

Meeting Minutes for 2020 Annual Shareholders' Meeting of Taiwan Business Bank Co., Ltd.

- Time:** Friday, May 29, 2020, at 9:00 am
- Venue:** 17F., No. 30, Tacheng St., Datong Dist., Taipei City
- Attendance:** The total issued shares of the Bank was 7,131,984,244 shares. The shareholding of the attending shareholders on the date of the meeting was 4,144,236,935 shares (3,630,949,229 shares therein attended and exercised the voting rights by electronic means), representing 58.10% total issued shares.
- Participants:** Managing Director and President Chih-Chien Chang
Managing Director Lien-Wen Liang
Independent Director Jin-Long Liu (Chairperson of the Audit Committee)
Independent Director Xin-Wu Lin (Chairperson of the Remuneration Committee)
Director Shiu-Yen Lin Director Wen-Chieh Wang
Director Hung-Sheng Yu Director Tzu-Hao Tsai
Director Ying-Ming He Director Kuo-Chang Huang
Independent Director Wei-Sheng Huang
Ya-Wen Chiu, Attorney at law
Zheng-Xin Xu, Attorney at law Tan-Tan Chung, CPA

Chairman: Chairman Bor-Yi Huang

I. Call the Meeting to Order

The total number of shares issued by the Bank was 7,131,984,244 shares. The shareholding of the attending shareholders at the time of 9:00 a.m. was 4,144,113,130 shares (3,630,949,229 shares therein attended and exercised the voting rights by electronic means), representing 58.10% of total issued shares, which has complied with the legal requirement of more than one-half of the shares in attendance. In addition, more than half of the Directors of the Bank and members of the functional committees have also attended the meeting; therefore, the Chairman called the meeting to order according to the law.

II. Opening Remarks by Chairman

III. Report Matters

Report I

Explanation: The Bank's 2019 Operating Report.

Description: For the Bank's 2019 Operating Report, please refer to Page 17 ~ 31 of the Handbook.

The shareholder (Shareholder No. 10973) made a statement about the Bank's NPL ratio and coverage ratio in March 2020 and the comparison with other banks, as well as the respective targets of the NPL ratio and coverage ratio to be set by the Board every year.

The Chairman and the relevant personnel have made explanations on the above statements.

Resolution: Acknowledged.

Report II

Explanation: The Audit Committee's review report on the 2019 financial statements of the Bank

Description: For the Audit Committee's review report, please refer to Page 4 of the Handbook.

Resolution: Acknowledged.

Taiwan Business Bank, Ltd.

Audit committee's Review Report

The Board of Directors has compiled and prepared Taiwan Business Bank's Financial Statements, business report and profit distribution table for the fiscal year of 2019. The financial statements have been audited by Ms. Tan-Tan Chung and Mr. Chun-Kuang Chen, the certified public accountants of KPMG.

The Audit Committee has also examined the said statements and reports delivered by the Board of Directors and found that its contents were in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. We hereby present the subject report for your review.

Submitted to:

2020 General Shareholders' Meeting of Taiwan Business Bank, Ltd.

Audit Committee of Taiwan Business Bank, Ltd.

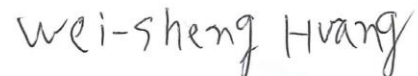
Independent Director Jin-Long Liu



Independent Director Xin-Wu Lin



Independent Director Wei-Sheng Huang



Republic of China, March 11, 2020

Report III

Explanation: Reporting on the distribution of remuneration for employees and Directors of the Bank for 2019

Description:

1. Complying with Article 235-1 of the Company Act, relevant distribution had been submitted to the 11th meeting of the 4th Remuneration Committee and the 13th meeting of the 15th Board of Directors and had received the approval.
2. Remuneration of employees and Directors for 2019 were distributed in cash and distributed as follows:
 - (1) Employee remuneration (4.574%): NT\$384,639,214.
 - (2) Director remuneration (0.6%): NT\$50,455,516.

The proposed distribution for the remuneration of employees and Directors shown above have been accounted for the expenses of the year according to requirements.

Resolution: Acknowledged.

Report IV

Explanation: Reporting on the amendments to the Rules of Procedures for Board Meeting of the Bank.

Description:

1. Complying with the requirements of Article 10 and Article 16 under the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" amended through Order Jin-Guan-Zheng-Fa-Zi No. 1080361934 issued by the Financial Supervisory Commission on January 15, 2020.
2. The amendments to the Articles are summarized as below:
 - (1) Where the Board meeting is convened by the majority of the Directors according to the law, the chairman shall be elected among the Directors. (Article 10)
 - (2) Where the spouse, a relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has any interests in the matters under discussion at the meeting, the Director shall be deemed as having a personal interest in such matters. (Article 17)
3. For the "Comparison Table of the Drafted Amendment to the Rules of Procedures for Board Meeting" of the Bank, please refer to Page 7 ~ 10 of the Handbook.

Resolution: Acknowledged.

Comparison Table of the Drafted Amendment to the Rules of Procedures for Board Meeting of Taiwan Business Bank

Amended Provisions	Current Provisions	Description
<p>Article 10 (Chairman and representative of the Board) Board meetings of the Bank convened by the Chairman shall be chaired by the Chairman. The first Board meeting of each term shall be convened and chaired by the Director who received votes representing the largest portion of voting rights at the shareholders' meeting. When there are two or more persons with the right to convene, they shall select one from among themselves to serve as chairperson of the meeting. Where the Board meeting is convened by the majority of the Directors according to the law, the chairman shall be elected among the Directors.</p> <p>When the Chairman is unable to present himself/herself when he/she is on leave or due to other causes, the Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves.</p>	<p>Article 10 (Chairman and representative of the Board) The Board meetings shall be convened and chaired by the Chairman of the Board. However, the first Board meeting of each term shall be convened and chaired by the Director who received votes representing the largest portion of voting rights at the shareholders' meeting. When there are two or more persons with the right to convene, they shall select one from among themselves to serve as chairperson of the meeting.</p> <p>When the Chairman is unable to present himself/herself when he/she is on leave or due to other causes, the Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves.</p>	<ol style="list-style-type: none"> 1. Amended wording. 2. Added that where the Board meeting is convened by the majority of the Directors according to the law, the chairman shall be elected among the Directors according to requirements of Article 10 under the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies."
<p>Article 17 (Conflict of interests abstaining system for Directors) Where any item on the agenda results in conflicts of interest with any Director or the corporation represented by the Director, the Director shall state the important aspects of the interested party relationship at the Board meeting; when the said interest is harmful to the interests of the Bank, the Director shall not participate in and shall abstain from discussion and voting and shall not represent other Directors as a proxy to exercise their voting rights. Where the spouse, a relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has interests in the matters under discussion in the meeting of the preceding Paragraph, the Director shall be deemed to have a personal interest in the matter.</p>	<p>Article 17 (Conflict of interests abstaining system for Directors) Where any item on the agenda results in conflicts of interest with any Director or the corporation represented by the Director, the Director shall state the important aspects of the interested party relationship at the Board meeting; when the said interest is harmful to the interests of the Bank, the Director shall not participate in and shall abstain from discussion and voting and shall not represent other Directors as a proxy to exercise their voting rights.</p>	<ol style="list-style-type: none"> 1. Added that where the spouse, a relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has interests in the matters under discussion in the meeting of the preceding Paragraph, the Director shall be deemed to have a personal interest in the matter, according to requirements of

Amended Provisions	Current Provisions	Description
<p>For resolutions of the Board meeting, Directors who are not permitted to exercise their voting rights in the previous two Paragraphs shall comply with requirements under Paragraph 4, Article 206 of the Company Act, under which the provisions of Paragraph 2, Article 180 shall apply mutatis mutandis.</p>	<p>For resolutions of the Board meeting, Directors who are not permitted to exercise their voting rights in the previous Paragraph shall comply with requirements under Paragraph 3, Article 206 of the Company Act, under which the provisions of Paragraph 2, Article 180 shall apply mutatis mutandis.</p>	<p>Article 16 under the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." 2. Adjusted the Paragraph sequence and amended the wording.</p>
<p>Article 11 (Reference materials and attending personnel at the Board meeting) Upon convening the Board meeting, the unit responsible for meeting affairs and the managing department shall prepare relevant information readily available to Directors at the meeting for reference. When holding a meeting of the Board, the Bank may notify personnel of relevant departments or subsidiaries to present at the meeting and report the current business situation of the Bank and answer questions raised by Directors to assist them in understanding the current condition of the Bank and arrive at proper resolutions. When necessary, the CPAs, lawyers or other professionals may also be invited to be present at the meeting and provide explanations. However, they shall excuse themselves during discussion and voting.</p>	<p>Article 11 (Reference materials and attending personnel at the Board meeting) Upon convening the Board meeting, the unit responsible for meeting affairs and the managing department shall prepare relevant information readily available to Directors at the meeting for reference. When holding a meeting of the Board, the Bank may notify personnel of relevant departments or subsidiaries to present at the meeting and report the current business situation of the Bank and answer questions raised by Directors to assist them in understanding the current condition of the Bank and arrive at proper resolutions. When necessary, the CPAs, lawyers or other professionals may also be invited to be present at the meeting and provide explanations. However, they shall excuse themselves during discussion and voting.</p>	<p>With reference to the requirements of Article 11 under the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," adjust the Paragraph "When necessary, the CPAs, ..." as Paragraph 2 to clarify the meaning.</p>
<p>Article 18 (Meeting minutes and signed matters) A minute book shall be prepared for the discussions at Board meetings. The minute book shall detail the following matters: 1. The term (or year), time, and place of the Board meeting. 2. Name of the Chairman. 3. Directors' attendance status, including names and numbers of Directors who are present, on leave, and absent. 4. Names and titles of non-voting</p>	<p>Article 18 (Meeting minutes and signed matters) A minute book shall be prepared for the discussions at Board meetings. The minute book shall detail the following matters: 1. The term (or year), time, and place of the Board meeting. 2. Name of the Chairman. 3. Directors' attendance status, including names and numbers of Directors who are present, on leave, and absent. 4. Names and titles of non-voting</p>	<p>Amended the name of the department-in-charge.</p>

Amended Provisions	Current Provisions	Description
<p>attendees.</p> <p>5. Name of the recorder.</p> <p>6. Report items.</p> <p>7. Discussion: The resolution method and the result for each motion; a summary of comments made by Directors, experts, or other individuals; the name of any Director that is an interested party as referred to in Paragraph 1 of the previous Article, an explanation for the important aspects of the relationship of interest, the reasons why the Director was required or not required to recuse, and the status of their recusal; objection or qualified opinions which are on record or indicated in a written statement as well as the written opinions issued by independent Directors according to the requirements under Paragraph 6, Article 6.</p> <p>8. Questions and motions: Name of proposer, resolution methods and the results for the motions; a summary of comments made by Directors, experts, or other individuals; the name of any Director that is an interested party as referred to in Paragraph 1 of the previous Article, an explanation for the important aspects of the relationship of interest, the reasons why the Director was required or not required to abstain, and the status of their abstaining; objection or qualified opinions which are on record or indicated in a written statement.</p> <p>9. Other matters that shall be recorded. Any of the following matters in relation to a resolution passed at a meeting of the Board of shall be stated in the meeting minutes and be published on an information reporting website designated by the competent authority within two days from the meeting:</p> <p>1. Independent Directors have any objection or qualified opinions which are on record or indicated in a written</p>	<p>attendees.</p> <p>5. Name of the recorder.</p> <p>6. Report items.</p> <p>7. Discussion: The resolution method and the result for each motion; a summary of comments made by Directors, experts, or other individuals; the name of any Director that is an interested party as referred to in Paragraph 1 of the previous Article, an explanation for the important aspects of the relationship of interest, the reasons why the Director was required or not required to recuse, and the status of their recusal; objection or qualified opinions which are on record or indicated in a written statement as well as the written opinions issued by independent Directors according to the requirements under Paragraph 6, Article 6.</p> <p>8. Questions and motions: Name of proposer, resolution methods and the results for the motions; a summary of comments made by Directors, experts, or other individuals; the name of any Director that is an interested party as referred to in Paragraph 1 of the previous Article, an explanation for the important aspects of the relationship of interest, the reasons why the Director was required or not required to abstain, and the status of their abstaining; objection or qualified opinions which are on record or indicated in a written statement.</p> <p>9. Other matters that shall be recorded. Any of the following matters in relation to a resolution passed at a meeting of the Board of shall be stated in the meeting minutes and be published on an information reporting website designated by the competent authority within two days from the meeting:</p> <p>1. Independent Directors have</p>	

Amended Provisions	Current Provisions	Description
<p>statement.</p> <p>2. Matters which are approved by two-thirds of all Directors when the Bank's Audit Committee does not approve.</p> <p>The attendance book of the Board meeting is a part of the meeting minutes and shall be retained throughout the duration of the Bank's existence.</p> <p>A minute book shall be dispatched to all Directors within 20 days from the meeting after being signed or affixed seal by the Chairman and the recorder of the meeting. A minute book shall be listed as an important document of the Bank and shall be retained throughout the duration of the Bank's existence.</p> <p>The meeting minutes set out in Paragraph 1 may be prepared and distributed by electronic means.</p> <p>Where the resolution at the meeting of the Board is material information under the law or the requirements of Taiwan Stock Exchange, the department-in-charge shall submit the material information to the Business Development Department within the prescribed time for uploading to the Market Observation Post System.</p>	<p>objection or qualified opinions which are on record or indicated in a written statement.</p> <p>2. Matters which are approved by two-thirds of all Directors when the Bank's Audit Committee does not approve.</p> <p>The attendance book of the Board meeting is a part of the meeting minutes and shall be retained throughout the duration of the Bank's existence.</p> <p>A minute book shall be dispatched to all Directors within 20 days from the meeting after being signed or affixed seal by the Chairman and the recorder of the meeting. A minute book shall be listed as an important document of the Bank and shall be retained throughout the duration of the Bank's existence.</p> <p>The meeting minutes set out in Paragraph 1 may be prepared and distributed by electronic means.</p> <p>Where the resolution at the meeting of the Board is material information under the law or the requirements of Taiwan Stock Exchange, the department-in-charge shall submit the material information to the Business Management Department within the prescribed time for uploading to the Market Observation Post System.</p>	

Report V

Explanation: Reporting on the execution of capital increase through private placement for common shares of the Bank.

Description:

1. The following was passed by the shareholders' meeting of the Bank on June 14, 2019: To carry out the private placement for no more than 1,000,000,000 common shares of the Bank in batches (no more than three times) within one year from the date of resolution at the shareholders' meeting.
2. The Bank has already carried out the private placement for 418,410,041 common shares. The private placement will expire on June 13, 2020 and the Bank has no intention to continue the private placement for common shares regarding the remaining limits within the remaining term.
3. For the private placement for common shares of the Bank during 2019, please refer to Page12 ~ 13 of the Handbook.

Resolution: Acknowledged.

Report on the execution of capital increase through private placement for common shares of Taiwan Business Bank.

Item	Private placement during 2019 Date of issuance (date of delivery): November 1, 2019				
The type of securities of the private placement	Common shares				
Approved at the shareholders' meeting Date and amount	Passed by the shareholders' meeting on June 14, 2019 Amount: No more than 1,000,000,000 common shares in batches (no more than three times) within one year.				
Basis and rationale for the pricing	<p>1. Taking August 19, 2019 as the pricing date:</p> <p>(1) NT\$12.50, NT\$12.55, and NT\$12.54, respectively, the simple average closing price of the common shares of the Bank for either the 1, 3, or 5 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.</p> <p>(2) NT\$12.46, the simple average closing price of the common shares of the Bank for 30 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.</p> <p>(3) Select NT\$12.54, the higher of NT\$12.54 and NT\$12.46, the simple average closing price of the common shares of the Bank for 5 and 30 business days before the pricing date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, as the reference price for the private placement.</p> <p>2. The pricing of the private placement shall base on the requirements under the laws and regulations issued by the competent authority, and shall consider factors such as stringent restriction on the transfer timing, target, and amount of the private placement for common shares, restriction of three-year in no consultancy for listing, and poor liquidity. Therefore, the pricing for the private placement shall be reasonable.</p>				
The method for selecting the specific persons	Strategic investors with qualification complying with the relevant requirements under Subparagraph 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act and Order Tai-cai-cheng-(yi)-zi No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002.				
Reasons for the necessity for conducting the private placement	To strengthen Bank's role as a specialized bank, comply with its policy function, and allow the operating direction of the Bank to work closely with the economic and industrial policies of the government, the Bank intends to carry out a capital increase through the private placement and engage strategic investors.				
Date of full payment for shares	August 26, 2019				
Information about the placement investor	Private placement target Company	Qualifications	Quantity of subscription	Relationship with the Bank	Operating conditions of participating companies
	National Development Fund	Its qualification shall comply with the relevant requirements under Subparagraph 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act and Order Tai-cai-cheng-(yi)-zi No. 0910003455 issued by the Financial Supervisory Commission on June 13, 2002.	418,410,041 (shares)	National Development Fund had no shareholding in the Bank before participating in the private placement and had not involved in the operation of the Bank. After participating in the private placement, National Development Fund became the second substantial shareholder of the Bank, holding approximately 5.87% shares of the Bank.	
Actual subscription price	NT\$11.95 per share				
Discrepancy between the actual subscription price and the reference price	The actual price for the private placement was NT\$11.95, which was 95.3% of the reference price and complied with the resolution passed by the shareholders' meeting that the actual price shall be no less than 95% of the reference price.				

Item	Private placement during 2019 Date of issuance (date of delivery): November 1, 2019
Effect of the private placement on shareholder equity	After the capital increase through the private placement, the net value, common equity ratio, and government-owned shareholding of the Bank have increased, which effectively enriched the operating capital of the Bank, enhanced our capital structure, and injected development momentum for our operation, further consolidating the operating ownership of the government and benefiting the shareholder equity in a whole.
Use of capital raised through private placement and progress of the plan	Proceeds from the private placement are fully utilized in increasing loans for SMEs. Proceeds from the private placement were fully utilized in the fourth quarter of 2019.
Realization of benefits of the plan	<ol style="list-style-type: none"> <li data-bbox="371 533 1449 656">1. Balances for loans to SMEs of the Bank amounted to NT\$533.933 billion as of the end of the fourth quarter in 2019, representing an increase of NT\$16.784 billion from NT\$517.149 billion as of the end of August 2019. The proceeds from the private placement have effectively injected development momentum for our operation in loans to SMEs. <li data-bbox="371 656 1449 775">2. Common equity ratio was 8.39% as of the end of August 2019, representing an increase of 0.52% from 7.87% as of July 2019; the net value also increased from NT\$88.592 billion to NT\$94.103 billion. The private placement has effectively enriched the operating capital of the Bank, enhanced our capital structure, and injected development momentum for our operation.

Report VI

Explanation: Communicating relevant legal measures for the same person or same concerned party who holds more than a certain percent of the Bank's outstanding voting shares.

Description:

1. According to the Letter Jin-guan-yin-kong-zi No. 1006005191 issued by the Financial Supervisory Commission on January 31, 2012, to implement the requirements under Article 25 of the Banking Act, the Bank shall include the information regarding the election as a reporting case one year prior to the election to remind shareholders to pay attention to relevant requirements.
2. The contents of the related law to be propagated are stated as follows:
 - (1) According to the requirements under Paragraph 2 and Paragraph 3, Article 25 of the Banking Act, the same person or same concerned party who singly, jointly or collectively acquires more than five percent (5%) of the Bank's outstanding voting shares shall report such fact to the Financial Supervisory Commission within ten (10) days from the day of acquisition; the preceding provision applies to each cumulative increase or decrease in the shares of the same person or same concerned party by more than one percent (1%) thereafter. The same person or same concerned party who acquires more than ten percent (10%), twenty-five percent (25%) or fifty percent (50%) of the Bank's outstanding voting shares shall apply for prior approval of the Financial Supervisory Commission. The definition of the "same person" and "same concerned party," and the exceptional circumstances are stated in Article 25-1 of the Banking Act.
 - (2) Where the same person or same concerned party who holds voting shares issued by the Bank without filing a report with or obtaining approval from the Financial Supervisory Commission in accordance with the above

provisions, the excess shares held by such same person or same concerned party shall not have voting rights and shall be disposed of within the given period prescribed by the Financial Supervisory Commission according to the provision under Paragraph 7, Article 25 of the same Act. Furthermore, according to the provision under Paragraph 3, Article 128 of the same Act, such shareholders shall be punished by an administrative fine no less than NT\$2 million and no more than NT\$10 million. Where such personnel is elected as a Director or other responsible person of the Bank in the future, the Financial Supervisory Commission would consider the reasons unfit for being a responsible person, such as dishonesty or inappropriateness, under Subparagraph 13, Article 3 of the "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks."

Resolution: Acknowledged.

IV. Recognition Matters

Proposal I by the Board

Explanation: Adoption of the 2019 financial statements of the Bank.

Description: The 2019 financial statements of the Bank, including the operating report, balance sheet, consolidated statement of profit or loss, statement of changes in equity, and statement of cash flow (please refer to Page 17 ~ 47 of the Handbook) have been submitted to and passed by the 13th meeting of the 15th Board of Directors.

Voting Method: Proposals shall be discussed for voting on a case-by-case basis. Voting shall be carried out after finishing the discussion on the first and second proposals of the recognition matters.

Voting results:

Number of Votes by Attending Shareholders	For		Against	Void	Abstain/ Did not vote
	Counts	Ratio (%)	Counts	Counts	Counts
4,144,228,835	3,711,225,628 (3,200,473,059 votes therein exercised the voting rights by electronic means)	89.55	2,854,461 (2,840,765 votes therein exercised the voting rights by electronic means)	1,052,520	429,096,226 (427,635,405 votes therein exercised the voting rights by electronic means)

Resolution: The case was passed as proposed after voting.

Taiwan Business Bank Co., Ltd.

Operating Report for 2019

The prosperous economic environment was clouded over abruptly at the end of 2018 due to the heated trade conflicts between the U.S. and the PRC, resulting in the fluctuations of global financial performance during 2019. Throughout 2019, the global economic conditions have been shadowed by the impacts arising from the trade conflicts between the U.S. and the PRC. Positive estimation regarding the trade negotiations between the U.S. and the PRC had only been brought by December. Therefore, the IMF estimated the global economic growth rate in 2019 to be 3.0%, setting the lowest record since 2009.

The U.S. Federal Reserve (Fed) announced the cut of interest rates for a consecutive three times, significantly narrowing the long-term and short-term interest rate differentials of the U.S. dollars (USD), and even resulted in a short period of rate inversion. In regards to the European situation, the European Central Bank (ECB), the Bank of Japan (BoJ), and the People's Bank of China have continued to maintain easing monetary policies. In general, major central banks worldwide have continued to implement Quantitative easing monetary policies.

In terms of domestic economic performance, the Directorate-General of Budget, Accounting and Statistics, Executive Yuan estimated the economic growth rate of Taiwan in 2019 to be 2.71%.

Regarding interest rates, the trend of interest rates throughout the year 2019 remained relatively stable. The Central Bank determined to make no adjustment to the interest rates for a consecutive 14 seasons at the joint meeting of directors and supervisors at the end of 2019; the rediscount rate, rate on accommodations with collateral, and rate on accommodations without collateral remained at 1.375%, 1.75%, and 3.625%, respectively.

Regarding the trend of the New Taiwan Dollar's (NTD) currency rate, the currency rate at the beginning of 2019 was around US\$1 to NT\$30.8. The currency rate of NTD depreciated against USD in the middle of the year, affected by the heated trade conflicts between the U.S. and the PRC and dropped to US\$1 to NT\$31.5. The currency rate of NTD appreciated against USD gradually due to the effects of capital return invested by Taiwanese businessmen in the 4th quarter in 2019 and rose to approximately US\$1 to NT\$30 near the year end.

Looking into 2020, the sluggish investment condition in the past years is expected to be cleared away with the capital investments made by the returned Taiwanese businessmen. In addition to being a contributor to the GDP of the year, such investments increase the capital stock (sum of corporate assets) and future production capacities. In particular, the government focuses on high-valued, intelligent, or 5+2

industries, where the salary level is generally higher than the average salary. In the future, when the return of Taiwanese businessmen is able to facilitate the domestic industry transformation continuously, and together with technical and occupational training, the growth of overall salary and the distributable income is expected to increase, providing assistance to the internal demand market.

Due to the outbreak of COVID-19 in the Mainland China area, impacts are inevitable in the short run. However, due to the high transparency of pandemic information in Taiwan, Taiwanese businesses are likely to further repatriate, procuring large-scale international companies to place orders with companies within the supply chain in Taiwan.

Furthermore, as the global trading volume is affected by the trade war between the U.S. and the PRC, Taiwan, benefiting from the phenomenon of order transfers, has recorded a significant increase in its export value to the U.S.; therefore, Taiwan is holding relatively more support as compared with other Four Asian Tigers, including Hong Kong, Singapore, and South Korea. Even though the trade negotiation between the U.S. and the PRC has improved, Taiwanese businesses will continue to transfer their supply chains due to the surge of operating costs in the PRC resulted from factors such as the increase in awareness of environmental protection in the PRC and the salary growth in coastal provinces. As such, the trend of repatriation for Taiwanese businesses and high-valued industries will continue.

In the future, the Bank will continue to carry through the internal controls using three lines of defense, strengthen the overall risk control, and reinforce FinTech development as well as information security controls. Furthermore, looking from the perspective of a professional financial institution, the Bank will grasp business opportunities upon the return of Taiwanese businessmen and proactively assist returning Taiwanese businessmen in transforming their businesses in accordance with government policies not only to shape Taiwan into Asia's high-end manufacturing center, but also jointly create Taiwan's 2.0 economic miracle. Meanwhile, the Bank will provide financial products and services integrated with environmental protection and social welfare measures that correspond to social requirements, proactively strengthening and assisting growth sustainability of Taiwanese SMEs, thus fulfilling its corporate social responsibility (CSR) initiatives. The Bank will endeavor to turn the Bank into a leading brand in the field of SME financing and establish a solid foundation for the sustainable development of the Bank upon stepping into the next century.

The operation results in 2019 and the business plan for 2020 are summarized below:

1. Operation Results in 2019

(1) Implementation Status and Result of Business Plans

A. Profitability:

After-tax net profit for 2019 amounted to NT\$6.734 billion (before-tax net profit was NT\$7.974 billion). The Bank carried out a capital increase of NT\$5 billion via transferred earnings of NT\$3.197 billion and issued

stock and cash dividends of NT\$0.50 and NT\$0.30 per share, respectively, for the previous year (2018).

B. Corporate Governance:

Reinforcement of information disclosure channels and upgrading of transparency in corporate governance

- a. The Bank has long strived to enhance its corporate governance and is a listed company in the Top 5% of the Fifth Annual Corporate Governance Evaluation organized by the Taiwan Stock Exchange (TWSE).
- b. The Bank actively increased communication channels for domestic and overseas investors, and an online roadshow was respectively held in the first and second half of 2019. Each investor has immediate access to information on the Market Observation Post System (MOPS) and can obtain the same information simultaneously on the official TBB website. The Bank also issues press releases on an irregular basis, giving investors multiple channels for acquiring TBB information.

C. Core Businesses:

a. Corporate Banking

- 1) The Bank received the Outstanding Award and Special Award for Balanced Regional Development from the Financial Supervisory Commission (FSC) for the Program to Encourage Loan Projects by Domestic Banks to SMEs (Group A).
- 2) The Bank received the Outstanding Award and Special Award for the National Defense Industry, and Special Award for the Circular Economy Industry from the FSC for the Program to Encourage Lending by Domestic Banks to Key Innovative Industries (Group A).
- 3) In recognition of the Bank's outstanding performance in small and medium enterprise financing, it received three major awards from the Small and Medium Enterprise Credit Guarantee Fund of Taiwan: The Credit Guarantee Partner Award, Policy Facilitation Award, and Direct Guarantee Performance Award.
- 4) The Bank actively promoted the Phoenix Micro Start-up Loans and the Unemployment Start-up Loan for Employment Insurance and received a certificate of appreciation from the Ministry of Labor.
- 5) The Bank received the Best from the Best Service Award for Start-up Enterprises from the Excellence Magazine under the category of non-financial holding for the 2019 5th Excellent Bank.
- 6) In the extension of small and medium enterprise loans, the Bank

ranked No. 1 in Taiwan in both total amount and ratio of loans transferred for guarantees to the Small and Medium Enterprise Credit Guarantee Fund.

b. Foreign Exchange Operations

The Bank worked vigorously to expand foreign-currency loans and boost interest margin income. Accumulated average loans outstanding in 2019 increased by 8.16% over 2018.

c. Wealth Management

In 2019, the Bank focused on strengthening its wealth-management business by vigorously expanding fee income from the insurance and fund businesses, with boosting revenue and generating profit as the priority goal. With the vigorous promotion of special programs aimed at the marketing of designated products, fee income from the wealth-management business amounted to approximately NT\$1.44 billion in 2019.

D. Innovative Products

a. Continuous Innovation in Digital Banking businesses to provide more convenient services

- 1) Added Taiwan Pay transaction function for mobile payment and inaugurated functions of Scanned for Withdrawal, Tax Payment by Credit Cards, and Debit Payment for Credit Card Purchase.
- 2) Added the Taiwan Pay Merchant Service System for mobile payment.
- 3) Added the Voice Access for Payment through Mobile Banking Service.
- 4) Inaugurated the Cloud Payment HCE Card Service.
- 5) Added functions of "User authentication procedures" and "QR Code scanned payment for cross-border online shopping" for the cross border online shopping (cross-border outward remittance) service.

b. Develop products up to date with social trends and provide diversified services to customers

- 1) Teller operations have been simplified, and the automated name list scanning operations have been established for centralized domestic remittances.
- 2) Added automated printed bank reply to reduce labor at branches from filling out the reply manually after the system has reviewed data related to the creation of pledge.
- 3) Established the Account Opening Data Request List for branches to refer to and improve the accuracy of data requests made for account opening.

c. Established the "Innovative Finance Project Office" to strengthen

the support for material loans of green finance, urban renewal, and cultural innovation industries.

- 1) Urban renewal: In accordance with the urban renewal policies and accelerated reconstruction of hazardous and old buildings policies implemented by the government, the Bank promulgated the "Guidelines for Urban Renewal Loans" and "Regulations for Reconstruction of Hazardous and Old Buildings Loans." In 2019, the Bank had approved a total of 17 loans with a total loan amount of NT\$14.517 billion and organized Urban Renewal Fair with the Wealth Magazine.
- 2) Green finance: Promote the development of the green energy industry and establish an economic model with low carbon emission. The total credit balances as of the end of 2019 amounted to NT\$59.822 billion.
- 3) Cultural innovation industries: Strengthen the upgrade of cultural innovation industries and improve the industrial structure. The total loan balance as of the end of 2019 amounted to NT\$26.417 billion.

- d. Assisted in industry innovation and provided intangible asset financing

To assist in the industry innovation, the Bank established the "Regulations for Financing and Loan on Intangible Assets with Revenue Mezzanine." Leveraging on the expertise of the Industrial Technology Research Institute in the valuation of intangible assets, the Bank referred to the professional valuation report provided by the Institute to determine the development potentials and market values of intangible assets in the future, and worked with the SMEG to provide higher credit guarantee loan ratio.

E. Expansion of the Scope of Channel Services

- a. Make adjustments on the location distribution of the Bank's branches for the increase of value regarding physical channels, so as to provide better and more comprehensive financial services. The Chi Lin Branch reallocation was completed and re-opened on Jul. 29, 2019 and the branch was renamed as the East Lin Kou Branch.
- b. To develop more diversified operations, the Bank had successfully engaged Yuanta Futures as its futures trader on Oct. 1, 2019, and added foreign futures trading auxiliary businesses as well as programs for the increase in commission allocation ratio, improvement in educational training, and business promotion incentives.

F. Information System Reinforcement and Information Security Promotion

- a. Completed the update for the central billing mainframe to improve

service capacities

- 1) The Bank completed the update for the central billing mainframe to accelerate data accessing speed and system response time and continued to establish the SYSPLEX system with local HA.
 - 2) Simplified the accounting closing procedures of the Bank, which has significantly improved the operating efficiency of branches and minimized the time for accounting closing.
 - 3) Established a data center and continues to collect data from inside and outside of the Bank. The rapid data processing is provided for product design, risk analysis, and customer marketing.
 - 4) Continued to replace the software/hardware equipment for the e-banking to improve Internet transaction security.
 - 5) Completed the overseas core system database encryption mechanism, established the personal data terminal protection system and Intranet terminal equipment management system to reinforce the information security protection mechanism.
- b. Reinforce the security control mechanism for the information system
- 1) Participated in Cyber Offensive and Defensive Exercise 2019 (CODE 2019) organized by National Information & Communication Security Taskforce, Executive Yuan held from Nov. 6 to 8, 2019.
 - 2) Completed the assessment on the information security of the Bank's computer system in August 2019, according to the "Assessment Regulations for the Information Security of the Computer System of Financial Institutions."
 - 3) The Information Security Department and other relevant departments of the Bank formed the New York Branch 2019 Joint Financial Inspection Taskforce to help carry out the Part 500 compliance program in accordance with the network security regulations of the New York State Department of Financial Services (NYDFS).
 - 4) Self-assessment was carried out in accordance with SWIFT Customer Security Program (CSP) specifications and was approved by SWIFT in December 2019.
- c. Continuous promotion of the digital banking business
- 1) Actively promoted the Taiwan Pay acquiring businesses, endeavored to increase the rate of QR Code adoption in common payment services by established merchants, such as large-scale chained stores, business area, and night markets, and organized marketing discount events to facilitate the inclusive

finance and the penetration rate of e-payment.

- 2) Strived to obtain business dealings regarding the ACH distribution of dividends on behalf of listed companies, cooperated with major hospitals to introduce medical payment machine, to provide customers with diversified payment collection on behalf/payment service, so as to increase fee income of digital banking business.
- 3) Improve the interaction and attachment between the fans on Facebook with the page of the Bank, designed relevant events for the products launched by the Bank, and successfully attracted the mobile and Internet groups of all ages to participate in such events through Facebook as its online media.

G. Implementation of Legal Compliance and Anti-Money Laundering Operations

a. Implementation of legal compliance and anti-money laundering in line with the regulations of the competent authority

- 1) On Mar. 26, 2019, the Bank promulgated its "Regulations for Legal Compliance, Anti-money Laundering, and Combatting the Financing of Terrorism for Overseas Branches" to regulate material managing matters including the function of relevant personnel, reporting system, reported matters, audit for departments and relevant personnel, educational training in overseas branches. The Bank will supervise the execution of its overseas branches for legal compliance, anti-money laundering, and combatting the financing of terrorism according to the Regulations on an ongoing basis.
- 2) The Bank performed its compliance risk assessment (CRA) operation for 2018 and reported to the FSC for filings after being approved by the Board.
- 3) With regards to anti-money laundering and combatting the financing of terrorism, the Bank performed its institutional risk assessment (IRA) operation for 2019 and reported to the FSC for filings after being approved by the Board.

b. Holding of regular compliance and anti-money laundering training

- 1) Five Anti-Money Laundering & Combatting the Financing of Terrorism Seminars were held in Northern, Central, and Southern Taiwan from Apr. 16 to 23, 2019.
- 2) A Compliance Officer Seminar was held in each the first and second halves of 2019.

c. Strengthening of the monitoring mechanism for compliance follow-up

According to the "Legal Compliance Follow-up Cases Control

System," the letters regarding relevant laws and regulations from external parties and the changes in laws and regulations that the Bank shall comply with under the are included in "Legal Compliance Follow-up Cases" for control. The Bank compiles the subsequent implementation of "Legal Compliance Follow-up Cases" each month according to the competent authorities and reports to the legal compliance director of the Bank.

- d. Carried out annual project audits for personal information protection, anti-money laundering, and combatting the financing of terrorism by accountants in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries.

An accounting firm was commissioned to carry out the "2018 Project Audit for Personal Information Protection and the Internal Control System for Anti-Money Laundering and Combatting the Financing of Terrorism."

- e. The Bank ranked top 20% for the Principle for Financial Service Industries to Treat Clients Fairly carried out by the FSC for the first time.

H. Corporate Social Responsibility

- a. Active implementation of corporate social responsibility and realization of the value of the sustainable operation

- 1) The Bank's "CSR Report" passed two stages of verification by the British Standards Institution (BSI) for four consecutive years, and BSI issued the Bank an Independent Assurance Opinion Statement.

- 2) The Bank received the Bronze Award in the financial and insurance group of corporate sustainability report division under the 12th TCSA Taiwan Corporate Sustainability Awards of 2019 organized by the Taiwan Institute for Sustainable Energy, the Sustainability Performance Award from BSI Standards Awards, and was ranked the 49th in "2019 Excellence in Corporate Social Responsibility" organized by the Commonwealth Magazine. Such achievements help upgrade the Bank's visibility and its corporate image for CSR implementation.

- 3) The Bank continues to optimize the design of its website for the general public to obtain and understand the information on the corporate social responsibility of the Bank through the website of the Bank more conveniently, to effectively strengthening the communicating function of the Bank regarding corporate social responsibility.

- b. Implementation of senior caring policy, donations to disadvantaged

groups, and active participation in public benefit affairs

- 1) The Bank has initiated the Project of Senior Dining & Learning Center Sponsorship. The Bank exclusively allocated 3% of the general card consumption from the Silver Love Credit Card issued by the Bank to help seniors to dine and learn together. This originated from the non-profit fund that was used in building a School for Seniors in the community to help take care of vulnerable seniors in the local community and improve their living standards.
 - 2) Set up senior caring spots to improve the standards of caring services at senior welfare agencies, providing local and appropriate caring services accessible to disadvantaged seniors. The Bank vigorously devotes in the public benefit affairs to achieve the goal of "aging in place."
 - 3) The Bank continued to promote property trust business for the senior and the disabled, recorded outstanding results for a consecutive three years, and received the award for recognition from the FSC.
- c. Fulfilling responsibility for environmental protection and continue energy conservation and carbon reduction efforts
- 1) The Environmental Protection Administration of the Executive Yuan and the Department of Environment Protection of the Taipei City Government cited the TBB eight years in a row for outstanding performance in green procurement.
 - 2) The Taipei City Government publicly cited the TBB for receiving ISO 50001 Energy Management Systems certification and the designation of its headquarters as an energy-saving-label building.
 - 3) The Bank implemented its "Energy Policies" and "Measures for Water and Electricity Conservation" with scheduled follow-up on the status of water and electricity conservation by different units and inclusion of the results in business performance assessments. Various energy conservation improvement programs were vigorously implemented in order to enhance the energy efficiency of equipment and save on electricity costs.

(2) Budget Implementation

- A. The annual average balance of deposits was NT\$1,436.285 billion, for an achievement rate of 97.19%.
- B. The annual average balance of loans outstanding was NT\$1,129.913 billion, for an achievement rate of 97.75%.

(3) Revenues, Expenditures, and Profitability

- A. Net income for 2019 amounted to NT\$22.838 billion; bad debt expense, commitment and provision for guaranteed liabilities totaled at NT\$2.349 billion; operating expenses were NT\$12.515 billion; before-tax net income from continuing operations was NT\$7.974 billion; net profit after tax was NT\$6.734 billion; return on assets ratio (after-tax) amounted to 0.40%; return on equity ratio (after-tax) amounted to 7.47%; net profit margin (after-tax) was 29.49%, and earnings per share (after-tax) was NT\$0.98.
- B. Net income before taxes (excluding provisions) in 2019 amounted to NT\$10.324 billion, an increase of NT\$491 million from 2018. NT\$2.349 billion was allocated as an allowance for bad debts in order to strengthen risk appetite. Before-tax net profit for 2019 amounted to NT\$7.974 billion, a decrease of NT\$1.113 billion from 2019, primarily due to the increase in allowances for bad debts.
- C. The non-performing loan ratio at the end of 2019 stood at 0.32%, an increase of 0.02% compared with the end of 2018; the bad-debt coverage ratio was 367.77%, a decrease of 26.31% over the end of 2018.

(4) Research and Development

- A. Establishment of an Exclusive Unit for Industry Research
 - a. A total of 127 industry analysis reports were written and published in the Bank's E-Library in 2019 for colleagues to peruse.
 - b. Elite professionals from industry, government, and academia are invited to speak on an occasional basis to help the Bank's employees understand the latest trends in industrial development.
- B. Encouragement of Innovation and Professionalism in Line with Business Development Needs
 Business lectures are held on a scheduled basis and a wide variety of digital learning courses are offered to encourage employees to engage in further on-the-job studies and absorb new knowledge that will strengthen their competitiveness and enhance their professional know-how.

2. Business Plans for 2020

(1) Operating Directions and Policies

- A. Strengthen the positioning and responsibility as a specialized bank for SMEs
 - a. Continue to promote the "Youngster first, seniors second, and start-ups third" program
 Combine the core competencies of the Bank with concerning issues in society to integrate our business with social welfare. Implement the "Youngster first, seniors second, and start-ups third" program to help solve the problems of youth start-up and employment, promote senior financing and the acceleration of renewal for hazardous and

old buildings, and support the development of innovation, creation, and start-up businesses.

- b. Reinforce the "Micro-to-small Enterprises + Startups • Double the Vital Source of Fund" project loans

Regarding the capital requirements for SMEs with a capital amount less than NT\$30 million, the " Micro-to-small Enterprises + Startups • Double the Vital Source of Fund " project loans was launched in collaboration with the SMEG to assist SMEs in obtaining the capital required through the express pass mechanism with "active exploration, simplified procedures, rapid review, and audit incentives."

- c. Promote Urban Renewal Finance 2.0

To solve two seniority issues (old buildings and aging population) and two insufficiency issues (land insufficiency and electricity insufficiency), the Bank will demonstrate its image of professional service, not only by combining the urban renewal with senior caring to improve housing security and realize the concept of nursing at home, but also integrating urban renewal for hazardous and old buildings with electricity-farming and energy-saving to encourage corporates to generate electricity for their own usage, solving the land and electricity insufficiencies among the five insufficiencies currently faced in Taiwan.

- d. Enhance investment and counseling functions

Explore premium customers with the potential nature of invisible champions in different industries. Support the stable growth of industrial seedlings through the capital contribution from TBB Venture Capital Co., Ltd.; together with external counseling resources from SMEG and SMECF, the Bank will assist enterprises in improving their operating management capacities and counseling their transformation and upgrade.

- B. Grasp the green business opportunities and fully promote green finance

With the effect of climate change, it is estimated that the business opportunities of domestic green finance will amount to NT\$1.8 trillion in the future. To grasp such business opportunities, the Bank will enhance its promotion in green finance to help enterprises develop the green energy industry; for example, utilizing the feature of abundant sunlight in Central and Southern Taiwan, help enterprises establish solar power generation system to achieve the goal of sustainable operations.

(2) Operating Policies

Facing the ever-changing financial environment and in response to the upsurge of FinTech and development of digital finance, the Bank will adhere to its core value of SME Specialized Bank and utilize the four aspects on its

strategy map with a bottom-up approach, to enhance risk control and improve assets quality. Furthermore, in line with the aspects of learning & growth, internal procedures, customers, and finance, the Bank will establish a five-year strategy structure with specified directions and centralized resources for its departments by proposing the strategy structure to the Strategy Development Committee after being discussed by the Business Management Committee, so as to reinforce the adjustments in its three major structures of labor, channels, and capital. The Bank will achieve its goal of sustainable development by realizing our operating concept and become a premium bank with comprehensive financial services.

A. Learning & Growth

- a. Improve the professional competencies of our employees: Establish a talent database through human resource inventory; deploy human resources of the entire Bank with plans; enhance cultivation of professional talent for SMEs, digital finance, and international finance; strengthen management and talent cultivation for critical posts.
- b. Establish a successor scheme: Nurture key talents; establish a successor cultivation scheme; enhance the successor system; plan to cultivate successor candidates with potentials for the benefit of the Bank's sustainable operations.
- c. Optimize the labor structure: Revitalize retired human resources to enhance the inheritance of experience; diversify employment channels; connect with the tertiary education sector for industry-academia cooperation; participate in the youth employment pilot program; recruit outstanding personnel to enrich the talent database of the Bank.
- d. Improve the performance of information systems: Increase investment in IT building and integrate it closely with our business; enhance the overall efficiency of the information system; improve diversity and innovative capacities of our IT team; reinforce the cultivation and motivation of key IT personnel to lay a solid foundation for information technology.
- e. Enhance cybersecurity defense and monitoring capacity: Establish the Bank's cybersecurity management system and maintenance plan; optimize the joint defense system; continue to organize its cybersecurity upgrade and improvement measures; enhance cybersecurity training to reinforce cybersecurity protection ability and realize cybersecurity compliance.
- f. Optimize an accountability mechanism: Establish a comprehensive accountability mechanism and cultivate the culture of accountability to form the organization and value that allows our fellow colleagues

to internalize it as their mission, vision, and core values, so as to strive toward the goal of the Bank's sustainable development.

- g. Realize the corporate culture of learning and sharing: Build a "learning" experience inheritance system based on the concept of "learning by doing and doing by learning" and encourage internal innovation of young employees to invigorate corporate human resources.

B. Internal Procedures

- a. Improve management by setting objectives: Establish goals and realize the execution, optimize the evaluation management system, reinforce the connection between evaluation, and rewards to boost performance.
- b. Optimize the procedures for better efficiency: Establish smart customer services to improve service quality and optimize customer experiences; value the management for the internal and operating process, regularly examine the SOP for continuous creation of a better working process, and utilize the information system to assist in the manual examination, improving efficiency.
- c. Enhance risk management: Improve asset quality and coverage for allowance for bad debts through understanding, managing and reducing risks, and enhancing risk control.
- d. Adopt integrated marketing to increase customer contribution: Integrate marketing resources to increase dealings with customers, increase overall customer contribution, and provide comprehensive financial services according to the requirements for the business development of customers.
- e. Provide premium services to build customer loyalty: Bear customers' interests in mind, design comprehensive financial services based on customers' requirements to meet their expectations and demands, thus, building customer loyalty.
- f. Strengthen customer relationships with the second generation upon the succession of the family business: Strengthen the customer relationship with the younger generation or the second generation upon the succession of the family business to improve SME customers' support to the Bank after generational changes.
- g. Differentiated products and marketing: Apply Big Data analysis to understand customer behavior patterns to provide customized services and precise marketing services.
- h. Adhere to rigorous compliance: Enhance legal compliance and duly comply with the monitoring measures of the competent authorities; uphold provisions for anti-money laundering and combating the terrorism financing; implement whistle-blower protection and

uphold customer interests; thereby forming a corporate culture that prioritizes legal compliance.

- i. Strengthen corporate governance: Improve Directors' functions, corporate governance mechanisms, and operations of functional committees; disclose material information regarding corporate governance to improve transparency for information disclosure and shape the culture of corporate governance.
- j. Fulfill corporate social responsibility: Attach importance to the ESG valuation; focus on the "Youngster first, seniors second, and start-ups third" program with our core business to promote the integration of corporates and society; and internalize the fulfillment of social responsibility as its corporate spirit.

C. Customers

- a. Improve channel service quality and integrate customer views from all channels: Improve the value of physical channels; expand the service scope for virtual channels; enhance the control on business opportunities regarding clusters of SMEs to meet the mission of the Bank to provide services for SMEs; establish a data market with the cross-business omnidirectional single view of customers. This shall be done so as to fully present customer preferences and service channels, optimizing service and experiences for customers.
- b. Focus on the niche market of SMEs and reinforce the brand image of a specialized bank: Specify positioning as an SME specialized bank and focus on the core business of SMEs; commit to policy financing such as micro-to-small enterprises, startups, urban renewal for hazardous and old buildings, intangible assets, and placemaking to shape the brand image of a specialized bank.
- c. Enhance wealth management services and gain trust from customers: Focus on the three major keys—customization, segmentation, and digitization to deepen the wealth management services, satisfy customers' demand; undertake deep-rooted support for investment analysis in order to provide financial planning services for owners and high-asset customers.

D. Finance

- A. Increase operating performance and take risk management into account: Expand operating scale, increase the profit margins of overseas branches, improve interest rates and diversify the income sources of service charges to enhance profitability.
- B. Enhance capital and uphold shareholders' interests: Comply with the monitoring requirements of the competent authority regarding authorized capital; ensure a healthy capital structure and the goal of optimized resource allocation; strengthen the risk appetite to expand

the growth of operating income; achieve the goal of maximized shareholders' value.

E. Enhance risk control and improve assets quality

Impacts arising from the outbreak of COVID-19 have extended across the manufacturing industry and the service industry; the effects on SMEs are relatively significant as they have lower tolerance for risks. As a specialized bank for SMEs, the Bank also suffer greater impacts as compared to general commercial banks. To minimize the impact of COVID-19, the Bank will strengthen the control on customers who suffered from greater impacts of COVID-19 (such as adjust credit limit in due course and increase the frequency of visits) and make adjustments to the industrial limit at any time to control risks effectively.

(3) Business Targets

To give equal weight to the protection of shareholder interests, improvement of the capital structure, and enhancement of asset quality, the Bank has set the following targets in consideration of the economic growth forecast of the Directorate General of Budget, Accounting and Statistics for 2020.

1. Annual average deposit balance: NT\$1,473.750 billion.
2. Annual average balance of loans outstanding: NT\$1,188.073 billion.
3. Total foreign exchange transactions: US\$64.955 billion.

3. Results of Latest Credit Rating

Date of Rating	Rating Institution	Ratings		Outlook
		Long-term Credit	Short-term Credit	
2020.1.13	Taiwan Ratings	twAA-	twA-1+	Stable
2020.1.13	Standard & Poor's	BBB+	A-2	Stable

Chairman:



President:



SVP & GM of the Accounting Dept.:



Independent Auditors' Report

To the Board of Directors of Taiwan Business Bank, Ltd.:

Opinion

We have audited the consolidated financial statements of Taiwan Business Bank, Ltd. "the Bank" and subsidiaries which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and subsidiaries as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks, and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 Certification of Financial Statements by Certified Public Accountants, Jin-Kuan-Yin-Zi No.10802731571 and the auditing standards generally accepted in the Republic of China. We conducted our audits of the prior period in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

1. The assessment of loans impairment

Please refer to Note (4) (F) "Financial Instruments" for related accounting policy, Note 5 (A) for accounting assumptions and estimates, and Note 6 (F) "Discounts and loans, net" and Note 6 (AO) "Financial Risk Information" for details of loans impairment, respectively.

The management of the Bank and subsidiaries assess the impairment of loans by determining if there is any observable evidence indicating impairment, and dividing them into collective assessment and individual assessment based on the materiality levels to measure by different impairment method. For the individual assessment with objective evidence of impairment, the measurement is based on expected future cash flow. For the collective assessment with objective evidence of impairment, the Bank and its subsidiaries need to calculate the recovery rate of each group to measure the impairment amount. For the collectively assessed loans without objective evidence of impairment, the impairment is calculated by establishing an impairment model using the pass loss experience on assets with similar credit risk characteristic to form basic estimation. Besides the methods mentioned above, the management of the Bank and its subsidiaries should inspect whether the amount of impairment is in compliance with the minimum level made by the authority. Both the evaluation of impairment evidences and its methods, as well as the uses of assumptions, such as the expected recovery rates and default rates, which are applied to determine the future cash flow, involved significant judgements and estimations. Therefore, the assessment on the impairment of loans has been identified as a key audit matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included : understanding the methodology and related control procedure about how the management assesses and measures the impairment amount of loans. For individual assessment, we used sampling test to evaluate the use of the original effective interest rate, the appropriateness of the estimation of future recoverable amounts and value of collateral. For collective assessment, we assessed the impairment model adopted by the management and reviewed the appropriateness of the calculation of the impairment parameters and verified the completeness of the loans portfolio via sampling. Meanwhile, we assessed whether allowance for the loans meets the requirements.

Other Matters

Taiwan Business Bank Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks, and with the IFRSs, IASs, IFRIC, 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 Bank and subsidiaries' 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 and subsidiaries 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 and subsidiaries' 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 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 Bank and subsidiaries' 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 and subsidiaries' 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 Bank and subsidiaries 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 within 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 of the current period 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 audits resulting in this independent auditors' report are CHUNG, TAN TAN and CHEN, CHUN KUANG.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Assets				
11000 Cash and cash equivalents (Notes 6(A) and 7)	\$ 31,395,561	2	46,036,673	3
11500 Due from the Central Bank and call loans to banks (Notes 6(B) and 7)	125,431,516	7	86,980,274	5
12000 Financial assets at fair value through profit or loss (Note 6(C))	26,972,786	1	7,134,604	-
12100 Financial assets at fair value through other comprehensive income (Notes 6(G) and (P))	102,597,144	6	73,164,201	5
12200 Investment in debt instruments at amortized cost (Note 6(H))	263,056,842	15	261,470,496	16
12500 Securities purchased under resale agreements (Note 6(D))	13,399,113	1	2,386,518	-
13000 Receivables (Note 6(E))	27,736,905	2	45,652,981	3
13200 Current tax assets	810	-	64,880	-
13500 Discounts and loans, net (Notes 6(F) and 7)	1,132,462,936	65	1,074,627,748	67
15500 Other financial assets (Note 6(I))	19,928	-	17,971	-
18500 Property and equipment, net (Note 6(J))	14,498,237	1	14,309,738	1
18600 Right-of-use assets, net (Note 6(K))	1,051,559	-	-	-
19000 Intangible assets, net	352,376	-	286,054	-
19300 Deferred tax assets (Note 6(Y))	1,624,651	-	1,646,991	-
19500 Other assets, net (Note 6(L))	5,552,450	-	5,261,326	-
Total assets	\$ 1,746,152,814	100	1,619,040,455	100
Liabilities and equity				
Liabilities				
21000 Deposits from the Central Bank and banks (Notes 6(M) and 7)	\$ 104,793,612	6	91,314,543	6
21500 Due to the Central Bank and banks (Note 6(N))	752,145	-	591,988	-
22000 Financial liabilities at fair value through profit or loss (Notes 6(O) and (S))	9,393,336	1	9,339,273	1
22500 Notes and bonds issued under repurchase agreement (Note 6(P))	868,581	-	1,657,706	-
23000 Payables (Note 6(Q))	31,057,684	2	58,674,131	4
23200 Current tax liabilities	258,956	-	1,017,575	-
23500 Deposits and remittances (Notes 6(R) and 7)	1,435,049,547	82	1,311,041,103	81
24000 Bank notes payable (Note 6(S))	53,250,000	3	47,450,000	3
25500 Other financial liabilities (Note 6(T))	6,835,084	1	7,507,715	-
25600 Provisions (Note 6(U))	3,158,003	-	3,565,727	-
26000 Lease liabilities (Note 6(V))	1,041,183	-	-	-
29300 Deferred tax liabilities (Note 6(Y))	888,436	-	880,738	-
29500 Other liabilities (Note 6(W))	3,289,481	-	1,146,937	-
Total liabilities	1,650,636,048	95	1,534,187,436	95
Equity attributable to owners of parent				
31101 Common stock (Note 6(X))	71,319,842	4	63,938,802	4
31500 Capital Surplus (Note 6(X))	815,900	-	-	-
Retained earnings:				
32001 Legal reserve (Note 6(X))	12,312,175	1	10,020,013	1
32003 Special reserve (Note 6(X))	223,331	-	516,555	-
32005 Unappropriated retained earnings (Note 6(X))	7,167,217	-	7,470,985	-
32500 Other equity interest (Note 6(X))	3,678,301	-	2,906,664	-
Total equity	95,516,766	5	84,853,019	5
Total liabilities and equity	\$ 1,746,152,814	100	1,619,040,455	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the year ended December 31,				Percent Change%
	2019		2018		
	Amount	%	Amount	%	
41000 Interest income (Notes 6(AC) and 7)	\$ 29,444,970	127	28,287,358	123	4
51000 Less : Interest expenses (Notes 6(AC) and 7)	(12,413,857)	(54)	(11,089,482)	(48)	12
Net interest revenue	17,031,113	73	17,197,876	75	(1)
Net revenue other than interest					
49100 Net service fee revenue (Notes 6(AD) and 13)	3,536,846	15	3,659,850	16	(3)
49200 Gain on financial assets or liabilities measured at fair value through profit or loss (Note 6(AE))	1,351,414	6	1,029,180	4	31
49310 Realized gain on financial assets at fair value through other comprehensive income (Note 6(AF))	613,920	3	374,849	2	64
49450 Gains arising from derecognition of financial assets measured at amortized cost (Note 6(H))	980	-	130	-	654
49600 Foreign exchange gain	227,555	1	478,887	2	(52)
49700 (Impairment loss on assets) reversal of impairment loss on assets (Note 6(AG))	(16,330)	-	(28,297)	-	42
49800 Net other revenue other than interest income (Note 6(AH))	115,368	-	93,362	-	24
49831 Net securities brokering revenue	210,077	1	221,110	1	(5)
49899 Other miscellaneous revenue (expense) (Note 6(AI))	138,999	1	-	-	-
Net revenue	23,209,942	100	23,026,947	100	1
58200 Bad debts expense, commitment and guarantee liability provision (Note 6(AJ))	(2,417,677)	(10)	(794,134)	(3)	204
Operating expense					
58500 Employee benefits expenses (Notes 6(AK))	(8,104,119)	(35)	(8,325,594)	(36)	(3)
59000 Depreciation and amortization expense (Notes 6(AL))	(957,863)	(4)	(472,783)	(2)	103
59500 Other general and administrative expense (Note 6(AM))	(3,664,603)	(16)	(4,236,019)	(19)	(13)
Total operating expense	(12,726,585)	(55)	(13,034,396)	(57)	(2)
61001 Income from continuing operation before tax	8,065,680	35	9,198,417	40	(12)
61003 Less: Income tax expenses (Note 6(Y))	1,331,427	6	1,557,875	7	(15)
Net income	6,734,253	29	7,640,542	33	(12)
65000 Other comprehensive income :					
65200 Components of other comprehensive income that will not be reclassified to profit or loss					
65201 Remeasurements of defined benefit plans (Note 6(Z))	29,493	-	(174,907)	-	117
65204 Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	851,684	4	226,956	1	275
65220 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(Y))	5,899	-	(71,895)	-	(108)
Components of other comprehensive income that will not be reclassified to profit or loss	875,278	4	123,944	1	606
65300 Components of other comprehensive income that will be reclassified to profit or loss					
65301 Exchange difference on translation	(402,180)	(2)	330,032	1	(222)
65308 Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	301,822	2	164,546	1	83
65320 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(Y))	(72,738)	-	35,234	-	306
Components of other comprehensive income that will be reclassified to profit or loss	(27,620)	-	459,344	2	(106)
65000 Other comprehensive income	847,658	4	583,288	3	45
Total comprehensive income	\$ 7,581,911	33	8,223,830	36	(8)
Earnings per share (in NT dollar) (Note 6 (AA))					
Basic earnings per share (in NT dollar)	\$ 0.98		1.14		
Diluted earnings per share (in NT dollar)	\$ 0.98		1.13		

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent							Other equity interest		
	Share Capital	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on financial assets available for sale	Total
Balance at January 1, 2018										
Effects of retrospective application of new standards										
Balance at January 1, 2018 after adjustments	\$ 61,479,617	-	8,569,864	1,240,588	4,833,852	14,644,284	(835,340)	-	529,112	75,817,673
Net income for the year ended December 31, 2018					(98,187)	(98,187)			(529,112)	2,459,170
Other comprehensive income (losses) for the year ended December 31, 2018					4,735,645	14,546,097	(835,340)			78,276,843
Total comprehensive income (losses) for the year ended December 31, 2018					7,640,542	7,640,542				7,640,542
Appropriation and distribution of retained earnings:					(103,012)	(103,012)	294,218			583,288
Legal reserve appropriated					7,537,530	7,537,530	294,218			8,223,830
Reversal of special reserve			1,450,149	-	(1,450,149)	-				
Cash dividends of ordinary share				(724,033)	724,033	-				
Stock dividends of ordinary share					(1,647,654)	(1,647,654)				(1,647,654)
Disposal of investment in equity instruments designated at fair value through other comprehensive income					(2,459,185)	(2,459,185)				
					30,765	30,765				
Balance at December 31, 2018	63,938,802	-	10,020,013	516,555	7,470,985	18,007,553	(541,122)	3,447,786	-	84,853,019
Net income for the year ended December 31, 2019					6,734,253	6,734,253				6,734,253
Other comprehensive income (losses) for the year ended December 31, 2019					23,594	23,594	(321,744)			847,658
Total comprehensive income (losses) for the year ended December 31, 2019					6,757,847	6,757,847	(321,744)			7,581,911
Appropriation and distribution of retained earnings:										
Legal reserve appropriated			2,292,162	-	(2,292,162)	-				
Reversal of special reserve				(293,224)	293,224	-				
Cash dividends of ordinary share					(1,918,164)	(1,918,164)				(1,918,164)
Stock dividends of ordinary share					(3,196,940)	(3,196,940)				
Issue of shares		815,900			-	-				5,000,000
Disposal of investments in equity instruments designated at fair value through other comprehensive income					52,427	52,427			(52,427)	
Balance at December 31, 2019	\$ 71,319,842	815,900	12,312,175	223,331	7,167,217	19,702,723	(862,866)	4,541,167	-	95,516,766

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net income before tax	\$ 8,065,680	9,198,417
Adjustments :		
Income and expenses items:		
Depreciation expenses	833,161	373,990
Amortization expenses	124,702	98,793
Provision for bad debt expenses	2,474,188	708,787
Net loss on financial assets or liabilities at fair value through profit or loss	93,076	179,390
Interest expenses	12,413,857	11,089,482
Net gain arising from derecognition of financial assets measured at amortized cost	(980)	(130)
Interest income	(29,449,170)	(28,287,358)
Net change in provisions for guarantee liabilities	(14,340)	58,710
Net change in other provisions	(42,171)	26,637
Loss on disposal of property and equipment	693	1,155
Impairment loss on financial assets	16,330	28,297
Total adjustments to reconcile profit	(13,550,654)	(15,722,247)
Changes in Operating Assets and Liabilities :		
Changes in Operating Assets :		
(Increase) decrease in due from the Central Bank and call loans to banks	(38,466,421)	14,352,507
Increase in financial assets at fair value through profit or loss	(18,606,344)	(6,012,905)
(Increase) decrease in securities purchased under resell agreements	(11,012,595)	1,611,586
Decrease (increase) in receivables	17,988,332	(21,399,195)
(Increase) decrease in discounts and loans	(60,243,206)	36,317,199
(Increase) decrease in other financial assets	(743)	102,084
Increase in other assets	(348,531)	(719,250)
Total changes in operating assets	(110,689,508)	24,252,026
Changes in Operating Liabilities :		
Increase (decrease) in deposits from the Central Bank and banks	13,479,069	(2,215,227)
(Decrease) increase in financial liabilities at fair value through profit or loss	(1,270,852)	5,367,493
(Decrease) increase in notes and bonds issued under repurchase agreement	(789,125)	552,110
(Decrease) increase in payable	(28,070,608)	21,184,352
Increase (decrease) in deposits and remittances	124,008,444	(4,982,608)
Decrease in other financial liabilities	(651,610)	(2,603,441)
Decrease in provisions for employee benefits	(321,541)	(257,144)
Total Changes in Operating Liabilities	106,383,777	17,045,535
Total Changes in Operating Assets and Liabilities	(4,305,731)	41,297,561
Total adjustments	(17,856,385)	25,575,314
Cash (outflow) inflow generated from operations	(9,790,705)	34,773,731
Interest received	29,342,963	27,943,576
Interest paid	(11,973,585)	(10,608,976)
Income tax paid	(1,915,437)	(547,357)
Net Cash Flow Provided by Operating Activities	5,663,236	51,560,974
Cash Flows from Investing Activities :		
Acquisition of financial assets at fair value through other comprehensive income	(28,297,971)	(4,153,866)
Acquisition of investments in debt instruments at amortized cost	(1,582,649)	(56,422,485)
Acquisition of property and equipment	(658,309)	(451,166)
Disposal of property and equipment	378	195
Increase in refundable deposits	(363,698)	(537,185)
Acquisition of intangible assets	(155,613)	(110,361)
Net Cash Flows Used in Investing Activities	(31,057,862)	(61,674,868)
Cash Flows from Financing Activities :		
Increase in due to the Central Bank and banks	160,157	560,524
Proceeds from issuing bank notes payable	5,800,000	6,450,000
Increase in guarantee deposits received	480,730	52,870
Decrease in lease payable	-	(9,389)
Payments of lease liabilities	(414,333)	-
Increase (decrease) in other liabilities	1,661,814	(549,448)
Cash dividends paid	(1,918,164)	(1,647,654)
Proceeds from issuing shares	5,000,000	-
Net Cash Flows from Financing Activities	10,770,204	4,856,903
Effect of exchange rate changes on cash and cash equivalents	(16,690)	1,305
Net decrease in cash and cash equivalents	(14,641,112)	(5,255,686)
Cash and cash equivalent at beginning of period	46,036,673	51,292,359
Cash and cash equivalent at end of period	\$ 31,395,561	46,036,673

Independent Auditors' Report

To the Board of Directors of Taiwan Business Bank, Ltd.:

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Jin-Kuan-Yin-Zi No.10802731571 and the auditing standards generally accepted in the Republic of China. We conducted our audits of the prior period in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

1. The assessment of loans impairment

Please refer to Note(4) (E) "Financial Instruments" for related accounting policy, Note 5 (A) for accounting assumptions and estimates, and Note 6 (F) "Discount and loans-net" and Note 6 (AP) "Financial Risk Information" for details of loans impairment, respectively.

The management of the Bank assess the impairment of loans by determining if there is any observable evidence indicating impairment, and dividing them into collective assessment and individual assessment based on the materiality levels to measure by different impairment method. For the individual assessment with objective evidence of impairment, the measurement is based on expected future cash flow. For the collective assessment with objective evidence of impairment, the Bank needs to calculate the recovery rate of each group to measure the impairment amount. For the collectively assessed loans without objective evidence of impairment, the impairment is calculated by establishing an impairment model using the pass loss experience on assets with similar credit risk characteristic to form basic estimation. Besides the methods mentioned above, the management of the Bank should inspect weather the amount of impairment is in compliance with the minimum level made by the authority. Both the evaluation of impairment evidences and its methods, as well as the uses of assumptions, such as the expected recovery rates and default rates, which are applied to determine the future cash flow, involved significant judgements and estimations. Therefore, the assessment on the impairment of loans has been identified as a key audit matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: understanding the methodology and related control procedure about how the management assesses and measures the impairment amount of loans. For individual assessment, we used sampling test to evaluate the use of the original effective interest rate, the appropriateness of the estimation of future recoverable amounts and value of collateral. For collective assessment, we assessed the impairment model adopted by the management and reviewed the appropriated of the calculation of the impairment parameters and verified the completeness of the loans portfolio via sampling. Meanwhile, we assessed whether allowance for the loans meets the requirements.

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 Held Banks, and the Regulations Governing the Preparation of Financial Reports by Securities Firms, 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 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 investment in other entities accounted for using the equity method to express an opinion on this 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 of the current period 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 CHUNG, TAN TAN and CHEN, CHUN KUANG.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2020

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese.)
TAIWAN BUSINESS BANK, LTD.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018		December 31, 2019		December 31, 2018		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
11000 Cash and cash equivalents (Notes 6(A) and 7)	\$ 31,193,304	2	45,706,331	3					
11500 Due from the Central Bank and call loans to banks (Notes 6(B) and 7)	125,357,393	7	86,980,274	5	21000 Deposits from the Central Bank and banks (Notes 6(N) and 7)	\$ 104,793,612	6	91,314,543	6
12000 Financial assets at fair value through profit or loss (Note 6(C))	26,626,885	2	6,934,604	-	22000 Financial liabilities at fair value through profit or loss (Notes 6(O) and (S))	9,393,336	1	9,339,273	1
12100 Financial assets at fair value through other comprehensive income (Notes 6(G) and (P))	102,597,144	6	73,164,201	5	22500 Notes and bonds issued under repurchase agreement (Note 6(P))	868,581	-	1,657,706	-
12200 Investment in debt instruments at amortized cost (Note 6(H))	263,056,842	15	261,470,496	16	23000 Payables (Note 6(Q))	31,000,340	2	58,620,227	4
12500 Securities purchased under resale agreements (Notes 6(D) and (P))	13,399,113	1	2,386,518	-	23200 Current tax liabilities	224,577	-	952,293	-
13000 Receivables (Note 6(E))	25,715,593	1	43,698,543	3	23500 Deposits and remittances (Notes 6(R) and 7)	1,435,795,670	82	1,311,937,545	81
13200 Current tax assets	-	-	64,842	-	24000 Bank notes payable (Note 6(S))	53,250,000	3	47,450,000	3
13500 Discounts and loans, net (Notes 6(F) and 7)	1,132,462,936	65	1,074,627,748	67	25500 Other financial liabilities (Note 6(T))	6,835,084	1	7,507,715	-
15000 Investments measured by equity method, net (Note 6(I))	2,562,868	-	2,684,501	-	25600 Provisions (Note 6(U))	3,158,003	-	3,565,727	-
15500 Other financial assets (Note 6(J))	19,928	-	17,971	-	26000 Lease liabilities (Note 6(V))	1,026,667	-	-	-
18500 Property and equipment, net (Note 6(K))	14,490,374	1	14,298,525	1	29300 Deferred tax liabilities (Note 6(Y))	888,436	-	880,738	-
18600 Right-of-use assets, net (Note 6(L))	1,037,377	-	-	-	29500 Other liabilities (Note 6(W))	3,218,001	-	1,086,255	-
19000 Intangible assets, net	351,454	-	284,944	-	Total liabilities	1,650,432,307	95	1,534,312,022	95
19300 Deferred tax assets (Note 6(Y))	1,591,851	-	1,623,371	-	Equity				
19500 Other assets, net (Note 6(M))	5,506,011	-	5,222,172	-	Common stock (Note 6(X))	71,319,842	4	63,938,802	4
					Capital surplus (Note 6(X))	815,900	-	-	-
					Retained earnings:				
					Legal reserve (Note 6(X))	12,312,175	1	10,020,013	1
					Special reserve (Note 6(X))	223,331	-	516,555	-
					Unappropriated retained earnings (Note 6(X))	7,167,217	-	7,470,985	-
					Other equity interest	3,678,301	-	2,906,664	-
					Total equity	95,516,766	5	84,853,019	5
Total assets	\$ 1,745,969,073	100	1,619,165,041	100	Total liabilities and equity	\$ 1,745,969,073	100	1,619,165,041	100

(English Translation of Financial Statements Originally Issued in Chinese.)
TAIWAN BUSINESS BANK, LTD.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the year ended December 31,				Percent Change%
	2019		2018		
	Amount	%	Amount	%	
41000 Interest income (Notes 6(AC) and 7)	\$ 29,270,949	128	28,156,855	124	4
51000 Less : Interest expenses (Notes 6(AC) and 7)	<u>(12,384,563)</u>	<u>(54)</u>	<u>(11,082,469)</u>	<u>(49)</u>	12
Net interest revenue	16,886,386	74	17,074,386	75	(1)
Net revenue other than interest					
49100 Net service fee revenue (Notes 6(AD) and 13)	3,013,496	13	3,012,942	13	-
49200 Gains on financial assets or liabilities measured at fair value through profit or loss (Note 6(AE))	1,333,055	6	1,029,180	5	30
49310 Realized gain on financial assets at fair value through other comprehensive income (Note 6(AF))	613,920	3	374,849	2	64
49450 Gains arising from derecognition of financial assets measured at amortized cost (Note 6(H))	980	-	130	-	654
49600 Foreign exchange gain	228,669	1	478,887	2	(52)
49700 (Impairment loss on assets) reversal of impairment loss on assets (Note 6(AG))	(16,330)	-	(28,297)	-	42
49750 Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(AH))	312,280	1	384,452	2	(19)
49800 Net other revenue other than interest income (Note 6(AI))	117,333	-	99,343	-	18
49831 Net securities brokering revenue	210,077	1	221,110	1	(5)
49899 Other miscellaneous revenue (expense) (Note 6(AJ))	<u>138,999</u>	<u>1</u>	<u>-</u>	<u>-</u>	-
Net revenue	<u>22,838,865</u>	<u>100</u>	<u>22,646,982</u>	<u>100</u>	1
58200 Bad debts expense, commitment and guarantee liability provision (Note 6(AK))	<u>(2,349,480)</u>	<u>(10)</u>	<u>(745,770)</u>	<u>(3)</u>	215
Operating expenses					
58500 Employee benefits expense (Notes 6(AL))	(7,965,610)	(35)	(8,176,618)	(36)	(3)
59000 Depreciation and amortization expense (Notes 6(AM))	(946,334)	(4)	(468,765)	(2)	102
59500 Other general and administrative expense (Note 6(AN))	<u>(3,603,283)</u>	<u>(16)</u>	<u>(4,169,000)</u>	<u>(19)</u>	(14)
Total operating expenses	<u>(12,515,227)</u>	<u>(55)</u>	<u>(12,814,383)</u>	<u>(57)</u>	(2)
61001 Income from continuing operation before tax	7,974,158	35	9,086,829	40	(12)
61003 Less: Income tax expenses (Note 6(Y))	<u>1,239,905</u>	<u>6</u>	<u>1,446,287</u>	<u>6</u>	(14)
Net income	<u>6,734,253</u>	<u>29</u>	<u>7,640,542</u>	<u>34</u>	(12)
65000 Other comprehensive income :					
Components of other comprehensive income that will not be reclassified to profit or loss					
65201 Remeasurements of defined benefit plans	29,493	-	(174,907)	(1)	117
65204 Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	851,684	4	226,956	1	275
65220 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss(Note 6(Y))	<u>5,899</u>	<u>-</u>	<u>(71,895)</u>	<u>-</u>	(108)
Components of other comprehensive income that will not be reclassified to profit or loss	<u>875,278</u>	<u>4</u>	<u>123,944</u>	<u>-</u>	606
Components of other comprehensive income that will be reclassified to profit or loss					
65301 Exchange difference on translation	(395,385)	(2)	335,075	1	(218)
65308 Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	301,822	2	164,546	1	83
65320 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss(Note 6(Y))	<u>(65,943)</u>	<u>-</u>	<u>40,277</u>	<u>-</u>	264
Components of other comprehensive income that will be reclassified to profit or loss	<u>(27,620)</u>	<u>-</u>	<u>459,344</u>	<u>2</u>	(106)
65000 Other comprehensive income	<u>847,658</u>	<u>4</u>	<u>583,288</u>	<u>2</u>	45
Total comprehensive income	<u>\$ 7,581,911</u>	<u>33</u>	<u>8,223,830</u>	<u>36</u>	(8)
Earnings per share (in NT dollar)(Note 6 (AA))					
Basic earnings per share (in NT dollar)	<u>\$ 0.98</u>		<u>1.14</u>		
Diluted earnings per share (in NT dollar)	<u>\$ 0.98</u>		<u>1.13</u>		

(English Translation of Financial Statements Originally Issued in Chinese.)
TAIWAN BUSINESS BANK, LTD.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Share Capital				Retained earnings			Other interest equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available for sale financial assets	Total	
Balance at January 1, 2018	\$ 61,479,617	-	8,569,864	1,240,588	4,833,832	(835,340)	-	529,112	75,817,673	
Effects of retrospective application of new standards	-	-	-	-	(98,187)	-	-	(529,112)	2,459,170	
Balance at January 1, 2018 after adjustments	61,479,617	-	8,569,864	1,240,588	4,735,645	(835,340)	-	-	78,276,843	
Net income for the year ended December 31, 2018	-	-	-	-	7,640,542	-	-	-	7,640,542	
Other comprehensive income (losses) for the year ended December 31, 2018	-	-	-	-	(103,012)	-	-	-	583,288	
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	7,537,530	-	-	-	8,223,830	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	1,450,149	-	(1,450,149)	-	-	-	-	
Reversal of special reserve	-	-	-	(724,033)	724,033	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(1,647,654)	-	-	-	(1,647,654)	
Stock dividends of ordinary share	2,459,185	-	-	-	(2,459,185)	-	-	-	-	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	30,765	-	(30,765)	-	-	
Balance at December 31, 2018	63,938,802	-	10,020,013	516,555	7,470,985	(541,122)	-	-	84,853,019	
Net Income for the year ended December 31, 2019	-	-	-	-	6,734,253	-	-	-	6,734,253	
Other comprehensive income (losses) for the year ended December 2019	-	-	-	-	23,594	-	-	-	847,658	
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	6,757,847	(321,744)	-	-	6,436,103	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	2,292,162	-	(2,292,162)	-	-	-	-	
Reversal of special reserve	-	-	-	(293,224)	293,224	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(1,918,164)	-	-	-	(1,918,164)	
Stock dividends of ordinary share	3,196,940	-	-	-	(3,196,940)	-	-	-	-	
Issue of shares	4,184,100	815,900	-	-	-	-	-	-	5,000,000	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	52,427	-	(52,427)	-	-	
Balance at December 31, 2019	\$ 71,319,842	815,900	12,312,175	223,331	7,167,217	(862,866)	-	-	95,516,766	

(English Translation of Financial Statements Originally Issued in Chinese.)
TAIWAN BUSINESS BANK, LTD.

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net income before tax	\$ 7,974,158	9,086,829
Adjustments :		
Income and expenses items:		
Depreciation expenses	822,072	370,604
Amortization expenses	124,262	98,161
Provision for bad debt expenses	2,405,991	660,423
Net loss on financial assets or liabilities at fair value through profit or loss	103,035	179,390
Interest expenses	12,384,563	11,082,469
Net gain arising from derecognition of financial assets measured at amortized cost	(980)	(130)
Interest income	(29,270,949)	(28,156,855)
Dividend revenues	392,958	355,800
Net change in provisions for guarantee liabilities	(14,340)	58,710
Net change in other provisions	(42,171)	26,637
Share of loss (profit) of associates and joint ventures accounted for using equity method	(312,280)	(384,452)
Loss on disposal of property and equipment	693	1,155
Impairment loss on financial assets	16,330	28,297
Total adjustments to reconcile profit	<u>(13,390,816)</u>	<u>(15,679,791)</u>
Changes in Operating Assets and Liabilities :		
Changes in Operating Assets :		
(Increase) decrease in due from the Central Bank and call loans to banks	(38,392,298)	14,352,507
Increase in financial assets at fair value through profit or loss	(18,470,402)	(5,812,905)
(Increase) decrease in securities purchased under resell agreements	(11,012,595)	1,611,586
Decrease (increase) in receivables	18,122,784	(20,996,379)
(Increase) decrease in discounts and loans	(60,243,206)	36,317,199
(Increase) decrease in other financial assets	(743)	102,084
Increase in other assets	(292,518)	(727,419)
Total changes in operating assets	<u>(110,288,978)</u>	<u>24,846,673</u>
Changes in Operating Liabilities :		
Increase (decrease) in deposits from the Central Bank and banks	13,479,069	(2,215,227)
(Decrease) increase in financial liabilities at fair value through profit or loss	(1,270,852)	5,367,493
(Decrease) increase in notes and bonds issued under repurchase agreement	(789,125)	552,110
(Decrease) increase in payable	(28,059,091)	21,240,603
Increase (decrease) in deposits and remittances	123,858,125	(4,733,806)
Decrease in other financial liabilities	(651,610)	(2,603,441)
Decrease in provisions for employee benefits	(321,541)	(257,144)
Total Changes in Operating Liabilities	<u>106,244,975</u>	<u>17,350,588</u>
Total Changes in Operating Assets and Liabilities	<u>(4,044,003)</u>	<u>42,197,261</u>
Total adjustments	<u>(17,434,819)</u>	<u>26,517,470</u>
Cash (outflow) inflow generated from operations	(9,460,661)	35,604,299
Interest received	29,163,184	27,816,690
Interest paid	(11,945,359)	(10,601,963)
Income tax paid	(1,803,517)	(510,148)
Net Cash Flow Provided by Operating Activities	<u>5,953,647</u>	<u>52,308,878</u>
Cash Flows from Investing Activities :		
Acquisition of financial assets at fair value through other comprehensive income	(28,297,971)	(4,153,866)
Acquisition of investments in debt instruments at amortized cost	(1,582,649)	(56,422,485)
Acquisition of investment accounted for using equity method	-	(300,000)
Acquisition of property and equipment	(657,712)	(446,775)
Disposal of property and equipment	378	195
Increase in refundable deposits	(364,676)	(529,738)
Acquisition of intangible assets	(155,355)	(109,329)
Net Cash Flows Used in Investing Activities	<u>(31,057,985)</u>	<u>(61,961,998)</u>
Cash Flows from Financing Activities :		
Proceeds from issuing bank notes payable	5,800,000	6,450,000
Increase in guarantee deposits received	478,290	51,804
Decrease in lease payable	-	(9,389)
Payments of lease liabilities	(407,455)	-
Increase (decrease) in other liabilities	1,653,456	(552,257)
Cash dividends paid	(1,918,164)	(1,647,654)
Proceeds from issuing shares	5,000,000	-
Net Cash Flows Provided by Financing Activities	<u>10,606,127</u>	<u>4,292,504</u>
Effect of exchange rate changes on cash and cash equivalents	(14,816)	420
Net decrease in cash and cash equivalents	(14,513,027)	(5,360,196)
Cash and cash equivalents at beginning of period	45,706,331	51,066,527
Cash and cash equivalents at end of period	<u>\$ 31,193,304</u>	<u>45,706,331</u>

Proposal II by the Board

Explanation: Adoption of the earnings distribution from final accounts of the Bank for 2019.

Description:

1. After an audit, the earnings available for distribution of the Bank for 2019 was NT\$5,185,142,299.24, and the description is set out below:
 - (1) The opening undistributed earnings for 2019 was NT\$356,940,304.77.
 - (2) Items added:
 - A. Reversal of "recognized actuarial gains and losses for defined benefit plans" of NT\$23,594,400.
 - B. "Gains and losses arising from disposals of investments in equity instruments designated at fair value through other comprehensive income": NT\$52,427,832.
 - C. Reversed special reserve was NT\$38,202,709:
 - a. Based on the requirements under the Letter Jin-guan-zheng-fa-zi No. 1010012865 dated April 6, 2012, and the Letter Jin-guan-yin-fa-zi No. 10510001510 dated May 25, 2016, issued by the Financial Supervisory Commission.
 - b. As of December 31, 2018, the stated net deduction of other equity: The sum of "difference of foreign exchange in translating financial statements of foreign operating units" of -NT\$862,865,585.21 and "unrealized gain or loss on financial assets at fair value through other comprehensive income" of NT\$4,541,167,789.08 is a positive number; therefore, no special reserve shall be provided. The employee job transfers or placement expenses of NT\$38,202,709 provided in 2018 may be fully reversed.

D. After reviewed and approved by Accountant Tan-Tan Chung and Chun-Kuang Chen from KPMG, the after-tax net income for 2019 was NT\$6,734,252,933.53.

(3) Items less:

Appropriated as legal reserve: NT\$2,020,275,880.06.

(4) Distribution of shareholders' bonus - cash dividends (NT\$0.20 per share): NT\$1,426,396,849. The minimum distribution of cash dividend made to shareholders shall be round up to NT\$1, and fraction cash dividend less than NT\$1 shall be accounted as other income.

(5) Distribution of shareholders' bonus - stock dividends (NT\$0.50 per share): NT\$3,565,992,130.

(6) Closing undistributed earnings: NT\$192,753,320.24.

2. Please refer to Page 50 of the Handbook for the "Disposition of Earnings for 2019" of the Bank.

Voting results:

Number of Votes by Attending Shareholders	For		Against	Void	Abstain/ Did not vote
	Counts	Ratio (%)	Counts	Counts	Counts
4,144,228,835	3,737,356,500 (3,227,118,431 votes therein exercised the voting rights by electronic means)	90.18	3,007,754 (2,994,058 votes therein exercised the voting rights by electronic means)	1,567,020	402,297,561 (400,836,740 votes therein exercised the voting rights by electronic means)

Resolution: The case was passed as proposed after voting.

Taiwan Business Bank Co., Ltd.

Disposition of Earnings

2019

Unit: NT\$

Item	Amount
Opening undistributed earnings	356,940,304.77
Add: Recognized actuarial gains and losses for defined benefit plans	23,594,400.00
Add: Gains or losses arising from disposals of investments in equity instruments designated at fair value through other comprehensive income	52,427,832.00
Add: Reversed special reserve	38,202,709.00
Add: After-tax net income for 2019	6,734,252,933.53
Less: Appropriated as legal reserve	(2,020,275,880.06)
Earnings available for distribution	5,185,142,299.24
Item of distribution:	
Distribution of shareholders' bonus - cash dividends (NT\$0.20 per share)	1,426,396,849.00
Distribution of shareholders' bonus - stock dividends (NT\$0.50 per share)	3,565,992,130.00
Closing undistributed earnings	192,753,320.24

Note:

- The calculation of shareholders' bonus per share was based on 7,131,984,244 shares.
- The distribution shall initially be appropriated from the undistributed earnings in the latest year.
- Conduct in accordance with the Order Jin-guan-zi No. 10510001510 issued by the Financial Supervisory Commission on May 25, 2016.

Chairman:



President:



SVP & GM of the Accounting Dept.:



V. Discussion Matters

Proposal I by the Board

Explanation: In response to the earnings distribution of stock dividends for 2019, the Bank intends to carry out a capital increase via transferred earnings for the issuance of new shares, hereby proposed for approval.

Description:

1. In response to the requirements on the inclusion of common equity under the new Basel III to improve its capital structure, and in turns increase the profitability, the Bank intends to carry out a capital increase via transferred earnings for the issuance of 356,599,213 new shares according to the requirements under Article 240 of the Company Act.
2. Total amount of the new shares for capital increase and the conditions for issuance:
 - (1) A capital increase of NT\$3,565,992,130 is proposed, with the par value of NT\$10 per share, for the issuance of 356,599,213 new registered common shares.
 - (2) The capital increase via transferred earnings shall be submitted to the competent authority for approval after being approved by the shareholders' meeting. The Board may otherwise determine the date of ex-rights for the allotment of new shares, and, based on the shareholding ratio stated in the Shareholders' registrar on the date of ex-rights, allot 50 shares for every thousand shares without compensation. Allotment of fraction shares less than one share; the shareholder may present at the stock affairs agency of the Bank within 5 days from the date of ex-rights for aggregation. A cash distribution may be paid for fraction shares less than one share upon aggregation (round up to NT\$1); the Chairman may assign a specific person to subscribe for the overdue un-aggregated number of fraction shares at the par value.
 - (3) Subsequently, if the repurchase of Bank's shares, or the transfer, conversion, and cancellation of treasury stocks or otherwise affected the number of total issued shares, resulting in changes in share distribution rate of

shareholders, hereby proposed to the shareholders' meeting to authorize the Board for handling the changes.

- (4) The new shares issued under the capital increase via transferred earnings shall rank pari passu in all respects with the originally issued shares.
3. The proposed stock dividends have no effect on the operating performance and earnings per share of the Bank: According to the requirements under the "Regulations Governing the Publication of Financial Forecasts of Public Companies" and "Taiwan Stock Exchange Corporation Standards for Determining Whether a TWSE Listed Company Shall Publish Complete Financial Forecasts," the Bank has not made public disclosure regarding its financial forecast for 2020; therefore, the Bank is unable to estimate the forecast information concerning the effects of stock dividends proposed above on the revenue, profit or loss, and earning per share; the item is not applicable to the Bank.
 4. After the capital increase, the total paid-in capital is NT\$74,885,834,570, falling within the total capital of NT\$80 billion of the Bank.
 5. Hereby proposed to authorize full discretion to the Board for unaddressed matters regarding the proposal.

Voting Method: Proposals shall be discussed for voting on a case-by-case basis. Voting shall be carried out after finishing the discussion on the first, second and third proposals of the discussion matters.

Voting results:

Number of Votes by Attending Shareholders	For		Against	Void	Abstain/ Did not vote
	Counts	Ratio (%)	Counts	Counts	Counts
4,144,236,935	3,736,076,827 (3,226,644,333 votes therein exercised the voting rights by electronic means)	90.15	3,907,533 (3,893,837 votes therein exercised the voting rights by electronic means)	0	404,252,575 (400,411,059 votes therein exercised the voting rights by electronic means)

Resolution: The case was passed as proposed after voting.

Proposal II by the Board

Explanation: Amendment to the Articles of Association of the Bank, hereby proposed for approval.

Description:

1. In response to the amendments to the Company Act, the Bank intends to amend its Articles of Association, summarized as below:
 - (1) As Article 162-1 of the Company Act was deleted and the Bank had adopted scripless stock issuance, amended the wording accordingly. (Article 6)
 - (2) Added that shareholders continuously holding 50% or more of the total number of outstanding shares of the Bank for a period of three months or longer time may convene a special shareholders' meeting according to the requirements under Article 173-1 of the Company Act. (Article 12)
 - (3) Amended partial wording according to requirements under Article 17 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." (Article 28 and 31)
 - (4) Added the scope of authorization when the Managing Board executing the function of the Board of Directors according to requirements under Article 43 of the "Corporate Governance Best Practice Principles for Banks." (Article 30)
2. For the "Comparison Table of the Drafted Amendment to Articles of Association" of the Bank, please refer to Page 54 ~ 57 of the Handbook.

Voting results:

Number of Votes by Attending Shareholders	For		Against	Void	Abstain/ Did not vote
	Counts	Ratio (%)	Counts	Counts	Counts
4,144,236,935	3,735,344,876 (3,225,912,382 votes therein exercised the voting rights by electronic means)	90.13	3,090,426 (3,076,730 votes therein exercised the voting rights by electronic means)	0	405,801,633 (401,960,117 votes therein exercised the voting rights by electronic means)

Resolution: The case was passed as proposed after voting.

Comparison Table of the Drafted Amendment to Provisions of Articles of
Association of Taiwan Business Bank Co., Ltd.

Amended Provisions	Current Provisions	Description
<p>Article 4 Except for otherwise required by the competent authority for securities, the Bank shall publish its announcements on newspapers or e-mail newsletter.</p>	<p>Article 4 The Bank shall make announcements on the circulating daily newspaper where the headquarters of the Bank locates or in the manner prescribed by the competent authority.</p>	<p>Amended according to requirements under Article 28 of the Company Act.</p>
<p>Article 6 The Bank is exempted from printing any share certificate for the shares issued; however, the Bank shall register the issued shares with a centralized securities depository enterprise, and shall be handled according to the requirements of the enterprise.</p>	<p>Article 6 The share certificates of the Bank are registered and shall be issued after being signed or stamped by three or more directors according to the law. When issuing new shares, the share certificate shall be printed altogether according to the number of total issuances; however, the share certificates shall be kept by a centralized securities depository enterprise. The Bank is exempted from printing any share certificate for the shares issued; however, the Bank shall register the issued shares with a centralized securities depository enterprise.</p>	<ol style="list-style-type: none"> 1. Article 162-1 of the Company Act is deleted, and the Bank had adopted scripless share issuance; therefore, deleted Paragraphs 1 and 2 of the Article. 2. The Bank has fully adopted scripless share issuance; therefore, in accordance with Paragraph 2 of Article 161-2 of the Company Act, the Bank made the amendment that the Bank shall register according to relevant requirements of the centralized securities depository enterprise.
<p>Article 12 Shareholders' meetings of the Bank are categorized into annual meetings and extraordinary meetings. Annual meetings shall be convened at least once a year, and it shall be convened by the Board according to the laws within 6 months after each accounting year. Except for otherwise required by the Company Act, extraordinary meetings shall be convened by the</p>	<p>Article 12 Shareholders' meetings of the Bank are categorized into annual meetings and extraordinary meetings. Annual meetings shall be convened at least once a year, and it shall be convened by the Board according to the laws within 6 months after each accounting year. Except for otherwise required by the Company Act, extraordinary meetings shall be convened by the Board when necessary. Any or a plural number of</p>	<p>Added and amended partial wording according to the requirements under Article 173-1 of the Company Act.</p>

Amended Provisions	Current Provisions	Description
<p>Board when necessary. Any or a plural number of shareholder(s) of who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the Board to call an extraordinary meeting of shareholders. Any or a plural number of shareholder(s) of who has (have) continuously held more than half (50%) of total issued shares for a period of three months may call upon an extraordinary meeting.</p>	<p>shareholder(s) of who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the Board to call an extraordinary meeting of shareholders.</p>	
<p>Article 23 When investing in other companies, except for otherwise required by the Banking Act, the Bank shall not be subject to the limit of 40% of the Bank's paid-up capital regarding the total investments in other companies under Paragraph 2, Article 13 of the Company Act.</p>	<p>Article 23 When investing in other companies, except for otherwise required by the Banking Act, the Bank shall not be subject to the limit of 40% of the Bank's paid-up capital regarding the total investments in other companies under Paragraph 1, Article 13 of the Company Act.</p>	<p>Amended the quoted provision according to the requirements under Article 13 of the Company Act.</p>
<p>Article 25 A regular meeting of the Board shall be held every two months. Shall there be an emergency, or if the majority of the Directors request so, an extraordinary meeting may be held. Except for otherwise required by the Company Act, all meetings shall be convened by the Chairman in writing and may send out the electronic notice upon receiving the consent from the counterparty. The Board shall establish the "Rules of Procedures for Board Meeting" and submit to the shareholders' meeting, so as to improve the operating efficiency and decision-making abilities of the Board meeting. To reinforce the corporate governance abilities, the Board may establish functional committees and the rules for exercising their functions shall be separately determined by the Board.</p>	<p>Article 25 A regular meeting of the Board shall be held every two months. Shall there be an emergency, or if the majority of the Directors request so, an extraordinary meeting may be held. Except for otherwise required by the Company Act, all meetings shall be convened by the Chairman in writing and shall send out the notice via e-mail or fax. The Board shall establish the "Rules of Procedures for Board Meeting" and submit to the shareholders' meeting, so as to improve the operating efficiency and decision-making abilities of the Board meeting. To reinforce the corporate governance abilities, the Board may establish functional committees and the rules for exercising their functions shall be separately determined by the Board.</p>	<p>Amended partial wording according to the requirements under Article 204 of the Company Act.</p>

Amended Provisions	Current Provisions	Description
<p>Article 28 A minute book shall be prepared for the discussions at Board meetings, and the minute book shall be dispatched to all Directors within 20 days from the meeting after being signed by or affixed seal by the Chairman of the meeting and the recorder. The minute book shall set out the year, month, date, name of the Chairman, resolution method, the summary of the discussion process, and its results, and shall be permanently preserved throughout the existence of the Bank. The sign-in book of the attending Directors and the power of attorney for engaging proxies shall be permanently preserved throughout the existence of the Bank.</p>	<p>Article 28 A minute book shall be prepared for the discussions at Board meetings, and the minute book shall be dispatched to all Directors within 20 days from the meeting after being signed by or affixed seal by the Chairman. The minute book shall set out the year, month, date, name of the Chairman, resolution method, the summary of the discussion process, and its results, and shall be permanently preserved throughout the existence of the Bank. The sign-in book of the attending Directors and the power of attorney for engaging proxies shall be kept for a least a year.</p>	<p>Amended partial wording according to requirements under Article 17 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies."</p>
<p>Article 30 During the recess of the Board, the Managing Directors shall regularly exercise the power and authority of the Board in accordance with the laws and regulations, the Articles of Association, and the resolutions adopted by the shareholders' meetings and the Board, and the Board meetings to be called from time to time by the Chairman; such meetings shall be chaired by the Chairman. The scope of power and authority of the Board exercised by the Managing Board mentioned in the previous Paragraph refer to matters other than the significant matters required to be considered by the shareholders' meeting or submitted to the Board meeting for discussion according to the laws and articles of association or prescribed by the competent authority, and the determination of business scope other than the Bank's Articles of Association, overall operating strategies, significant policies, or significant risk management. When the Chairman is unable to present himself/herself, the</p>	<p>Article 30 During the recess of the Board, the Managing Directors shall regularly exercise the power and authority of the Board in accordance with the laws and regulations, the Articles of Association, and the resolutions adopted by the shareholders' meetings and the Board, and the Board meetings to be called from time to time by the Chairman; such meetings shall be chaired by the Chairman. When the Chairman is unable to present himself/herself, the Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves.</p>	<p>Added the scope of authorization when the Managing Board executing the function of the Board of Directors according to requirements under Article 43 of the "Corporate Governance Best Practice Principles for Banks."</p>

Amended Provisions	Current Provisions	Description
<p>Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves.</p>		
<p>Article 31 For a resolution at the Managing Directors meeting, except for otherwise required by the Company Act, the resolution shall receive the consent from the majority of the attending Managing Directors at the meeting attended by the majority of Managing Directors. The minute book shall be signed or affixed seal by the Chairman of the meeting and the recorder.</p>	<p>Article 31 For a resolution at the Managing Directors meeting, except for otherwise required by the Company Act, the resolution shall receive the consent from the majority of the attending Managing Directors at the meeting attended by the majority of Managing Directors. The minute book shall be signed or affixed seal by the Chairman.</p>	<p>Amended partial wording according to requirements under Article 17 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies."</p>

Proposal III by the Board

Explanation: Amendment to the Rules of Procedures for Shareholders' Meeting of the Bank, hereby proposed for approval.

Description:

1. To improve our corporate governance and comply with the "Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings" (the "Sample Template") promulgated by Taiwan Stock Exchange Corporation, the Bank, therefore, amended its "Rules of Procedures for Shareholders' Meeting."
2. The key amendments are summarized as follow:
 - (1) To establish a strong governance system and sound supervisory capabilities for the Bank's shareholders' meetings, and to strengthen management capabilities, the Bank amended the purpose of establishing such Rules. (Article 1)
 - (2) Added that a shareholders' meetings convened by the Board shall be 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. (Article 8)
 - (3) Deleted the requirements which specify that the proposal is passed when none voiced an objection, and stated that a vote shall be performed for each proposal and the results for each proposal shall be entered into the MOPS with reference to the mentioned Sample Template. (Paragraph 1, Article 10)
 - (4) Added that 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. (Paragraph 3, Article 10)
 - (5) 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 Bank, the shareholder may not vote on the item, and the number of shares for which voting rights may not be

exercised shall not be calculated as part of the voting rights represented by attending shareholders.
(Paragraph 10, Article 10)

3. For the "Comparison Table of the Drafted Amendment to Rules of Procedures for Shareholders' Meeting" of the Bank, please refer to Page 60 ~ 65 of the Handbook.

Voting results:

Number of Votes by Attending Shareholders	For		Against	Void	Abstain/ Did not vote
	Counts	Ratio (%)	Counts	Counts	Counts
4,144,236,935	3,735,820,325 (3,226,387,831 votes therein exercised the voting rights by electronic means)	90.14	3,114,369 (3,100,673 votes therein exercised the voting rights by electronic means)	0	405,302,241 (401,460,725 votes therein exercised the voting rights by electronic means)

Resolution: The case was passed as proposed after voting.

Comparison Table of the Drafted Amendment to Rules of Procedures for Shareholders' Meeting of Taiwan Business Bank Co., Ltd.

Amended Provisions	Current Provisions	Description
<p>Article 1 (Purpose and applying principle) To establish a strong governance system and sound supervisory capabilities for the Bank's shareholders' meetings, and to strengthen management capabilities, the Bank established the Rules for compliance. Except for otherwise required by the laws and regulations as well as the Articles of Association of the Bank, the rules of procedures for shareholders' meeting of the Bank shall be subject to the Rules.</p>	<p>Article 1 (Applying principle) Except for otherwise required by the laws and regulations as well as the Articles of Association of the Bank, matters related to the shareholders' meeting of the Bank shall be subject to the Rules.</p>	<ol style="list-style-type: none"> 1. Added the purpose in Paragraph 1. 2. Amended the wording of Paragraph 2 according to the name of the regulations.
<p>Article 3 (Preparation for documents such as the sign-in book) The Bank shall set out registration time, registration location, and other notes for shareholders in the letter of advice for the meeting. The registration time for shareholders in the previous Paragraph shall be at least 30 minutes prior to the beginning of the meeting. The registration location shall have clear signs as well as enough and eligible personnel for registration. The Bank shall prepare the sign-in book for attending shareholders or proxies of shareholders to sign-in, or use sign-in cards from the shareholders or proxies of shareholders to substitute signing in. The Bank shall deliver the meeting handbook, annual report, attendance card, speech slip, voting ticket, and supplemental information of the meeting to the shareholders or proxies of shareholders attending the shareholders' meeting. Election tickets shall be otherwise enclosed when there is an election involved. Shareholders or proxies of shareholders shall attend the shareholders' meeting with the presence of the attendance card, sign-</p>	<p>Article 3 (Preparation for documents such as the sign-in book) The Bank shall set out registration time, registration location, and other notes for shareholders in the letter of advice for the meeting. The registration time for shareholders in the previous Paragraph shall be at least 30 minutes prior to the beginning of the meeting. The registration location shall have clear signs as well as enough and eligible personnel for registration. The Bank shall prepare the sign-in book for attending shareholders or proxies of shareholders to sign-in, or use sign-in cards from the shareholders or proxies of shareholders to substitute signing in. The Bank shall deliver the meeting handbook, annual report, attendance card, speech slip, voting ticket, and supplemental information of the meeting to the shareholders or proxies of shareholders attending the shareholders' meeting. Election tickets shall be otherwise enclosed when there is an election involved. Shareholders or proxies of shareholders shall attend the shareholders' meeting with the presence of the attendance card, sign-</p>	<p>Added Paragraph 6, moved the current Paragraph 6 of Article 9 to this Article, and amended wording with reference to Paragraph 6, Article 6 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings" (the "Sample Template").</p>

Amended Provisions	Current Provisions	Description
<p>in card, or other attendance certificates. The solicitors for soliciting proxies shall bring the identity document for verification.</p> <p>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 has been delegated to attend the shareholders' meeting, only one person should be delegated as the proxy.</p>	<p>in card, or other attendance certificates. The solicitors for soliciting proxies shall bring the identity document for verification.</p>	
<p>Article 8 (Chairman and attending personnel at the shareholders' meeting)</p> <p>Where a shareholders' meeting is convened by the Board, the meeting shall be chaired by the Chairman.</p> <p>When the Chairman is on leave or for any reason unable to exercise the powers, the Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves.</p> <p>Where the Director is represented by a Managing Director, the Managing Director shall have been a Managing Director for more than six months and shall have in-depth knowledge regarding the financial and business condition of the Bank.</p> <p>A shareholders' meetings convened by the Board shall be 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.</p> <p>Where a shareholders' meeting is convened by other conveners entitled to calling the meeting other than the Board, the meeting shall be chaired by the convener. Where there are two or more conveners, one of the conveners shall be elected among themselves. The lawyer, accountant, or relevant personnel engaged by the Bank may attend the shareholders' meeting.</p>	<p>Article 8 (Chairman and attending personnel at the shareholders' meeting)</p> <p>Where a shareholders' meeting is convened by the Board, the meeting shall be chaired by the Chairman.</p> <p>When the Chairman is unable to present himself/herself, the Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves.</p> <p>Where the Director is represented by a Managing Director, the Managing Director shall have been a Managing Director for more than six months and shall have in-depth knowledge regarding the financial and business condition of the Bank.</p> <p>Where a shareholders' meeting is convened by other conveners entitled to calling the meeting other than the Board, the meeting shall be chaired by the convener. Where there are two or more conveners, one of the conveners will be elected among themselves. The lawyer, accountant, or relevant personnel engaged by the Bank may attend the shareholders' meeting. The meeting staff organizing the shareholders' meeting shall wear the identification card or armband.</p>	<ol style="list-style-type: none"> 1. Amended the wording according to Paragraph 1, Article 7 of the aforementioned Sample Template. 2. Added Paragraph 3 to improve our corporate governance. 3. Changed the sequence and amended wording of the remaining Paragraphs. 4. Move the current Paragraph 5 of the Article to Paragraph 1, Article 11.

Amended Provisions	Current Provisions	Description
<p>Article 9 (Speech of shareholders) Before the speech, the attending shareholders shall complete the speech slip and state the purpose of such speech, shareholders account number (or attendance card number) and account name; the Chairman may determine the speech order. Attending shareholders who submitted the speech slip without giving the speech shall be deemed as having provided no speech. Where the speech content deviates from the speech slip, the speech content shall prevail. During the speech of an attending shareholder, except for receiving the consent from the Chairman and the speaking shareholder, other shareholders shall not speak out and interrupt. The Chairman shall stop such shareholders who violate the requirement. Without consent from the Chairman, each shareholder shall not speak more than two times regarding the same proposal, and each time shall not exceed five minutes. Where the speech of a shareholder violates the requirement in the previous Paragraph, the Chairman may stop the speech. When a corporate shareholder assigned more than two representatives to attend the shareholders' meeting, only one person may give a speech regarding the same proposals. After the speech of an attending shareholder, the Chairman may, in person or designate relevant personnel to, respond.</p>	<p>Article 9 (Speech of Shareholders) Before the speech, the attending shareholders shall complete the speech slip and state the purpose of such speech, shareholders account number (or attendance card number) and account name; the Chairman may determine the speech order. Attending shareholders who submitted the speech slip without giving the speech shall be deemed as having provided no speech. Where the speech content deviates from the speech slip, the speech content shall prevail. During the speech of an attending shareholder, except for receiving the consent from the Chairman and the speaking shareholder, other shareholders shall not speak out and interrupt. The Chairman shall stop such shareholders who violate the requirement. Without consent from the Chairman, each shareholder shall not speak more than two times regarding the same proposal, and each time shall not exceed five minutes. Where the speech of a shareholder violates the requirement in the previous Paragraph, the Chairman may stop the speech. Where a corporation is engaged to attend the shareholders' meeting, the corporation may only assign one person as the representative to attend. When a corporate shareholder assigned more than two representatives to attend the shareholders' meeting, only one person may give a speech regarding the same proposals. After the speech of an attending shareholder, the Chairman may, in person or designate relevant personnel to, respond.</p>	<ol style="list-style-type: none"> 1. Moved the current Paragraph 6 of the Article to Paragraph 6, Article 3. 2. Changed sequence of the remaining Paragraphs.
<p>Article 10 (Ballot, scrutinize balloting, and abstaining system for related parties) Except for otherwise required by the Company Act and Articles of Association, the ballot for a proposal shall be approved by the attending</p>	<p>Article 10 (Ballot, scrutinize balloting, and abstaining system for related parties) Except for otherwise required by the Company Act and Articles of Association, the ballot for a proposal shall be approved by the attending</p>	<ol style="list-style-type: none"> 1. To improve our corporate governance, deleted the requirements related to the proposal is

Amended Provisions	Current Provisions	Description
<p>shareholders who represent half of the voting rights. At the time of a vote, for each proposal, the Chairman or a person designated by the Chairman 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 entered into the MOPS.</p> <p>A shareholder shall be entitled to one vote for each share held, except when the shares are deemed as non-voting shares under Article 179-2 of the Company Act.</p> <p>For the resolutions of the shareholders' meeting, the number of shares of the non-voting shareholders is not included in the total number of issued shares.</p> <p>Except for otherwise required by the law, regarding the proxy engaged by the shareholder for attending the shareholders' meeting, when one proxy is engaged by two or more shareholders, the voting right of such proxy shall not exceed 3% of the number of total issued shares. In the case of exceeding 3%, the exceeding portion of voting rights will not be counted.</p> <p>For the convening of the Bank's shareholders' meeting, the electronic method shall be deemed as one of the exercising channels for voting rights; also, the written method shall also be adopted for exercising voting rights. The exercising method shall be set out in the convening notice for shareholders' meeting. Shareholders who exercise their voting rights via written or electronic methods shall be deemed as attending the shareholders' meeting in person. However, they shall be deemed as abstaining from the extempore motions and the amendment on the original proposal at the</p>	<p>shareholders who represent half of the voting rights. During which, where there is no objection upon the inquiry of the Chairman, the ballot shall be deemed as the passing by the majority, and its efficacy shall rank the same as a vote by poll.</p> <p>A shareholder is entitled to one vote with each share held.</p> <p>Except for otherwise required by the Company Act, regarding the proxy engaged by the shareholder for attending the shareholders' meeting, when one proxy is engaged by two or more shareholders, the voting right of such proxy shall not exceed 3% of the number of total issued shares. In the case of exceeding 3%, the exceeding portion of voting rights will not be counted.</p> <p>For the convening of the Bank's shareholders' meeting, the electronic method shall be deemed as one of the exercising channels for voting rights; also, the written method shall also be adopted for exercising voting rights. The exercising method shall be set out in the convening notice for shareholders' meeting. Shareholders who exercise their voting rights via written or electronic methods shall be deemed as attending the shareholders' meeting in person. However, they shall be deemed as abstaining from the extempore motions and the amendment on the original proposal at the</p>	<p>passed when none voiced an objection in Paragraph 1 and stated that a vote shall be performed for each proposal and the results for each proposal shall be entered into the MOPS with reference to the Paragraph 5, Article 13 of the mentioned Sample Template.</p> <p>2. Added the precondition that a shareholder shall be entitled to one vote for each share held in Paragraph 2 according to Article 179 of the Company Act and with reference to Paragraph 1, Article 13 of the mentioned Sample Template.</p> <p>3. Added Paragraph 3 and stated that the number of shares of the non-voting shareholders is not included in the total number of issued shares with reference to Paragraph 2, Article 12 of the mentioned</p>

Amended Provisions	Current Provisions	Description
<p>shareholders' meeting.</p> <p>Shareholders who exercised their voting rights via written or electronic methods as set out in the previous Paragraph, such shareholders shall deliver their instruction to the Bank two days prior to the convening of the shareholders' meeting. Shall there be duplicate instructions, the instruction delivered earlier shall prevail.</p> <p>However, where the shareholder declared to cancel the previous instruction shall not be subject to the requirements.</p> <p>After shareholders exercised their voting rights via written or electronic methods, if such shareholders wish to attend the shareholders' meeting in person, they shall cancel the instruction for exercising their voting rights in the previous Paragraph in the same manner adopted for exercising their voting rights two days before the convening of the shareholders' meeting. For canceling made after the past due, the voting right exercised via written or electronic methods shall prevail. Where shareholders exercised their voting rights via written or electronic methods and engaged proxies for attending the shareholders' meeting with power of attorney, the voting right exercised by the attending proxies shall prevail.</p> <p>Shall there be revision or substitute for the same proposal, the Chairman shall combine such revision or substitute to the original proposal and determine the voting sequence. If any of the proposals are deemed obsolete, the other proposals shall be deemed as being rejected, and exempted from the vote.</p> <p>Where a shareholder has personal interests in the matter of the meeting that may endanger the interests of the Bank, the shareholder shall not participate in the ballot, and shall not exercise voting rights on behalf of other shareholders.</p> <p>The number of shares for which voting</p>	<p>shareholders' meeting.</p> <p>Shareholders who exercised their voting rights via written or electronic methods as set out in the previous Paragraph, such shareholders shall deliver their instruction to the Bank two days prior to the convening of the shareholders' meeting. Shall there be duplicate instructions, the instruction delivered earlier shall prevail.</p> <p>However, where the shareholder declared to cancel the previous instruction shall not be subject to the requirements.</p> <p>After shareholders exercised their voting rights via written or electronic methods, if such shareholders wish to attend the shareholders' meeting in person, they shall cancel the instruction for exercising their voting rights in the previous Paragraph in the same manner adopted for exercising their voting rights no later than two days before the convening of the shareholders' meeting. For canceling made after the past due, the voting right exercised via written or electronic methods shall prevail. Where shareholders exercised their voting rights via written or electronic methods and engaged proxies for attending the shareholders' meeting with power of attorney, the voting right exercised by the attending proxies shall prevail.</p> <p>Shall there be revision or substitute for the same proposal, the Chairman shall combine such revision or substitute to the original proposal and determine the voting sequence. If any of the proposals are deemed obsolete, the other proposals shall be deemed as being rejected, and exempted from the vote.</p> <p>Where a shareholder has personal interests in the matter of the meeting that may endanger the interests of the Bank, the shareholder shall not participate in the ballot, and shall not exercise voting rights on behalf of other shareholders.</p> <p>The scrutineers and counting personnel</p>	<p>Sample Template.</p> <p>4. Amended the wording of Paragraph 4 according to Article 177 of the Company Act.</p> <p>5. Added Paragraph 10 and stated that when a shareholder is an interested party in any item of the agenda, and there is the likelihood that such a conflict of interest would prejudice the shareholder, and the number of shares for which voting rights may not be exercised shall not be calculated as part of the voting rights represented by attending shareholders with reference to Paragraph 4, Article 12 of the mentioned Sample Template.</p> <p>6. Amended the wording of Paragraphs 7 and 9.</p> <p>7. Changed the sequence of the remaining Paragraphs.</p>

Amended Provisions	Current Provisions	Description
<p>rights may not be exercised under the preceding Paragraph shall not be calculated as part of the voting rights represented by attending shareholders. The scrutineers and counting personnel for the ballot of the proposal shall be designated by the Chairman, but the scrutineers shall be shareholders. The ballot or the counting process for elective proposals shall be carried out publicly at the venue of the shareholders' meeting. Also, upon the completion of counting, the results of the ballot shall be announced at the scene, including the statistical number of votes, and made a record accordingly.</p>	<p>for the ballot of the proposal shall be designated by the Chairman, but the scrutineers shall be shareholders. The ballot or the counting process for elective proposals shall be carried out publicly at the venue of the shareholders' meeting. Also, upon the completion of counting, the results of the ballot shall be announced at the scene, including the statistical number of votes, and made a record accordingly.</p>	
<p>Article 11 (Maintain the order of the meeting venue) The meeting staff organizing the shareholders' meeting shall wear the identification card or armband. The Chairman may instruct disciplinary officers or security personnel to help keep the order of the meeting. Disciplinary officers or security personnel shall wear armbands or have identification card with "Disciplinary Officer" texts when help keep the order of the meeting. For meeting venue equipped with an amplification system, the Chairman may stop the speech of a shareholder who fails to use the system prepared by the Bank. Where a shareholder violates the Rules of Procedures and disagrees with the correction from the Chairman, or obstructs the meeting process and fails to obey after being stopped, the Chairman may instruct disciplinary officers or security personnel to escort the shareholder leaving the meeting venue.</p>	<p>Article 11 (Maintain the order of the meeting venue) The Chairman may instruct disciplinary officers (or security personnel) to help keep the order of the meeting. Disciplinary officers (or security personnel) shall wear armbands with "Disciplinary Officer" texts when help keep the order of the meeting. For meeting venue equipped with an amplification system, the Chairman may stop the speech of a shareholder who fails to use the system prepared by the Bank. Where a shareholder violates the Rules of Procedures and disagrees with the correction from the Chairman, or obstructs the meeting process and fails to obey after being stopped, the Chairman may instruct disciplinary officers (or security personnel) to escort the shareholder leaving the meeting venue.</p>	<ol style="list-style-type: none"> 1. Added Paragraph 1 by moving the current Paragraph 5 of Article 8 to this Article. 2. Amended wording with reference to Paragraph 2, Article 17 of the mentioned Sample Template.

VI. Questions and Motions

Chung Hsin Leisure Life Development Business Co., Ltd. (Shareholder No. 257987) made a statement about the Bank's financial relief measures in response to the economic downturn caused by the COVID-19 pandemic.

The shareholder (Shareholder No. 10973) made a statement about the management of the Human Resources Department regarding the Bank's regulations governing civil and criminal cases.

The Chairman and the relevant personnel have addressed the above statements.

The shareholder (Shareholder No. 6278) proposed the meeting adjourned.

The Chairman declared the meeting adjourned.

VII. Meeting Adjourned (10:16 a.m.)

Chairman: Bor-Yi Huang

Record Keeping: Hui-Juan Wu

The meeting minutes of the shareholders' meeting only set out the summary of discussions; the details shall be subject to the meeting's video/audio records.