2001; the 5<sup>th</sup> amendment on May 30, 2002; the 6<sup>th</sup> amendment on June 11, 2004; the 7<sup>th</sup> amendment on June 10, 2005; the 8<sup>th</sup> amendment on June 9, 2006; the 9<sup>th</sup> amendment on June 15, 2007; the 10<sup>th</sup> amendment on June 19, 2009; the 11<sup>th</sup> amendment on June 18, 2010; the 12<sup>th</sup> amendment on June 13, 2011; the 13<sup>th</sup> amendment on June 18, 2012; the 14<sup>th</sup> amendment on June 14, 2013; the 15<sup>th</sup> amendment on June 2, 2015; the 16<sup>th</sup> amendment on October 2, 2015; the 17<sup>th</sup> amendment on June 3, 2016; the 18<sup>th</sup> amendment on June 14, 2017; the 19<sup>th</sup> amendment on June 14, 2018; and the 20<sup>th</sup> amendment on June 19, 2020.

## Appendix III

### Business report for 2020

#### 1. Business Activities

The Bank mainly operates the following businesses:

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

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

## Weight of Business Profits

Unit: NT\$ thousands

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

## Weight of Major Business Operations

Unit: NT\$ thousands

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

Unit: NT\$ thousands

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

**Volume of Foreign Exchange:**

Unit: US\$ thousands

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

**Trust Asset:**

Unit: NT\$ thousands

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

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

**2. Business Review**

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

**(1) Credit Extension**

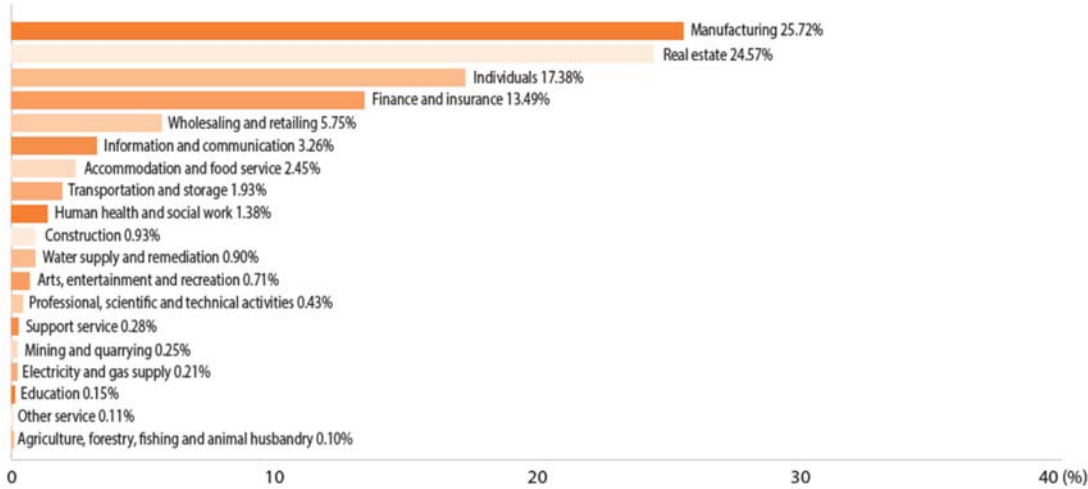
In 2020, the Bank made aggressive inroads into the personal banking sector while continuing to actively cultivate clients in Taiwan and abroad for its corporate banking services. In order to cater to different customer segments, the Bank developed a wide range of loan products—coming with different loan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

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

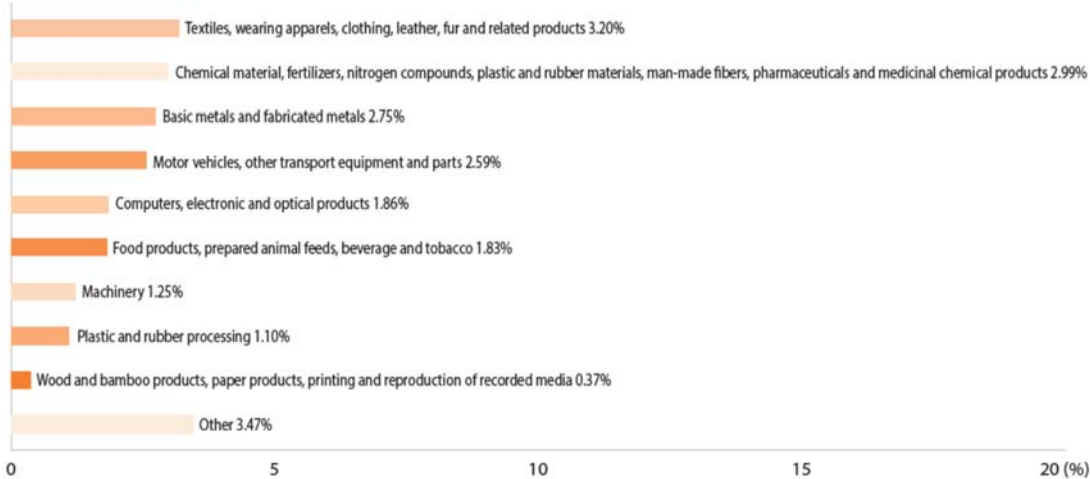
In 2020, the Bank's corporate banking business sustained negative growth in both lending volume and earnings as the Covid-19 pandemic dampened the broader economy and the central bank's rate cut undermined the banking industry's interest income. Given an external environment marked by global uncertainty,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

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

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



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



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

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

In 2020, companies reduced their capital expenditures amid the Covid-19 pandemic and slowing economic growth both at home and abroad, a worsening trade war between the U.S. and China, and an ever-deteriorating global market. Alongside a gradual decrease in syndicated loans, it was increasingly difficult to secure lead bank status, especially when most businesses are applying for low-interest loans to cover operation costs. Yet, on top of a solid customer base built over the years, the Bank always prides itself on being a “boutique bank” that refrains from vying for small margins, specializes in cross-border structured cases, stays focused on corporate clients with growth prospects, and joins forces with affiliates for co-marketing endeavors. It is the Bank’s focusing only on niche projects that brought one of its key earnings drivers.

## **(2) Deposits**

As of the end of 2020, the Bank’s outstanding balance of NT dollar and foreign currency deposits came in at approximately NT\$246.4 billion, an increase of 1.15% from a year earlier. For the sake of both liquidity and security, the Bank gives priority to deposit stability. As such, emphasis is placed on diversifying the maturities of time deposits while actively soliciting demand deposits and small and medium-sized

enterprises (SMEs) deposits to bring down capital costs.

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

## **(3) Foreign Exchange and Offshore Banking**

We continued to offer trade financing services and give priority to maintaining a reasonable interest spread in our foreign exchange financing operations. In 2020, although the Bank’s import and export business slowed down from the adjustment of target customer segment, the exchange amount continues to grow steadily.

With regard to offshore banking, the Bank offered DBU and OBU services across the Taiwan Strait while further strengthening services to clients that have established multinational operations centers so that they could secure the funds needed for offshore operations. Meanwhile, the Bank responded to the rapid development of trade across the Taiwan Strait by enhancing the quality of service to Taiwanese firms, thereby fostering business development and attracting even more business opportunities.

## **(4) Direct Investment**

The Bank adopted a proactive approach to disposing of its direct investment portfolio after obtaining permission from the Financial Supervisory Commission to become a commercial bank in March 2015. As of the end of 2020, all such divestments had been completed except two cases.

## **(5) Financial Product Trading**

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

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

## **(6) Securities Trading**

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

## **(7) Project Finance**

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



## **(8) Trust Business**

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

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

As of the end of 2020, the outstanding balance of assets entrusted to the Bank came in at NT\$14.2 billion, a year-on-year increase of NT\$1.4 billion.

## **(9) Cash Management and e-Banking**

While reinventing itself as a commercial bank and launching into retail banking in 2017, the Bank also upgraded its corporate e-banking platform and ushered in an automated online payroll service. With customer demand for remittances and the automated online payroll service steadily on the rise, the Bank further upgraded both tangible and intangible aspects in 2018 to optimize these services and help customers conclude massive transactions in no time. By staying flexible to offer customized services, the Bank was able to help corporate clients reduce financial and manpower costs and enhance transaction efficiency. This stride toward meeting a growing variety of customer needs certainly contributed to strengthening customer loyalty. The Bank’s corporate e-Banking platform recorded from a total of 468,102 online transactions in 2019 to 507,296 in 2020.

As the market became increasingly digitized, we introduced a digital corporate banking platform in 2018. This platform, accessible anytime and anywhere, integrates the Bank’s internal systems and strengthens our sales, management, and efficiency across the bank, thereby optimizing our management of corporate banking services. Also adopted during the year was a dynamic security verification mechanism for transactions by fax, a move meant to make the Bank’s payment service more efficient. In 2020, we initiated an automated confirmation-handling mechanism by integrating all relevant internal systems to deliver automatic output. With the number of confirmation cases steadily on the rise, the new initiative proved effective in enhancing efficiency and reducing operating risk.

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

with our commitment to social engagement and sustainable development, the Bank also ushered in a Preferential Tiered-Rate Demand Deposit Campaign for Startups in 2019.

#### **(10) Digital Retail Banking Services**

- **Electronic Banking Services:** We provide secure and convenient online/mobile banking services, and our user-friendly interface and convenient functions allow users to easily check their accounts, make transfers, sell or buy foreign exchange, pay fees, perform mutual fund transactions, “Robot Advisory,” and conduct various other operations. We also offer 24-hour video customer service: our customers are invited to take advantage of all manner of financial services anytime, anywhere.
- **Digital Wealth Management Services:** We provide a wide range of wealth management products, including mutual funds, back-end load mutual funds, overseas bonds, and “Robot Advisory.” In addition, the option of Taiwan dollar and foreign currency is provided, to meet the diverse customer needs.

#### **(11) Payment Services**

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

#### **(12) Insurance Services**

Teaming up with PCA Life, we have introduced protection-oriented life insurance, medical insurance, accident insurance, and NTD/foreign currency savings-oriented insurance. Through face-to-face and phone marketing, and other channels, we provide a wide range of products and services to ensure that customers have access to the best-fitting insurance in different stages of their lives. Apart from bring out the spirit of protection through insurance, the Bank’s offering of professional insurance service is reciprocated in the customers’ trust and loyalty.

#### **(13) Wealth Management Services**

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

## **Appendix IV**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
O-Bank

#### **Opinion**

We have audited the accompanying consolidated financial statements of O-Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2020 are as follows:

### Allowance for Credit Losses of Loans

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

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

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

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

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

### Assessment of Reserve for Losses on Guarantee Contracts

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

China Bills Finance Corporation concern the accounting policy on the reserve for guarantee liabilities, refer to Note 4 to the accompanying consolidated financial statements; for the significant accounting judgments, estimations and uncertainty of assumptions of the reserve for guarantee liabilities, refer to Note 5 to the accompanying consolidated financial statements; and the reserve for guarantee liabilities is detailed in Note 13 to the accompanying consolidated financial statements.

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

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

- We understood the internal controls about the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management used to assess the reserve. We checked the completeness of amount of credit-granting assets in the schedule and rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked whether the reserve meets the requirements of “Bills Finance Companies Regulations for Evaluating Bad Debts” or not.

#### **Other Matter**

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

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

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

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

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

#### **Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 22, 2021

#### Notice to Readers

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

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

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

## O-BANK AND SUBSIDIARIES

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

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



## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

---

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

(Concluded)

## O-BANK AND SUBSIDIARIES

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

	Equity Attributable Owners of the Bank (Notes 9 and 31)								Other Equity		Treasury Stock	Owner of the Bank	Non-controlling Interests (Note 31)	Total Equity
	Capital Stock			Capital Surplus	Retained Earnings			Total	Exchange Differences on the Translation of Foreign Financial Statements of Foreign Operation	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Common Stock	Preferred Stocks	Total		Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2019	\$24,130,063	\$ 3,000,000	\$27,130,063	\$ 8,503	\$ 3,184,667	\$ 1,215,831	\$ 610,045	\$ 5,010,543	\$ (92,806)	\$ (67,175)	\$ -	\$31,989,128	\$17,129,584	\$49,118,712
Appropriation and distribution of 2018 earnings	-	-	-	-	183,014	-	(183,014)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	415,504	(415,504)	-	-	-	-	-	-	-
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(11,527)	(11,527)	-	-	-	(11,527)	-	(11,527)
Unclaimed dividends	-	-	-	341	-	-	-	-	-	-	-	341	2,288	2,629
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	906	-	-	-	-	-	-	-	906	-	906
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(759,963)	(759,963)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	1,100,433	1,100,433	-	-	-	1,100,433	926,168	2,026,601
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(305)	(305)	(214,667)	394,894	-	179,922	258,997	438,919
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	1,100,128	1,100,128	(214,667)	394,894	-	1,280,355	1,185,165	2,465,520
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	87,723	87,723	-	(87,723)	-	-	-	-
BALANCE AT DECEMBER 31, 2019	24,130,063	3,000,000	27,130,063	9,750	3,367,681	1,631,335	1,187,851	6,186,867	(307,473)	239,996	-	33,259,203	17,557,074	50,816,277
Reversal of special reserve	-	-	-	-	-	(234,982)	234,982	-	-	-	-	-	-	-
Appropriation and distribution of 2019 earnings	-	-	-	-	330,130	-	(330,130)	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(965,203)	(965,203)	-	-	-	(965,203)	-	(965,203)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Unclaimed dividends	-	-	-	329	-	-	-	-	-	-	-	329	1,071	1,400
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424	-	424
Cash dividends of preferred stock distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(692,624)	(692,624)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,147,403	1,147,403	-	-	-	1,147,403	1,153,526	2,300,929
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(147)	(147)	(390,081)	627,517	-	237,289	677,823	915,112
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,147,256	1,147,256	(390,081)	627,517	-	1,384,692	1,831,349	3,216,041
Capital increase	3,200,000	-	3,200,000	(4,537)	-	-	(1,153,209)	(1,153,209)	-	-	-	2,042,254	-	2,042,254
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(38,304)	(38,304)	-	(38,304)
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	112,215	112,215	-	(112,215)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	\$27,330,063	\$ 3,000,000	\$30,330,063	\$ 5,966	\$ 3,697,811	\$ 1,396,353	\$ 106,262	\$ 5,200,426	\$ (697,554)	\$ 755,298	\$ (38,304)	\$35,555,895	\$18,696,870	\$54,252,765

## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

---

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents reported in the consolidated balance sheets	\$ 9,621,739	\$ 6,570,002
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	7,283,905	10,679,363
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>-</u>	<u>301,107</u>
Cash and cash equivalents at end of the year	<u>\$16,905,644</u>	<u>\$17,550,472</u>

(Concluded)



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
O-Bank Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of O-Bank Co., Ltd (the "Bank"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2020 and 2019, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2020 are as follows:

#### Allowance for Credit Losses of Loans

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

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

accompanying financial statements; and for details about the allowance for credit losses, refer to Note 12 to the accompanying financial statements.

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

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

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

#### Investments Accounted for Using the Equity Method - Assessment of Reserve for Loss on Guarantee Contracts

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

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

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

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

- We understood the internal controls about the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which China Bills Finance Corporation of management used to assess. We checked the completeness of amount of credit-granting assets in the schedule and rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked that it meets the requirements of the “Bills Finance Companies Regulations for Evaluating Bad Debt” or not.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities with the Bank to express opinions on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 22, 2021

#### Notice to Readers

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

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

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

## O-BANK CO., LTD.

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

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

## O-BANK CO., LTD.

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

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

(Continued)

## O-BANK CO., LTD.

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

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

(Continued)

## O-BANK CO., LTD.

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

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

(Concluded)



**O-BANK CO., LTD.**

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

	Capital Stock			Capital Surplus	Retained Earnings				Other Equity		Treasury Stock (Note 28)	Total Equity
	Common Stocks	Preferred Stocks	Total		Legal Reserve	Special Reserve	Unappropriated Earnings		Exchange Differences on the Translation of Foreign Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive		
							Total	Total				
BALANCE AT JANUARY 1, 2019	\$24,130,063	\$ 3,000,000	\$27,130,063	\$ 8,503	\$ 3,184,667	\$ 1,215,831	\$ 610,045	\$ 5,010,543	\$ (92,806)	\$ (67,175)	\$ -	\$31,989,128
Appropriation and distribution of 2018 earnings												
Legal reserve	-	-	-	-	183,014	-	(183,014)	-	-	-	-	-
Special reserve	-	-	-	-	-	415,504	(415,504)	-	-	-	-	-
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(11,527)	(11,527)	-	-	-	(11,527)
Unclaimed dividends	-	-	-	341	-	-	-	-	-	-	-	341
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	906	-	-	-	-	-	-	-	906
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	1,100,433	1,100,433	-	-	-	1,100,433
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(305)	(305)	(214,667)	394,894	-	179,922
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	1,100,128	1,100,128	(214,667)	394,894	-	1,280,355
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	87,723	87,723	-	(87,723)	-	-
BALANCE AT DECEMBER 31, 2019	24,130,063	3,000,000	27,130,063	9,750	3,367,681	1,631,335	1,187,851	6,186,867	(307,473)	239,996	-	33,259,203
Reversal of special reserve	-	-	-	-	-	(234,982)	234,982	-	-	-	-	-
Appropriation and distribution of 2019 earnings												
Legal reserve appropriated	-	-	-	-	330,130	-	(330,130)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(965,203)	(965,203)	-	-	-	(965,203)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)
Unclaimed dividends	-	-	-	329	-	-	-	-	-	-	-	329
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,147,403	1,147,403	-	-	-	1,147,403
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(147)	(147)	(390,081)	627,517	-	237,289
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,147,256	1,147,256	(390,081)	627,517	-	1,384,692
Capital increase	3,200,000	-	3,200,000	(4,537)	-	-	(1,153,209)	(1,153,209)	-	-	-	2,042,254
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(38,304)	(38,304)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	112,215	112,215	-	(112,215)	-	-
BALANCE AT DECEMBER 31, 2020	\$27,330,063	\$ 3,000,000	\$30,330,063	\$ 5,966	\$ 3,697,811	\$ 1,396,353	\$ 106,262	\$ 5,200,426	\$ (697,554)	\$ 755,298	\$ (38,304)	\$35,555,895

## O-BANK CO., LTD.

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

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

(Continued)

## O-BANK CO., LTD.

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

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

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

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

(Concluded)

## Appendix V

### O-Bank Co., Ltd. Corporate Social Responsibility Best Practice Principles:

#### Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 22 In line with our corporate culture of "Always Sincere, Always Here, "O-Bank has adopted relevant strategies and measures to <u>fulfill the principle of fair policy</u>, to treat customers in a fair and reasonable manner and to provide customers with trustworthy, professional, and convenient financial services.</p>	<p>Article 22 In line with our corporate culture of "Always Sincere, Always Here, "O-Bank has adopted relevant strategies and measures to treat customers in a fair and reasonable manner and to provide customers with trustworthy, professional, and convenient financial services.</p>	<p>In accordance with Fair Dealing Policy and Strategy issued by FSC, the principle of fair policy is added to the Bank's Corporate Social Responsibility Best Practice Principles.</p>
<p><u>Article 24</u> <u>O-Bank is advised to incorporate sustainability concepts regarding environmental, social, and governance (ESG) into product designs and service planning; to tap into our core competencies to provide products and services capable of fulfilling the O-Bank CSR; and to regularly report on the state of efforts to report products and services to the Corporate Social Responsibility Committee for deliberations.</u></p>	<p>None</p>	<p>In accordance with the amendment to ESG risk ratings of Sustainalytics, the external evaluation institution, Article 24 is added and the ordinal number of the following articles is amended accordingly.</p>
<p><u>Article 34</u> <u>Through ongoing communication with stakeholders regarding the importance of environmental protection issues, O-Bank shall establish and deepen the environmental consciousness of employees, customers, suppliers, and members of the public, and regularly disclose our efforts to implement environmental protection and the results thereof in CSR reports.</u></p>	<p>None</p>	<p>In accordance with the amendment to the assessment criteria of ESG risk ratings by Sustainalytics, the external evaluation institution. Article 34 is added and the ordinal number of the following articles is amended accordingly.</p>

**Appendix VI**

**O-Bank Co., Ltd. Code of Ethical Conduct:**

**Comparison Table of Original and Amended Articles**

Amended Article	Original Article	Explanation
<p>Article 4 Prevention of conflicts of interest</p> <p>All levels of personnel shall perform their duties in an objective and efficient manner and may not take advantage of their position in the Company or any of its affiliated businesses to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship.</p> <p>The Company shall prevent any conflict of interest when engaging in major asset transactions or business dealings with affiliated businesses where the personnel referred to in the preceding paragraph work. All levels of personnel shall <u>stay alert to scenarios where a conflict of interest may arise</u> and take the initiative to explain if they have a potential conflict of interest with the Company or any of its invested businesses</p> <p><u>For the purposes of this Code, the term “conflict of interest” refers to any circumstance that, when the aforesaid personnel conduct duties or personal relations, actually or potentially sees them being hampered from performing duties in a just and objective manner and thus undermines their coming to a business decision in the best interest of the Company.</u></p>	<p>Article 4 Prevention of conflicts of interest</p> <p>All levels of personnel shall perform their duties in an objective and efficient manner and may not take advantage of their position in the Company or any of its affiliated businesses to obtain improper benefits for either themselves, <u>parents, children,</u> or their spouse or relatives within the second degree of kinship.</p> <p>The Company shall prevent any conflict of interest when engaging in major asset transactions or business dealings with affiliated businesses where the personnel referred to in the preceding paragraph work. All levels of personnel shall take the initiative to explain if they have a potential conflict of interest with the Company or any of its invested businesses</p>	<p>Wording is condensed in that parents and children are included in relatives within the second degree of kinship. Meanwhile, the circumstances where a conflict of interest may arise are added.</p>

Amended Article	Original Article	Explanation
<p><u>Circumstances where a conflict of interest may arise include but are not limited to:</u></p> <ol style="list-style-type: none"> <li><u>1. Any of the personnel, his/her spouse, or any relative within the second degree of kinship referred to in the first paragraph holds a position at a client, supplier, or competitor of the Company.</u></li> <li><u>2. Any of the personnel, his/her spouse, or any relative within the second degree of kinship referred to in the first paragraph has a financial interest in a client, supplier, or competitor of the Company.</u></li> <li><u>3. Any of the personnel referred to in the first paragraph uses resources of the Company without prior permission for personal affairs or benefits.</u></li> </ol>		
<p>Article 5 <u>Prohibition</u> of seeking personal gain <u>and committing bribery</u> All levels of personnel may not engage in any of the following:</p> <ol style="list-style-type: none"> <li>1. Seeking an opportunity to pursue personal gain by using the property or information of the Company or any of its affiliated businesses or taking advantage of their position.</li> <li>2. Obtaining personal gain by using the property or information of the Company or any of its affiliated businesses or taking advantage of their position.</li> <li>3. Competing with the Company or any of its affiliated businesses.</li> <li><u>4. Directly or indirectly offering, promising, requesting, or accepting bribes or any other improper</u></li> </ol>	<p>Article 5 <u>Avoidance</u> of seeking personal gain All levels of personnel may not engage in any of the following:</p> <ol style="list-style-type: none"> <li>1. Seeking an opportunity to pursue personal gain by using the property or information of the Company or any of its affiliated businesses or taking advantage of their position.</li> <li>2. Obtaining personal gain by using the property or information of the Company or any of its affiliated businesses or taking advantage of their position.</li> <li>3. Competing with the Company or any of its affiliated businesses.</li> <li><u>When the Bank has an opportunity for profit, it is the responsibility of personnel of all</u></li> </ol>	<p>The prohibition of bribery is specified and the definition of facilitating payment is clarified.</p>

Amended Article	Original Article	Explanation
<p><u>benefits to or from clients, suppliers, public servants, or other interested parties. The aforesaid bribes or benefits refer to any money, gift, present, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name. The aforesaid facilitating payment refers to a small payment intended to speed up administrative procedures.</u></p> <p><u>When an opportunity presents itself for the Company to profit, all levels of personnel have the responsibility to maximize the proper and legitimate benefits that the Company can expect to secure</u></p>	<p><u>levels to maximize the reasonable and proper benefits that can be obtained by the Bank.</u></p>	
<p>Article 13 Reporting of illegal or unethical conduct The Company shall raise awareness of ethics internally and encourage all levels of personnel to report to an independent director, a managerial officer, the chief internal auditor, or any other appropriate individual upon suspicion or discovery of any conduct in violation of laws or regulations or this Code. To encourage all levels of personnel to report illegal conduct, the Company shall establish a concrete whistleblowing system and make them aware that the Company will do its best to ensure the safety of <u>whistleblowers</u> and protect them from reprisals</p>	<p>Article 13 Reporting of illegal or unethical conduct The Company shall raise awareness of ethics internally and encourage all levels of personnel to report to an independent director, a managerial officer, the chief internal auditor, or any other appropriate individual upon suspicion or discovery of any conduct in violation of laws or regulations or this Code. To encourage all levels of personnel to report illegal conduct, the Company shall establish a concrete whistleblowing system and make them aware that the Company will do its best to ensure the safety of <u>informants</u> and protect them from reprisals</p>	<p>Wording is amended in accordance with Article 2 of the principles of 2020.6.3 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No.109000946 81 to adjust <i>Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM List Companies.</i></p>

## Appendix VII

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

#### Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 3 Paragraph 1, 2 and 3 are omitted.</p> <p>Election or dismissal of directors, amendments to the <i>Articles of Incorporation</i>, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the <i>Regulations Governing the Offering and Issuance of Securities by Securities Issuers</i> shall be set out in the notice of the reasons for convening the shareholders' meeting and the essential contents shall be explained in the notice. None of the aforesaid matters may be raised by an extempore motion.</p>	<p>Article 3 Paragraph 1, 2 and 3 are omitted.</p> <p>Election or dismissal of directors, amendments to the <i>Articles of Incorporation</i>, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the <i>Regulations Governing the Offering and Issuance of Securities by Securities Issuers</i> shall be set out in the notice of the reasons for convening the shareholders' meeting and the essential contents shall be explained in the notice. None of the aforesaid matters may be raised by an extempore motion.</p> <p><u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p>	<p>The method of disclosure is amended in accordance with the principles of 2021.1.28 Taiwan Stock Exchange Corporation (TWSE) Order Tai-Zheng-Zhi-Li-Zi No. 11000014461 to adjust <i>Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings</i>.</p>



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

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

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

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

## Appendix VIII

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

#### Comparison Table of Original and Amended Articles

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

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

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

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

## Appendix IX

### Shareholdings of Directors

Record Date (Book Closure Date): April 27, 2021

Position	Name		Date of Election	Shareholding When Elected		Current Shareholding	
				Shares	Ratio%	Shares	Ratio%
Chairman	Lo, Tina Y.	Representatives of Ming Shan Investment Co., Ltd.	2020.6.19	250,769,967	10.39	362,298,574	13.26
Director	Lo, Nina Y.C.		2020.6.19	*23,972,980	7.99	*23,972,980	*7.99
Managing Director	Lo, Kenneth C.M.		2020.6.19	1,296,443	0.05	1,431,228	0.05
				*128,945	0.04	*128,945	0.04
Managing Director	Yeh, Roy J.Y.	Representatives of Yi Chang Investment Co., Ltd.	2020.6.19	240,254,084	9.96	265,221,793	9.70
Director	Lin, Gordon W.C.		2020.6.19	*23,786,204	7.93	*23,786,204	*7.93
Managing Director	Taiwan Cement Corp. Representative: Chang, Nelson An-Ping		2020.6.19	29,719,000	1.23	32,808,744	1.20
				*2,955,881	*0.99	*2,955,881	*0.99
Independent Managing Director	Hu, Fu- Hsiung		2020.6.19	-	-	-	-
Independent Director	Lin, Hank H.K.		2020.6.19	-	-	-	-
Independent Director	Liu, Richard R.C.		2020.6.19	-	-	-	-
Director	Chen, Shih-Tze	Representatives of Tai Ya Investment Co., Ltd.	2020.6.19	75,307,768	3.12	83,137,161	3.04
	Lee, Elton F.Y.		2020.6.19	*7,490,185	*2.50	*7,490,185	*2.50
Director	Abag Investment Holdings Co., Ltd. Representative: Cheng, George C.J.		2020.6.19	50,000	0.002	54,728	0.002
Director	Lee, Mark J.C.		2020.6.19	100,390	0.004	100,390	0.004
				*9,984	*0.003	*9,984	*0.003
Director	Lee, Yunny Y.		2020.6.19	-	-	-	-
Director	Lin, Bill K.C.		2020.6.19	-	-	-	-

Note:

1. "\*" denotes Class A Preferred Shares in this Table.
2. Total common shares issued as of June 19, 2020 (date elected): 2,413,006,30  
Total preferred shares A issued as of June 19, 2020 (date elected): 300,000,000
3. Total common shares issued as of April 27, 2021 (book closure date): 2,733,006,301  
Total preferred shares A issued as of April 27, 2021 (book closure date): 300,000,000  
the Bank's total shares in issue stood at 3,033,006,301
4. The Bank's board directors are required by law to hold a minimum of 72,792,151 shares. As of April 27, 2021, the roster of shareholders showed all directors to hold a combined 803,396,797 shares ( Shareholdings of independent directors are not included in those of all directors.)
5. The Bank has established its Audit Committee, so the legal requirement over the minimum shareholdings of supervisors no longer applies.