

The Minutes of 2015 Annual General Meeting of Shareholders

Union Bank of Taiwan, Ltd.

Date and Time : Friday, June 26, 2015 at 9:00 a.m.

Location : No. 187, Jinhua St., Taipei City (6F, Auditorium, Center for Public
Business Administration Education, National Chengchi University)

Total outstanding shares : 2,450,930,628 shares

Total shares represented by shareholders present in person or by proxy :

2,067,768,761 shares (including 80,428,907 votes casted through electronic means).

Percentage of shares held by shareholders present in person or by proxy : 84.36%

Attend as a delegate :

General Manager and Director : Jeff Lin

Independent Director : Kao-Jing Wang, Zen-Fa Lu

Resident Supervisor : Jia-Yi Wang

Supervisor : Zhen-Lu Lin

Christine Yang, Representative of Deloitte & Touche, Taiwan.

Peter C. Chen, Representative of Bright & Wise, Attorneys-at-law

Cheng Tsai Fang, Representative of Law Office of S, S, Lai, Attorneys-at-law

1. Announcement of the commencement of the meeting :

The aggregate shareholding of the shareholders present in person or proxy constituted a quorum. The Chairman called the meeting to order.

2. Chairman's Remarks : Director Lee, Shiang-Chang (Omitted)

3. Management Presentations

(1) Fiscal Year 2014 business Report (Please make reference to attach the form)

Report noted.

(2) Supervisors' Review Report on Fiscal Year 2014 Financial Statements (Please make reference to attach the form)

Report noted.

(3) Adoption of the "Ethical Corporate Management Best Practice Principles"

Report noted.

(4) Adoption of the "Corporate Social Responsibility Best Practice Principles"

Report noted.

(5) Abolishment of the "Rules Governing the Scope of Powers of Supervisors"

Report noted.

4. Proposals

Subject 1 : Adoption of Fiscal Year 2014 Business Report and Financial Statements

(Proposed by the Board)

Explanation :

1. The Bank's 2014 Financial Statements (including consolidated financial statements) have been audited by independent auditors, Zheng Xu-Ran and Huang Rui-Zhan, of Deloitte & Touche. Furthermore, the Financial Statements and the Business Report of the Bank has been reviewed and approved in the 18th Meeting of the 8th Board and have been examined by the supervisors of the Bank.
2. Please refer to Attachments for the above-mentioned reports and Financial Statements.

Resolution : Voting result :

Total shares represented by the shareholders present in person or by proxy are 2,067,768,758 shares (including represented by the shareholders through electronic voting method).

Voting result	Percentage of shares held by total votes
Approval votes: 2,040,855,736 (including votes cast by electronic means: 60,164,360)	98.69%
Disapproval votes: 89,114 (including votes cast by electronic means: 89,114)	0%
Invalid votes: 0	0%
Abstention votes :26,823,908 (including votes cast by electronic means: 20,175,433)	1.29%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Subject 2 : Adoption of the Proposal for Distribution of Fiscal Year 2014 Profits

(Proposed by the Board)

Explanation :

1. As regards to the proposal for distribution of fiscal year 2014 profits, it is proposed to distribute the distributable net profits of 2014, NT\$ 2,117,161,668, in accordance with the Articles of Incorporation of the Bank. The 2014 Profit Distribution Table is provided in Attachment 4 (page 33 of this handbook)
 - (1) Common stock dividends and bonus (NT\$ 0.86 per share) amount to NT\$ 2,107,800,340, of which stock dividend from retained earnings per share is NT\$ 0.6, totaling NT\$ 1,470,558,377 and cash dividends per share is NT\$ 0.26, totaling NT\$637,241,963. The aforesaid cash dividends are determined by the shareholding ratio of shareholders and round down to the nearest integer. Cash dividends of less than NT\$ 1.0 will be allocated as Other Income.
 - (2) Unappropriated retained earnings: NT\$ 9,361,328.
2. Further pursuant to Article 41 of the Articles of Incorporation of the Bank, the compensation for directors and supervisors is NT\$ 3,475,492, all of which is to be distributed in cash, and employee bonus sharing is NT\$ 69,509,836, which is to be distributed in the form of stock.
3. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
4. Pursuant to the Administrative Interpretation of the Ministry of Finance, Tai-Cai-Shui-Tze No. 871941343 (April 30, 1998), distribution of earning shall adapt individual identification. The principle applicable to this earning distribution shall distribute the earning of fiscal year 2014 first.
5. The annual general meeting of shareholders is requested to authorize the board of directors to handle the matters concerning changes of total shares outstanding, shareholder allotment, and payout ratio resulting from future repurchase of the

Bank's stock, transfer, assign, or cancellation of treasury stock, or other situations, if any.

Resolution : Voting result :

Total shares represented by the shareholders present in person or by proxy are 2,067,768,758 shares (including represented by the shareholders through electronic voting method).

Voting result	Percentage of shares held by total votes
Approval votes: 2,040,855,736 (including votes cast by electronic means: 60,164,360)	98.69%
Disapproval votes: 89,114 (including votes cast by electronic means: 89,114)	0%
Invalid votes: 0	0%
Abstention votes :26,823,908 (including votes cast by electronic means: 20,175,433)	1.29%

RESOLVED, that the above proposal be and hereby was approved as proposed.

5. Discussions and Election

Subject 1 : Amendment to the “Rules of Procedures for Shareholders Meetings ”Please proceed to discuss. (Proposed by the Board) .

Explanation :

In order to comply with the mandates of establishing an Audit Committee to replace supervisors and the amendments to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Bank hereby proposes to amend the Rules of Procedure for Shareholder Meetings., and the before-and-after comparison of the rules after the amendment is provided in Attachment .

Resolution : Voting result :

Total shares represented by the shareholders present in person or by proxy are 2,067,768,758 shares (including represented by the shareholders through electronic voting method).

Voting result	Percentage of shares held by total votes
Approval votes: 2,040,855,736 (including votes cast by electronic means: 60,164,360)	98.69%
Disapproval votes: 89,114 (including votes cast by electronic means: 89,114)	0%
Invalid votes: 0	0%
Abstention votes :26,823,908 (including votes cast by electronic means: 20,175,433)	1.29%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Subject 2 : Amendment to the “Articles of Incorporation of Union Bank of Taiwan, Ltd.” Please proceed to discuss. (Proposed by the Board) .

Explanation : In order to conform to the establishment of the Audit Committee to replace supervisors, the Bank hereby proposes to amend the “Articles of Incorporation of Union Bank of Taiwan, Ltd.”, and the before-and-after comparison of the articles after the amendment is provided in Attachment .

Resolution : Voting result :

Total shares represented by the shareholders present in person or by proxy are 2,067,768,758 shares (including represented by the shareholders through electronic voting method).

Voting result	Percentage of shares held by total votes
Approval votes: 2,040,855,736 (including votes cast by electronic means: 60,164,360)	98.69%
Disapproval votes: 89,114 (including votes cast by electronic means: 89,114)	0%
Invalid votes: 0	0%
Abstention votes :26,823,908 (including votes cast by electronic means: 20,175,433)	1.29%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Subject 3 : Proposal for Issuing New Shares through Capitalization of Earnings and Employee Bonus Please proceed to discuss. (Proposed by the Board) .

Explanation :

1. Based on the need for enrich the working capital, the management plans to withdraw NT\$1,470,558,377 from distributable earnings to issue dividends stocks of NT\$1,470,558,370 (147,055,837 shares), and employee bonus stocks of NT\$69,509,836. The total number of employee bonus stocks to be issued shall be determined by the closing price of the day before the meeting date, and taking into account the influence of the ex-right and ex-dividend factors. Dividends of less than one share shall be distributed in cash.
2. After the approval of the Annual Meeting of Shareholders and the competent authority, the new shares will be distributed by the shareholding ratio of shareholders in the register of shareholders on the record date determined by the Board, 70 shares as stock dividends for each one thousand shares. For the employee stock bonus, the distribution will be determined by the Board separately. The shareholders can compose a complete share from stock dividends less than one share, and register the composition with the Securities Registrar and Transfer Agency within five days from the record date. The stock dividends less than one share after composition or forfeited composition by shareholders will be subscribed by a specific person assigned by the Chairman of the Bank.
3. The rights and obligations of the newly issued shares are the same as those of the existing shares at par value of NT\$10.
4. Propose to authorize the Board of Directors with full powers to dispose if the stock dividends for shareholders impact the total number of the Bank's outstanding shares because of capital increase by issuing new shares, repurchase shares of the Bank, transfer and withdraw of treasury stock, performing of employee stock options, or other factors.
5. Propose to authorize the Board of Directors with full power to conduct relevant issues if any change is required by the fact or after the approval of administration authorities.

Resolution : Voting result :

Total shares represented by the shareholders present in person or by proxy are 2,067,768,758 shares (including represented by the shareholders through electronic voting method).

Voting result	Percentage of shares held by total votes
Approval votes: 2,040,855,736 (including votes cast by electronic means: 60,164,360)	98.69%
Disapproval votes: 89,114 (including votes cast by electronic means: 89,114)	0%
Invalid votes: 0	0%
Abstention votes :26,823,908 (including votes cast by electronic means: 20,175,433)	1.29%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Subject 4 : Election of the 9th Term of Directors (Including Independent Directors)

Please proceed to discuss. (Proposed by the Board)

Explanation :

1. According to Articles 18 and 18-1 of the Articles of Incorporation of the Bank. the Bank shall have 9 to 15 directors, whose each term shall be 3 years and repeated term is allowed if re-elected. In addition, in complying with the Securities and Exchange Act, the Bank's 9th term of board of directors shall have an audit committee to replace supervisors, and the entire committee shall consist of no less than 3 independent directors.
2. The three-year tenure of the Bank's 8th term directors and supervisors shall expire on June 21, 2015, and, as our business requires, the Bank hereby propose to have 12 directors (including 3 independent directors) for the 9th term, and their tenure shall begin on June 26, 2015 after the adjournment of this year's Annual Meeting of Shareholders and conclude on June 25, 2018. The current directors' and supervisors' tenure shall end upon the newly elected directors taking their offices at this year's Annual Meeting of Shareholders.
3. The Bank's directors (including independent directors) shall be elected from the nomination list prepared by the Bank. The qualification of the nominated directors (including independent directors) has been approved in the 18th meeting of the 8th term of the meeting of the board on March 18, 2015. Personal information of the nominees is shown as below.
4. The Bank's list of the nominees of the 9th term of directors (including independent directors) :

No	Position	Name	Education and Experience	Present Position
1	Director	Lee, Shiang-Chang Shares held: 1,273,528	School 'Dept. of Eco., National Taiwan University 'GM, Union Bank of Taiwan	Chairman, Union Bank of Taiwan
2	Director	Chen-Cheng Investment Co., Ltd. Representative : Jiang, Zhen-Xong (Note) Shares held by Chen-Cheng Investment Co., Ltd.: 117,952,491 Shares held by Jiang, Zhen-Xong:	School 'National Defense Medical Center Work experience 'Commissioner, International Rotary Taiwan Rotary Club Association	Managing Director, Union Bank of Taiwan

		2,450,997		
3	Director	Union Enterprise Construction Co., Ltd. Representative : Lin, Jeff (Note) Shares held by Union Enterprise Construction Co., Ltd.: 85,755,684 Shares held by Lin, Jeff: 5,278,043	School 'San Francisco State University 'Master's Degree, National Taiwan University Work experience 'Director, Union Bank of Taiwan	GM, Union Bank of Taiwan Director, Union Bank of Taiwan
4	Director	Yu-Pang Co., Ltd. Representative : Tsao, Sue-Feng (Note) Shares held by Yu-Pang Co., Ltd.: 35,823,584 Shares held by Tsao, Sue-Feng: 3,335	School 'National Taipei College of Business Work experience 'Director, Tien-Sheng Investment Co., Ltd.	Director, Union Bank of Taiwan
5	Director	Chi-Shun Investment Co., Ltd. Representative : Liu, Jin-Fu (Note) Shares held by Chi-Shun Investment Co., Ltd.: 89,135,105	School 'Taipei Vocational High School Work experience 'Director, Li-Chang Ceramics Co., Ltd.	Director, Union Bank of Taiwan.
6	Director	Lee, Yu-Quan Shares held: 3,319,828	School 'National Taiwan Normal University Work experience 'Supervisor, First Commercial Bank	Director, Union Bank of Taiwan.
7	Director	Pao-Shing Investment Co., Ltd. Representative : Wang, Jia-Yi (Note) Shares held by Pao-Shing Investment Co., Ltd.: 85,815,817	School '1 st Echelon, Academy for the Judiciary Work experience 'Chief Justice, Supreme Court	Resident Supervisor, Union Bank of Taiwan.
8	Director	Pao-Shing Investment Co., Ltd. Representative : Lin, Zhen-Lu (Note) Shares held by Pao-Shing Investment Co., Ltd.:	School 'National Taiwan University Work experience 'GM, Formosa Transnational Attorneys at Law	Supervisor, Union Bank of Taiwan.

		85,815,817 Shares held by Lin, Zhen-Lu:454,391		
9	Director	Pai-Sheng Investment Co., Ltd. Representative : Lin, Si-Yong (Note) Shares held by Pai-Sheng Investment Co., Ltd.:125,454,092 Shares held by Lin, Si-Yong:273,431	School 'National Taiwan Normal University Work experience 'Director, Hong-Bung Construction Enterprise Co., Ltd.	Supervisor, Union Bank of Taiwan.
10	Independent Director	Wang, Kao-Jing	School 'National University of Tainan 'BA, National Taiwan Normal University 'Master's Degree, Dept. of Economics, North Dakota State University Work experience 'Elementary teacher 'Adjunct Instructor, National Cheng Kung University 'VGM, Bank of Taiwan 'Chairman, Bank of Kaohsiung 'Chairman and standing director, Credit Committee, Bank Association 'Director, supervisor; Hua Nan Commercial Bank 'Director, Waterland Security Co., Ltd. 'Director, Taiwan Development Corporation 'Director, Taiwan Asset Managment Corporation 'Director, Kaohsiung Rapid Transit Corporation 'Supervisor, Chinese National Association of Industry and Commerce 'Advisor, Fin. Research Committee, Chinese National Association of Industry and Commerce	Independent Managing Director, Union Bank of Taiwan.
11	Independent Director	Lu, Zen-Fa	School 'Dept. of Laws, Soochow	Independent Director, Union

R10*****03	Wang, Kao-Jing	2,003,413,212	independent director
M10*****56	Lu, Zen-Fa	2,003,305,902	independent director
85430	Li, Guo-Zhang	2,003,067,490	independent director

Subject 5 : Release of the Non-Compete Clause for Directors Please proceed to discuss.

(Proposed by the Board)

Explanation :

1. According to Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
2. The Bank’s newly elected directors may be engaging in business activities at other companies in the same of similar trades of the Bank’s businesses, and according to Article 209 of the Company Act, release of the restriction of non-compete applicable to our newly elected directors and their proxies shall require approval from the annual general meeting of shareholders (detail information will be disclosed on site at the annual general meeting of shareholders.)
2015 Annual General Meeting of Shareholders Union Bank of Taiwan, Ltd.
According to Article 209 of the Company Act, Release of the Non-Compete Clause for Directors list :

Position	Name	Concurrently serve other companies in an important position
Director	Lee, Shiang-Chang	Union Finance Int’l (HK)Ltd. Director Taiwan Futures Exchange Supervisor
Director	Union Enterprise Construction Co., Ltd. Representative : Lin, Jeff	Union Finance Int’l (HK)Ltd. Director

Resolution : Voting result :

Total shares represented by the shareholders present in person or by proxy are 2,067,768,758 shares (including represented by the shareholders through electronic voting method).

Voting result	Percentage of shares held by total votes
Approval votes: 1,987,882,591 (including votes cast by electronic means: 7,191,215)	96.13%
Disapproval votes: 52,811,863 (including votes cast by electronic means: 52,811,863)	2.55%
Invalid votes: 0	0%
Abstention votes: 27,074,304 (including votes cast by electronic means: 20,425,829)	1.30%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Subject 6 : Abolishment of the “Rules for Director Elections” and the Adoption of “Procedures for Election of Directors” Please proceed to discuss. (Proposed by the Board)

Explanation :

1. To comply with the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” recently amended by the competent authority. The Bank plans to adopt the “Director Election and Appointment Procedure” by referring to the “Director and Supervisor Election and Appointment Procedure” adopted by the Taiwan Stock Exchange (TSE) and abolish the “Rules for Director Elections”.
2. The adopted “Procedures for Election of Directors” aims to enhance the functionality of the board of directors and provide a fair, just and open procedure for the election of directors as to achieve the ideal goal of corporate governance. Since the scope of the amendment is significant and the comparisons among articles could be difficult, a renewal procedure is preferred.
3. Please refer to Attachment , the “Procedures for Election of Directors” for details.

Resolution : Voting result :

Total shares represented by the shareholders present in person or by proxy are 2,067,768,758 shares (including represented by the shareholders through electronic voting method).

Voting result	Percentage of shares held by total votes
Approval votes: 2,040,562,441 (including votes cast by electronic means: 59,871,065)	98.68%
Disapproval votes: 132,011 (including votes cast by electronic means: 132,011)	0%
Invalid votes: 0	0%
Abstention votes: 27,074,306 (including votes cast by electronic means: 20,425,831)	1.30%

RESOLVED, that the above proposal be and hereby was approved as proposed.

6. Questions and Motions : None

(After inquiring all participating shareholders, no one raised provisional motions.
The Chairman announced that the meeting is adjourned.)

7. Adjournment : Friday, June 26, 2015 at 10:20 a.m.

Chairman : Lee, Shiang-Chang

Record : Grace Hsieh

(In the event of inconsistencies between versions, the Mandarin Chinese version shall prevail.)

Part Two: Attachments

Attachment 1: Fiscal Year 2014 Business Report

1. Domestic and International Financial Environment

Global economic conditions saw an upturn in 2014, however, it was below expectation due to the very mixed performances of major economic units. The performance of the US is better than the Euro-region and Japan. Major countries adopt different monetary policies, causing greater fluctuation in the international financial market. Oil price remains low and thus slows down inflations in many countries. Future prospects remain uncertain and most of the international institutes have adjusted their 2015 global economic growth to lower level but still higher than 2014.

Supported by steady recovery of international economics, our country maintains moderate growth. Thanks to foreign capital injections, Taiwan stock market is on the rise and have benefited from it in banking industry for increase in investment profits. However, since risk control measures on housing loans come into effect, real estate loan concentration is reduced, mortgage percentage for houses and mansions in specific areas are lowered and loan interest rates are increased; these will help our country's banking industry to operate in a healthier environment and promote financial stability.

Global economy in 2015 is expected to be better than that in 2014. Domestic economy remains positive growth. Further aided by the adjustment in the structure of loans, the interest rate spread may continue to increase. Both corporate capital demands and market investment willingness will be encouraged, and thus the momentum for business loans and wealth management markets will expand and revenue will increase. The entire banking business is optimistic and it is expected that our country's banking industry in 2015 will continue to grow.

2. The Fiscal Year 2014 Operation Result and Status Of Major Businesses

With dedicated efforts from our employees, the Bank is pleased to report outstanding performance across the various areas of business in 2014. With regard to profitability, the Bank reported an after-tax net income of NT\$ 3.094 billion for the year ended December 31, 2014, representing a growth of 7.88% against 2013; earning per share (EPS) was NT\$1.26; return on asset (ROA) was 0.67% and return on equity (ROE) was 10.23%. The Bank was able to maintain sound asset quality, reporting a non-performing loans (NPL) ratio of 0.09% and a bad debt coverage ratio of 1,102.08%.

For many years now, the Bank has developed its various business based on the strategies of maintaining consistent growth and dedicating to cultivation of local business. On January 19, 2015, Taiwan Ratings Corp awarded our Bank its long- and short-term issuer credit rating for "twA" and "twA-1" respectively, and the outlook on the long-term rating is stable. Overall, the Bank's operating status, capital and profitability standing and asset quality are well recognized. The Bank also outperformed the indigenous banks average on several other indicators. The followings are the general status of the Bank's primary businesses in fiscal

2014:

(1) Deposit business

The balance of Deposits for the end of the fiscal year 2014 is NT\$ 400.5 billion, representing an increase of NT\$30.6 billion or 8.26% against 2013's. In the structure of deposit, demand deposits account for NT\$ 171.3 billion or 42.78%, and fixed deposit account for NT\$ 229.2 billion or 57.22%.

(2) Loans business

The balance of loans for the end of the fiscal year 2014 is NT\$ 260.1 billion, representing an increase of NT\$ 28 billion or 12% against 2013's. Among which, secured loans account for NT\$ 198.5 billion or 76.31% and non-secured loans account for NT\$ 61.6 billion or 23.69%.

(3) Credit card business

The "2% cash reward on even-number days" campaign has been launched to promote consumers' uses of credit cards, and increases merchant fee income. Business bases at gas stations, megastores, online shops, consumer electronics retailers, and department stores are promoted to increase credit card purchases. The total credit card purchases in 2014 is NT\$ 55.923 billion, representing an increase of 16.7% against 2013's.

New customer groups are developed and active cards are maintained by repackaging special, high-end cards, incentive offerings for active cards, co-branding with public transit operator, and introducing new type of payment methods. By the end of year 2014, total cards in circulation account for 1,770,774.

(4) Wealth management business

Both of the Bank's total wealth management accounts and balance of asset under our management have grown by 16% from 2013. Regarding to revenue from operation, specific money trust business has increased by 31% and insurance business has increased by 63% from last year. The Bank will provide even more diversified options of financial products for our customers and expand offerings in trust and insurance products to increase overall wealth management revenue. Wealth management revenue for the year 2014 is NT\$ 793 million, representing an increase of 47% against 2013's.

(5) Operational performance

For the year ended December 31, 2014, the Bank reported a net interest income of NT\$ 6.026 billion, net non-interest income of NT\$ 2.824 billion and net profit of NT\$ 8.850 billion, representing an increase of NT\$ 371 million or 4.38% against NT\$ 8.479 billion for the previous year; after adding reversal of bad debts totaling NT\$ 495 million and deducting operating expenses totaling NT\$5.669 billion, the before-tax income amounted to NT\$3.676 billion for year 2014, representing an increase of NT\$337 million or 10.09% against 2013's.

(6) Corporate image

The Bank has launched a corporate image campaign during the Chinese New Year in 2014. Next is another campaign called "A True Story about a Business Manager", which promotes the concept of getting rich with small capital through wealth management, pitches that the Bank provides same quality services for the rich and the poor, and portrays that the Bank's mission to help customers to fulfill happiness. In addition, the Bank is dedicated to all sorts of public welfare, arts and culture, and financial product promotions, including buying carnations from local flower farmers, donating maintenance funds for community parts, and

donating relief funds for the Aug. 1 gas pipe explosion. The Bank also sponsors the Union Culture and Education Foundation to promote traditional oil painting and organize children painting contests, sponsors local artists, and organizes money management summer camps for children to promote financial knowledge.

3. 2015 Business Plan and Policies for various business developments

- (1) On strategy side, we focus on market share, competitive innovative services, and aggressive business expansion. On business vision side, we maintain relentless spirit of serving locally, establish long-term relation with customers, and create win-win values:

 1. Deposit business: Continue to enrich features attached to deposit products to increase stickiness with our customers; launch mobile bank card and mobile bank account business to offer convenient payment methods for depositors; and offer expanded deposit programs tailored to different customer segments to increase both amount of demand deposits and number of new customers.
 2. Corporate banking business: Adjust product pricing strategy, increase revenue, strengthen risk management, maintain good asset quality, aggressively develop corporate loan business, give priority to self-liquidated loans and mortgage loans using factories operating in Taiwan as collateral, expand financing for regular industries, increase creditor's right protection through credit guarantee fund and good quality collateral, expand SMB loans to cooperate with government policy, and offer timely conditional loans suggested by the government.
 3. Consumer banking business: steadily develop home loans; prudently and primarily choose self-use home buyers with good payback ability and better collaterals in the secondary market. In car loans, aggressively cooperate with reputed auto dealers with car loan promotions and retain used car loan channel. Fully leverage on the values of branch bank channel and adopt targeted marketing according to market demands, continue to observe market changes, and design financial products and loans for different market segments to adapt to market trend.
 4. Credit card business: Continue the "2% on Even-number Days" campaign with seasonal promotions or channel-specific card use promotion to encourage using Union Bank of Taiwan's cards as the primary cards and to increase market share; expand business team and strengthen digital card application channel; develop mobile credit card payment; continue to develop mid- and large-scale and chained stores to promote Union Pay cards and card processing business on deferred payment plans.
 5. Wealth management business: Further retain customer relation, strengthen development of active customers, increase market share, continue to introduce diversified products (e.g. ETF, domestic structured derivatives, and foreign bonds), and provide more options of diversified asset profiling for customers.
- (2) Channel development

 1. The Bank operates 90 domestic branches and has been granted approval by the Financial Supervisory Commission to set up our Hong Kong branch, which is a part of our plan to expand our business territory overseas in line with globalization of the financial market.

2. The Bank has expanded our ATM service network to offer customers more convenient services and through which we hope to enhance our corporate image and reputation. As of December 31, 2014, the Bank has installed a total 727 ATMs to service our clients.
- (3) Business targets for fiscal 2015
 1. Deposits expect to grow by 11.51%, reaching NT\$ 442.5 billion by the end of 2015.
 2. Loans expect to grow by 5.04%, reaching NT\$ 274.3 billion (excluding credit cards) by the end of 2015.
 3. Foreign exchange turnover is forecasted to reach US 4.821 billion.
 4. Improvement in business performance targets: including a suppressed NPL ratio or one that is lower than the industry average. In responding to BASEL 3 and IFRSs 2014 requirements, capital level is to be maintained to qualify various capital ratios' standards of 2019.

With all shareholders' supervision and the efforts of our employees, we expect to achieve all business goals and perform even better to meet your and the general public's expectations. Your continued support and encouragement in the future would be sincerely appreciated.

Chairman : Li Xian-Zhang Manager : Lin, Jeff Chief Accountant : Yang Ju-Chang

Supervisors' Review Report

The Board of Directors of the Bank has prepared and submitted the 2014 Business Report, Financial Statements (Including Balance Sheet, Income Statement, Statement of Shareholders' Equity, Statement of Cash Flows), and proposal for allocating profits, of which, the Financial statements (including consolidated statements of subsidiaries) have been audited by CPA Mr. Vincent Cheng and Mr. Terence Huang of Deloitte & Touche. The above Business Report, Financial Statements and proposal have been further determined to be correct and accurate by the supervisors. Hence, according to Article 219 of the Company Act, we hereby submit this report.

To

2015 Annual General Meeting of Shareholders

Resident Supervisor : Pao-Shing Co., Ltd.

Representative : Jia-Yi Wang

Supervisor : Pao-Shing Investment Co., Ltd.

Representative : Zhen-Lu Lin

Supervisor : Pai-Sheng Investment Co., Ltd.

Representative : Si-Yong Lin

March 18, 2015

The Board of Directors and Stockholders
Union Bank of Taiwan

We have audited the accompanying balance sheets of Union Bank of Taiwan (the “Bank”) as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Bank’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Bank of Taiwan as of December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks and other regulations.

March 18, 2015

Notice to Readers

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

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

	2014		2013	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 9,590,048	2	\$ 8,227,163	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	67,260,453	14	70,874,052	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	18,614,020	4	10,115,316	2
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 9)	26,371,487	5	20,237,019	5
RECEIVABLES, NET (Notes 4, 5, 10, 12 and 41)	14,781,594	3	13,917,483	3
CURRENT TAX ASSETS (Notes 4 and 39)	332,275	-	160,672	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11, 12 and 41)	255,787,180	53	227,974,804	52
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 13 and 41)	13,974,008	3	8,711,283	2
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4, 5 and 14)	534,200	-	440,233	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 15)	54,183	-	54,294	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 16 and 42)	56,835,380	12	57,559,287	13
PROPERTY AND EQUIPMENT, NET (Notes 4 and 17)	7,732,876	2	7,644,442	2
INVESTMENT PROPERTIES, NET (Notes 4 and 18)	<u>3,691,781</u>	<u>1</u>	<u>2,777,603</u>	<u>1</u>
INTANGIBLE ASSETS (Note 4)				
Goodwill (Notes 5 and 19)	1,985,307	-	1,985,307	-
Computer software	<u>65,692</u>	<u>-</u>	<u>64,488</u>	<u>-</u>
Total intangible assets	<u>2,050,999</u>	<u>-</u>	<u>2,049,795</u>	<u>-</u>
DEFERRED TAX ASSETS (Notes 4, 5 and 39)	2,407,704	-	2,992,503	1
OTHER ASSETS, NET (Notes 4, 20, 41 and 43)	<u>6,463,385</u>	<u>1</u>	<u>6,419,023</u>	<u>1</u>
TOTAL	<u>\$486,481,573</u>	<u>100</u>	<u>\$440,154,972</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Note 21)	\$ 6,748,799	1	\$ 5,315,113	1
Financial liabilities at fair value through profit or loss (Notes 4 and 8)	211,084	-	16,006	-
Securities sold under agreements to repurchase (Notes 4 and 22)	31,791,276	7	24,582,657	6
Accounts payable (Note 23)	5,567,108	1	4,267,543	1
Current tax liabilities (Notes 4 and 39)	9,849	-	18,954	-
Deposits (Notes 24 and 41)	395,852,404	81	364,084,582	83
Bank debentures (Note 25)	7,400,000	2	7,400,000	2
Other financial liabilities (Note 26)	2,517,176	1	2,180,986	-
Provisions (Notes 12 and 27)	959,941	-	769,416	-
Deferred tax liabilities (Notes 4, 5 and 39)	707,731	-	574,580	-
Other liabilities (Notes 29 and 43)	<u>2,409,132</u>	<u>-</u>	<u>2,264,761</u>	<u>-</u>
Total liabilities	<u>454,174,500</u>	<u>93</u>	<u>411,474,598</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock				
Common stock	<u>24,509,306</u>	<u>5</u>	<u>22,165,251</u>	<u>5</u>
Total capital stock	<u>24,509,306</u>	<u>5</u>	<u>22,165,251</u>	<u>5</u>
Capital surplus	<u>33,006</u>	<u>-</u>	<u>34,288</u>	<u>-</u>
Retained earnings				
Legal reserve	2,522,768	-	1,685,037	1
Special reserve	558,842	-	914,439	-
Unappropriated earnings	<u>3,045,300</u>	<u>1</u>	<u>2,792,439</u>	<u>1</u>
Total retained earnings	<u>6,126,910</u>	<u>1</u>	<u>5,391,915</u>	<u>2</u>
Other equity	<u>1,368,900</u>	<u>1</u>	<u>831,878</u>	<u>-</u>
Total equity attributable to owners of the Bank	32,038,122	7	28,423,332	7
NONCONTROLLING INTERESTS	<u>268,951</u>	<u>-</u>	<u>257,042</u>	<u>-</u>
Total equity	<u>32,307,073</u>	<u>7</u>	<u>28,680,374</u>	<u>7</u>
TOTAL	<u>\$486,481,573</u>	<u>100</u>	<u>\$440,154,972</u>	<u>100</u>
The accompanying notes are an integral part of the consolidated financial statements.				

UNION BANK OF TAIWAN

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST (Notes 4, 30 and 40)					
Interest revenues	\$ 9,707,194	110	\$ 9,271,343	109	5
Interest expenses	<u>3,681,523</u>	<u>42</u>	<u>3,350,022</u>	<u>39</u>	10
Net interest	<u>6,025,671</u>	<u>68</u>	<u>5,921,321</u>	<u>70</u>	2
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net (Notes 4, 31 and 40)	1,954,099	22	1,664,374	20	17
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 32)	310,739	3	678,127	8	(54)
Realized gain(loss) from available-for-sale financial assets (Notes 4 and 33)	147,797	2	(86,181)	(1)	271
Investment gain recognized under the equity method (Note 4)	153,314	2	197,750	2	(22)
Foreign exchange gain(loss), net (Note 4)	205,885	2	(208,378)	(3)	199
Reversal of asset impairments (Notes 4 and 34)	-	-	120,187	1	(100)
Gain on disposal of collaterals assumed, net	-	-	10,353	-	(100)
Securities brokerage fee revenues, net (Note 40)	67,461	1	54,181	1	25
Gain on unquoted equity investments, net	49,990	1	49,025	1	2
Property gain(loss), net	(1,814)	-	2,255	-	(180)
Other noninterest net gains	<u>(63,627)</u>	<u>(1)</u>	<u>76,142</u>	<u>1</u>	(184)
Total net revenues other than interest	<u>2,823,844</u>	<u>32</u>	<u>2,557,835</u>	<u>30</u>	10
TOTAL NET REVENUES	<u>8,849,515</u>	<u>100</u>	<u>8,479,156</u>	<u>100</u>	4
PROVISIONS (Notes 4 and 12)					
Reversal of allowance for doubtful accounts	<u>(494,806)</u>	<u>(6)</u>	<u>(95,890)</u>	<u>(1)</u>	416

(Continued)

UNION BANK OF TAIWAN
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Personnel expenses (Notes 4 and 35)	2,743,129	31	2,621,626	31	5
Depreciation and amortization (Notes 4 and 36)	203,904	2	208,651	3	(2)
Others (Notes 37 and 40)	<u>2,721,734</u>	<u>31</u>	<u>2,405,987</u>	<u>28</u>	13
Total operating expenses	<u>5,668,767</u>	<u>64</u>	<u>5,236,264</u>	<u>62</u>	8
INCOME BEFORE INCOME TAX	3,675,554	42	3,338,782	39	10
INCOME TAX EXPENSE (Notes 4, 5 and 38)	<u>581,759</u>	<u>7</u>	<u>470,891</u>	<u>5</u>	24
CONSOLIDATED NET INCOME	<u>3,093,795</u>	<u>35</u>	<u>2,867,891</u>	<u>34</u>	8
OTHER COMPREHENSIVE INCOME					
Exchange differences on translating foreign operations	560,226	6	251,127	3	123
Unrealized gain on available-for-sale financial assets	224,145	3	692,783	8	(68)
Share of other comprehensive income of subsidiaries and associates	(87,257)	(1)	13,801	-	(732)
Actuarial loss arising on defined benefit plans (Notes 4 and 27)	(72,868)	(1)	(12,504)	-	483
Income tax on the components of other comprehensive expense (Note 38)	<u>(154,041)</u>	<u>(2)</u>	<u>(258,580)</u>	<u>(3)</u>	(40)
Other comprehensive income for the year, net of income tax	<u>470,205</u>	<u>5</u>	<u>686,627</u>	<u>8</u>	(32)
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,564,000</u>	<u>40</u>	<u>\$ 3,554,518</u>	<u>42</u>	-
EARNINGS PER SHARE (New Taiwan Dollars; Note 39)					
Basic	<u>\$ 1.26</u>		<u>\$ 1.18</u>		
Diluted	<u>\$ 1.26</u>		<u>\$ 1.17</u>		

The accompanying notes are an integral part of the financial statements. (Concluded)

UNION BANK OF TAIWAN

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	Capital Stock (Note 29)			Share Capital	Retained Earnings (Notes 4 and 29)				Other Equity (Notes 4 and 29)		Total	Total Equity
	Common Stock	Preferred Stock	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Exchange Differences on Translating Foreign Operations		
BALANCE AT JANUARY 1, 2013	\$ 20,060,202	\$ 204,194	\$ 20,264,396	\$ 32,413	\$ 900,963	\$ 608,209	\$ 3,064,835	\$ 4,574,007	\$ 413,490	\$ (278,935)	\$ 134,555	\$ 25,005,371
Special reserve carried with Rule No. 1010012865 issued by the Financial Supervisory Commission	-	-	-	-	-	507,984	(507,984)	-	-	-	-	-
Appropriation of the 2012 earnings												
Legal reserve	-	-	-	-	784,074	-	(784,074)	-	-	-	-	-
Cash dividends on preferred shares	-	-	-	-	-	-	(181,042)	(181,042)	-	-	-	(181,042)
Stock dividends on common shares	1,839,520	-	1,839,520	-	-	-	(1,839,520)	(1,839,520)	-	-	-	-
Stock dividends on preferred shares	18,725	-	18,725	-	-	-	(18,725)	(18,725)	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(201,754)	201,754	-	-	-	-	-
Net income for the for the year ended December 31, 2013	-	-	-	-	-	-	2,867,891	2,867,891	-	-	-	2,867,891
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	(10,696)	(10,696)	496,017	201,306	697,323	686,627
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	2,857,195	2,857,195	496,017	201,306	697,323	3,554,518
Conversion of preferred stock	204,194	(204,194)	-	-	-	-	-	-	-	-	-	-
Share-based payment	42,610	-	42,610	1,875	-	-	-	-	-	-	-	44,485
BALANCE AT DECEMBER 31, 2013	22,165,251	-	22,165,251	34,288	1,685,037	914,439	2,792,439	5,391,915	909,507	(77,629)	831,878	28,423,332
Appropriation of the 2013 earnings												
Legal reserve	-	-	-	-	837,731	-	(837,731)	-	-	-	-	-
Cash dividends on preferred shares	-	-	-	-	-	-	(8,962)	(8,962)	-	-	-	(8,962)
Stock dividends on common shares	2,283,021	-	2,283,021	-	-	-	(2,283,021)	(2,283,021)	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(355,597)	355,597	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	-	-	3,093,795	3,093,795	-	-	-	3,093,795
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	-	-	(66,817)	(66,817)	120,140	416,882	537,022	470,205
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	-	3,026,978	3,026,978	120,140	416,882	537,022	3,564,000
Share-based payment	61,034	-	61,034	(1,282)	-	-	-	-	-	-	-	59,752
BALANCE AT DECEMBER 31, 2014	\$ 24,509,306	\$ -	\$ 24,509,306	\$ 33,006	\$ 2,522,768	\$ 558,842	\$ 3,045,300	\$ 6,126,910	\$ 1,029,647	\$ 339,253	\$ 1,368,900	\$ 32,038,122

The accompanying notes are an integral part of the financial statements.

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,675,554	\$ 3,338,782
Adjustments for:		
Depreciation expenses	170,911	168,384
Amortization expenses	32,993	40,267
Gain on reversal of allowance for doubtful accounts	(494,806)	(95,890)
Net gain on disposal of financial assets designated as at fair value through profit or loss	(310,739)	(678,127)
Interest expenses	3,681,523	3,350,022
Interest revenues	(9,707,194)	(9,271,343)
Dividend income	(87,464)	(77,149)
Share of profit of subsidiaries and associates	(153,314)	(197,750)
Loss(gain) on disposal of properties	1,814	(2,255)
Gain(loss) on disposal of investments	(110,320)	114,305
Reversal of impairment losses on nonfinancial asset	-	(51,593)
Reversal of impairment loss recognized on financial assets	-	(68,594)
Loss on disposal of distressed debt	65,897	-
Gain on disposal of collaterals	-	(10,353)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans banks	(386,401)	(3,495,138)
Increase in financial assets at fair value through profit or loss	(6,423,256)	(2,433,626)
Decrease(Increase) in accounts receivable	(780,117)	512,562
Increase in discounts and loans	(27,256,804)	(28,373,615)
Decrease (increase) in available-for-sale financial assets	(4,864,527)	2,315,443
Increase in other financial assets	(2,231,324)	(3,695,447)
Increase(decrease) in due to the Central Bank and other banks	1,240,133	(190,826)
Increase(decrease) in financial liabilities at fair value through profit or loss	(1,655,522)	298,333
Increase(decrease) in securities sold under repurchase agreements	7,208,619	(3,706,692)
Increase (decrease) in accounts payable	1,328,884	(2,247,667)
Increase in deposits	31,290,271	27,721,025
Decrease in other financial liabilities	(182,930)	(104,534)
Increase(decrease) in provisions for employee benefits	7,440	(26,661)
Cash used in operations	(5,940,679)	(16,868,137)
Interest received	9,700,672	9,330,915
Dividend received	119,996	267,481
Interest paid	(3,662,732)	(3,471,032)
Income tax paid	(178,635)	(88,298)
Net cash generated from (used in) operating activities	<u>38,622</u>	<u>(10,829,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in financial assets designated as at fair value through profit or loss	72,367	1,033,116
Acquisition of debt instruments with no active market	(5,686,328)	(29,391,008)

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Return of capital on debt instruments with no active market	9,274,723	24,850,343
Purchase of held-to-maturity financial assets	(360,837)	(205,667)
Return of capital on held-to-maturity financial assets	264,962	614,805
Purchase of financial assets measured at cost	(6,000)	-
Proceeds from disposal of financial assets measured at cost	8,884	-
Return of capital on financial assets carried at cost	-	34,663
Payments for properties	(242,469)	(107,920)
Proceeds of the disposal of properties	95	17,628
Increase in settlement fund	(845)	-
Decrease in settlement fund	-	1,228
Increase in refundable deposits	(74,762)	-
Decrease in refundable deposits	-	163,314
Payments for intangible assets	(31,056)	(2,395)
Proceeds of the disposal of collaterals	-	162,554
Increase(decrease) in other assets	<u>37,973</u>	<u>(29,284)</u>
Net cash generated from (used in) investing activities	<u>3,256,707</u>	<u>(2,858,623)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of the issue bank debentures	-	3,000,000
Repayments of bank debentures	-	(800,000)
Increase (decrease) in guarantee deposits received	6,302	(1,092)
Increase in other liabilities	55,922	10,760
Cash dividends paid	<u>(8,962)</u>	<u>(181,042)</u>
Net cash generated from financing activities	<u>53,262</u>	<u>2,028,626</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>554,167</u>	<u>248,337</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	3,902,758	(11,410,731)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>82,024,479</u>	<u>93,435,210</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 85,927,237</u>	<u>\$ 82,024,479</u>

(Continued)

UNION BANK OF TAIWAN

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2014 and 2013:

	December 31	
	2014	2013
Cash and cash equivalents in balance sheets	\$ 9,476,656	\$ 7,693,960
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7 "Cash Flow Statements"	50,100,000	54,100,000
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>26,350,581</u>	<u>20,230,519</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 85,927,237</u>	<u>\$ 82,024,479</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Union Bank of Taiwan

We have audited the accompanying consolidated balance sheets of Union Bank of Taiwan (the "Bank") and its subsidiaries (collectively, referred to as the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Union Bank of Taiwan and its subsidiaries as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Union Bank of Taiwan as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

March 18, 2015

Notice to Readers

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

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
	Amount	%	Amount	%
ASSETS				
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 9,590,048	2	\$ 8,227,163	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	67,260,453	14	70,874,052	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	18,614,020	4	10,115,316	2
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 9)	26,371,487	5	20,237,019	5
RECEIVABLES, NET (Notes 4, 5, 10, 12 and 41)	14,781,594	3	13,917,483	3
CURRENT TAX ASSETS (Notes 4 and 39)	332,275	-	160,672	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11, 12 and 41)	255,787,180	53	227,974,804	52
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OTHER FINANCIAL ASSETS, NET (Notes 4, 16 and 42)	56,835,380	12	57,559,287	13
PROPERTY AND EQUIPMENT, NET (Notes 4 and 17)	7,732,876	2	7,644,442	2
INVESTMENT PROPERTIES, NET (Notes 4 and 18)	<u>3,691,781</u>	<u>1</u>	<u>2,777,603</u>	<u>1</u>
INTANGIBLE ASSETS (Note 4)				
Goodwill (Notes 5 and 19)	1,985,307	-	1,985,307	-
Computer software	<u>65,692</u>	<u>-</u>	<u>64,488</u>	<u>-</u>
Total intangible assets	<u>2,050,999</u>	<u>-</u>	<u>2,049,795</u>	<u>-</u>
DEFERRED TAX ASSETS (Notes 4, 5 and 39)	2,407,704	-	2,992,503	1
OTHER ASSETS, NET (Notes 4, 20, 41 and 43)	<u>6,463,385</u>	<u>1</u>	<u>6,419,023</u>	<u>1</u>
TOTAL	<u>\$ 486,481,573</u>	<u>100</u>	<u>\$ 440,154,972</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the Central Bank and other banks (Note 21)	\$ 6,748,799	1	\$ 5,315,113	1
Financial liabilities at fair value through profit or loss (Notes 4 and 8)	211,084	-	16,006	-
Securities sold under agreements to repurchase (Notes 4 and 22)	31,791,276	7	24,582,657	6
Accounts payable (Note 23)	5,567,108	1	4,267,543	1
Current tax liabilities (Notes 4 and 39)	9,849	-	18,954	-
Deposits (Notes 24 and 41)	395,852,404	81	364,084,582	83
Bank debentures (Note 25)	7,400,000	2	7,400,000	2
Other financial liabilities (Note 26)	2,517,176	1	2,180,986	-
Provisions (Notes 12 and 27)	959,941	-	769,416	-
Deferred tax liabilities (Notes 4, 5 and 39)	707,731	-	574,580	-
Other liabilities (Notes 29 and 43)	<u>2,409,132</u>	<u>-</u>	<u>2,264,761</u>	<u>-</u>
Total liabilities	<u>454,174,500</u>	<u>93</u>	<u>411,474,598</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock				
Common stock	<u>24,509,306</u>	<u>5</u>	<u>22,165,251</u>	<u>5</u>
Total capital stock	<u>24,509,306</u>	<u>5</u>	<u>22,165,251</u>	<u>5</u>
Capital surplus	<u>33,006</u>	<u>-</u>	<u>34,288</u>	<u>-</u>
Retained earnings				
Legal reserve	2,522,768	-	1,685,037	1
Special reserve	558,842	-	914,439	-
Unappropriated earnings	<u>3,045,300</u>	<u>1</u>	<u>2,792,439</u>	<u>1</u>
Total retained earnings	<u>6,126,910</u>	<u>1</u>	<u>5,391,915</u>	<u>2</u>
Other equity	<u>1,368,900</u>	<u>1</u>	<u>831,878</u>	<u>-</u>
Total equity attributable to owners of the Bank	32,038,122	7	28,423,332	7
NONCONTROLLING INTERESTS	<u>268,951</u>	<u>-</u>	<u>257,042</u>	<u>-</u>
Total equity	<u>32,307,073</u>	<u>7</u>	<u>28,680,374</u>	<u>7</u>
TOTAL	<u>\$ 486,481,573</u>	<u>100</u>	<u>\$ 440,154,972</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST (Notes 4, 31 and 41)					
Interest revenues	\$ 9,675,323	88	\$ 9,239,639	88	5
Interest expenses	<u>3,730,345</u>	<u>34</u>	<u>3,399,120</u>	<u>32</u>	10
Net interest	<u>5,944,978</u>	<u>54</u>	<u>5,840,519</u>	<u>56</u>	2
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net (Notes 4 and 32)	2,128,262	19	1,775,084	17	20
Gain on financial assets and liabilities at fair value through profit or loss, net (Notes 4 and 33)	321,564	3	701,895	7	(54)
Realized gain (loss) from available-for-sale financial assets, net (Notes 4 and 34)	153,874	1	(89,281)	(1)	272
Foreign exchange gain (loss), net (Note 4)	199,691	2	(194,578)	(2)	203
Reversal of asset impairment, net (Notes 4 and 35)	(654)	-	120,187	1	(101)
Investment loss recognized under the equity method (Note 4)	(6,791)	-	(196)	-	3,365
Gain on unquoted equity investments, net (Note 16)	54,110	1	53,107	-	2
Gain on disposal of collaterals assumed, net	-	-	10,353	-	(100)
Securities brokerage fee revenues, net (Note 41)	213,943	2	163,798	2	31
Rental revenue	1,931,836	18	1,981,076	19	(2)
Other noninterest net gain (loss)	<u>(5,872)</u>	<u>-</u>	<u>128,582</u>	<u>1</u>	(105)
Total net revenues other than interest	<u>4,989,963</u>	<u>46</u>	<u>4,650,027</u>	<u>44</u>	7
TOTAL NET REVENUES	<u>10,934,941</u>	<u>100</u>	<u>10,490,546</u>	<u>100</u>	4
Provisions (Notes 4 and 12)					
Reversal of allowance for doubtful accounts	<u>(494,806)</u>	<u>(4)</u>	<u>(95,868)</u>	<u>(1)</u>	416
OPERATING EXPENSES					
Personnel expenses (Notes 4, 28 and 36)	2,971,179	27	2,838,048	27	5

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Depreciation and amortization (Notes 4 and 37)	1,634,372	15	1,660,786	16	(2)
Others (Notes 38 and 41)	<u>3,086,400</u>	<u>28</u>	<u>2,679,222</u>	<u>26</u>	15
Total operating expenses	<u>7,691,951</u>	<u>70</u>	<u>7,178,056</u>	<u>69</u>	7
INCOME BEFORE INCOME TAX	3,737,796	34	3,408,358	32	10
INCOME TAX EXPENSE (Notes 4, 5 and 39)	<u>614,311</u>	<u>5</u>	<u>520,554</u>	<u>5</u>	18
CONSOLIDATED NET INCOME	<u>3,123,485</u>	<u>29</u>	<u>2,887,804</u>	<u>27</u>	8
OTHER COMPREHENSIVE INCOME					
Exchange differences on translating foreign operations	502,267	4	251,127	2	100
Unrealized gain on available-for-sale financial assets	191,330	2	706,903	7	(73)
Actuarial loss on defined benefit plans	(80,546)	(1)	(12,611)	-	539
Income tax relating to the components of other comprehensive expense (Note 39)	<u>(142,882)</u>	<u>(1)</u>	<u>(258,563)</u>	<u>(2)</u>	(45)
Other comprehensive income for the year, net of income tax	<u>470,169</u>	<u>4</u>	<u>686,856</u>	<u>7</u>	(32)
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,593,654</u>	<u>33</u>	<u>\$ 3,574,660</u>	<u>34</u>	1
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 3,093,795	29	\$ 2,867,891	28	8
Noncontrolling interests	<u>29,690</u>	<u>-</u>	<u>19,913</u>	<u>-</u>	49
	<u>\$ 3,123,485</u>	<u>29</u>	<u>\$ 2,887,804</u>	<u>28</u>	8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 3,564,000	33	\$ 3,554,518	34	-
Noncontrolling interests	<u>29,654</u>	<u>-</u>	<u>20,142</u>	<u>-</u>	47
	<u>\$ 3,593,654</u>	<u>33</u>	<u>\$ 3,574,660</u>	<u>34</u>	1
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 40)					
Basic	<u>\$1.26</u>		<u>\$1.18</u>		
Diluted	<u>\$1.26</u>		<u>\$1.17</u>		

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													
									Other Equity (Notes 4 and 30)					
	Capital Stock (Note 30)			Capital Surplus (Note 30)	Retained Earnings (Notes 4 and 30)				Unrealized Gain (Loss) on Available-for- sale Financial Assets	Exchange Differences on Translating Foreign Operations	Total	Total	Noncontrolling Interests (Note 30)	Total Equity
	Common Stock	Preferred Stock	Total		Legal Reserve	Special Reserve	Unappropri- ated Earnings	Total						
BALANCE AT JANUARY 1, 2013	\$ 20,060,202	\$ 204,194	\$ 20,264,396	\$ 32,413	\$ 900,963	\$ 608,209	\$ 3,064,835	\$ 4,574,007	\$ 413,490	\$ (278,935)	\$ 134,555	\$ 25,005,371	\$ 236,900	\$ 25,242,271
Special reserve carried with Rule No. 1010012865 issued by the Financial Supervisory Commission	-	-	-	-	-	507,984	(507,984)	-	-	-	-	-	-	-
Appropriation of the 2012 earnings														
Legal reserve	-	-	-	-	784,074	-	(784,074)	-	-	-	-	-	-	-
Cash dividends on preferred shares	-	-	-	-	-	-	(181,042)	(181,042)	-	-	-	(181,042)	-	(181,042)
Stock dividends on common shares	1,839,520	-	1,839,520	-	-	-	(1,839,520)	(1,839,520)	-	-	-	-	-	-
Stock dividends on preferred shares	18,725	-	18,725	-	-	-	(18,725)	(18,725)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(201,754)	201,754	-	-	-	-	-	-	-
Net income for the for the year ended December 31, 2013	-	-	-	-	-	-	2,867,891	2,867,891	-	-	-	2,867,891	19,913	2,887,804
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	(10,696)	(10,696)	496,017	201,306	697,323	686,627	229	686,856
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	2,857,195	2,857,195	496,017	201,306	697,323	3,554,518	20,142	3,574,660
Conversion of preferred stock	204,194	(204,194)	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment	42,610	-	42,610	1,875	-	-	-	-	-	-	-	44,485	-	44,485
BALANCE AT DECEMBER 31, 2013	22,165,251	-	22,165,251	34,288	1,685,037	914,439	2,792,439	5,391,915	909,507	(77,629)	831,878	28,423,332	257,042	28,680,374
Appropriation of the 2013 earnings														
Legal reserve	-	-	-	-	837,731	-	(837,731)	-	-	-	-	-	-	-
Cash dividends on preferred shares	-	-	-	-	-	-	(8,962)	(8,962)	-	-	-	(8,962)	-	(8,962)
Stock dividends on common shares	2,283,021	-	2,283,021	-	-	-	(2,283,021)	(2,283,021)	-	-	-	-	-	-
Stock dividends on preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(355,597)	355,597	-	-	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	-	-	3,093,795	3,093,795	-	-	-	3,093,795	29,690	3,123,485
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	-	-	(66,817)	(66,817)	120,140	416,882	537,022	470,205	(36)	470,169
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	-	3,026,978	3,026,978	120,140	416,882	537,022	3,564,000	29,654	3,593,654
Share-based payment	61,034	-	61,034	(1,282)	-	-	-	-	-	-	-	59,752	-	59,752
Cash dividends on subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(17,745)	(17,745)
BALANCE AT DECEMBER 31, 2014	<u>\$ 24,509,306</u>	<u>\$ -</u>	<u>\$ 24,509,306</u>	<u>\$ 33,006</u>	<u>\$ 2,522,768</u>	<u>\$ 558,842</u>	<u>\$ 3,045,300</u>	<u>\$ 6,126,910</u>	<u>\$ 1,029,647</u>	<u>\$ 339,253</u>	<u>\$ 1,368,900</u>	<u>\$ 32,038,122</u>	<u>\$ 268,951</u>	<u>\$ 32,307,073</u>

The accompanying notes are an integral part of the consolidated financial statements.

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,737,796	\$ 3,408,358
Adjustments for:		
Depreciation expenses	1,599,068	1,618,132
Amortization expenses	35,304	42,654
Gain on reversal of allowance for doubtful accounts	(494,806)	(95,868)
Net gain on disposal of financial assets designated as at fair value through profit or loss	(321,564)	(701,895)
Interest expenses	3,730,345	3,399,120
Interest revenues	(9,675,323)	(9,239,639)
Dividend income	(94,819)	(85,742)
Unrealized loss on the transactions with associates and joint ventures	6,791	196
Loss (gain) on disposal of properties	(19,553)	10,037
Loss (gain) on disposal of investments	(112,978)	121,477
Impairment loss recognized on financial assets	654	-
Reversal of impairment loss recognized on financial assets	-	(68,594)
Loss on sale of distressed claim	65,897	-
Reversal of impairment losses on nonfinancial asset	-	(51,593)
Gain on disposal of collaterals	-	(10,353)
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans banks	(386,401)	(3,495,138)
Increase in financial assets at fair value through profit or loss	(6,452,067)	(2,426,448)
Decrease (increase) in accounts receivable	(727,754)	528,115
Increase in discounts and loans	(27,579,651)	(28,249,753)
Decrease (increase) in available-for-sale financial assets	(4,957,962)	2,206,520
Increase in other financial assets	(2,691,160)	(3,197,525)
Increase (decrease) in due to the Central Bank and other banks	1,433,686	(1,107,571)
Increase (decrease) in financial liabilities at fair value through profit or loss	(1,655,522)	298,333
Increase (decrease) in securities sold under repurchase agreements	7,208,619	(3,706,692)
Increase (decrease) in accounts payable	1,335,606	(2,282,445)
Increase in deposits	31,767,822	27,523,515
Decrease in other financial liabilities	(182,930)	(104,533)
Increase (decrease) in provisions for employee benefits	129	(25,319)
Cash used in operations	(4,430,773)	(15,692,651)
Interest received	9,721,290	9,243,507
Dividends received	97,168	86,272
Interest paid	(3,706,634)	(3,515,599)
Income tax paid	(219,951)	(145,876)
Net cash generated from (used in) operating activities	<u>1,461,100</u>	<u>(10,024,347)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Decrease in financial assets designated as at fair value through profit or loss	123,178	1,000,102
Acquisition of debt instruments with no active market	(5,686,328)	(29,391,008)
Return of capital on debt instruments with no active market	9,274,723	24,850,343
Purchase of held-to-maturity financial assets	(361,555)	(217,883)
Return of capital on held-to-maturity financial assets	264,962	614,805
Purchase of financial assets measured at cost	(6,000)	-
Proceeds of the sale of financial assets carried at cost	8,884	211
Return of capital on financial assets carried at cost	18,411	35,319
Payments for properties	(2,591,118)	(2,249,136)
Proceeds of the disposal of properties	909,030	663,444
Payments for investment properties	(929,569)	-
Increase in settlement fund	(845)	-
Decrease in settlement fund	-	1,228
Increase in refundable deposits	(75,616)	-
Decrease in refundable deposits	-	179,974
Payments for intangible assets	(22,316)	(36,649)
Proceeds of the disposal of collaterals	-	162,555
Decrease in other assets	<u>64,351</u>	<u>17,181</u>
Net cash generated from (used in) investing activities	<u>990,192</u>	<u>(4,369,514)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper	519,120	1,000,022
Proceeds of the issue of bank debentures	-	3,000,000
Repayments of bank debentures	-	(800,000)
Increase in guarantee deposits received	10,381	66,354
Increase in other liabilities	41,000	83,155
Equity with non-controlling cash dividends paid	(17,745)	-
Cash dividends paid	<u>(8,962)</u>	<u>(181,042)</u>
Net cash generated from financing activities	<u>543,794</u>	<u>3,168,489</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>502,267</u>	<u>251,127</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>3,497,353</u>	<u>(10,974,245)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>82,564,182</u>	<u>93,538,427</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 86,061,535</u>	<u>\$ 82,564,182</u>

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

Reconciliation of the cash and cash equivalents reported in the consolidated statements of cash flows with those reported in the consolidated balance sheets as of December 31, 2014 and 2013:

	December 31	
	2014	2013
Cash and cash equivalents in the consolidated balance sheets	\$ 9,590,048	\$ 8,227,163
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7 "Cash Flow Statements"	50,100,000	54,100,000
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	<u>26,371,487</u>	<u>20,237,019</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 86,061,535</u>	<u>\$ 82,564,182</u>

The accompanying notes are an integral part of the consolidated financial statements.(Concluded)

Fiscal Year 2014 Profit Distribution Table

Account	Amount	
Unappropriated retained earnings, at the beginning of the year		18,322,143
Actuarial gains and losses allocated as retained earnings		(66,817,207)
Adjusted unappropriated retained earnings		(48,495,064)
Add: net profit after tax (Note 1)		3,093,795,332
Less: legal reserve		(928,138,600)
Distributable net profit (Note 2)		2,117,161,668
Distributable items:		
Common share dividend (0.6 per share)	(1,470,558,377)	
Dividend to shareholders (0.26 per share)	(637,241,963)	(2,107,800,340)
Unappropriated retained earnings, at the end of the year		9,361,328

Note 1: Compensation of directors and supervisors: NT\$ 3,475,492

Employee bonus sharing: NT\$ 69,509,836

Note 2: Pursuant to Ministry of Finance letter ref. no. Tai –CAI-Shuei 871941343, individual identification should be adopted when distributing earning. The current distribution shall distribute 2014 earning.

Note 3: The current cash dividends distribution ratio is rounded up to NT\$ integer. Fractions of NT\$ will be transferred to Other Income.

Chairman : Li Xian-Zhang

Manager : Lin, Jeff

Chief Accountant : Yang Ju-Chang

Comparison table for the “Rules of Procedures for Shareholders Meetings of Union Bank of Taiwan, Ltd.”

Article	After amendment	Before amendment	Remark
1	This Principles are stipulated in accordance with the Corporate Governance Best Practice Principles for The Bank to establish a good governance system for shareholders’ meeting, improve supervision and management functions.	This Principles are stipulated in accordance with Article 11 of the Corporate Governance Best Practice Principles for Banking Industry to establish a good governance system for shareholders’ meeting, improve supervision and management functions.	Amended with reference to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies for Shareholders’ Meeting agenda due to Bank Association has not completed the amendments of its Corporate Governance Best Practice Principles for Banking Industry regarding to convening and other matters of shareholders’ meeting.
3	Unless otherwise stipulated by the laws, the Bank’s Shareholders’ Meeting shall be convened by the board of directors. <u>The Bank shall deliver notice of shareholders’ meeting, template of power of attorney, subjects of approval, discussion, election or dismissal of directors, and related information, in electronic file format, to the Market Observation Post System 30 days before the Annual General Meeting of Shareholders or 15 days before the extraordinary shareholders’ meeting. The Bank shall also deliver the annual general meeting of shareholders agenda and supplementary information, in electronic file format, to the Market Observation Post System 21 days before the Annual General Meeting of Shareholders or 15 days before the extraordinary shareholders’ meeting. The Bank shall have the respective shareholders’ meeting hand-outs and supplementary information readily available for</u>	Unless otherwise stipulated by the laws, the Bank’s Shareholders’ Meeting shall be convened by the board of directors. (This paragraph is newly added.) (Paragraph 3 is deleted) Notice and announcement should contain reasons for convening the meeting. With approval from the recipient, delivery via electronic means is allowed. Motions regarding to election or dismissal of directors or supervisors, article amendment, dissolution, merger, division, and issues stipulated in Paragraph 1 of Article 185 of the Company Act, and Articles 26-1 and	Added for matters regarding to convening shareholders’ meeting. This Paragraph already exists and is therefore deleted. “Supervisors” is deleted. Revised slightly in compliance with Article 6 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

Article	After amendment	Before amendment	Remark
	<u>shareholders 15 days before the annual general meeting of shareholders. The said material shall be displayed at the professional share representative institutes and distributed at the annual general meeting of shareholders.</u> Notice and announcement should contain reasons for convening the meeting. With approval from the recipient, delivery via electronic means is allowed. Motions regarding to election or dismissal of directors, article amendment, dissolution, merger, division, and issues stipulated in Paragraph 1 of Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Issuers shall be listed in the reasons for convening the meeting and may not be proposed as motions from the floor in the meeting. <u>Shareholders in possession of 1% or more of total outstanding shares may propose one motion in written to the Bank's Annual General Meeting of Shareholders, and other motions proposed will not be accepted. In addition, the board may exclude the motions proposed by shareholders if the motions concerns Subparagraph 4, Paragraph 1, and Article 172 of the Compact Act.</u> <u>The Bank shall announce the period to accept motions proposed by shareholders.</u>	43-6 of the Securities and Exchange Act shall be listed in the reasons for convening the meeting and may not be proposed as motions from the floor in the meeting. (This paragraph is newly added.)	Related procedures are added in compliance with Article 172-1 of the Company Act regarding to shareholders proposing motions for the meeting.

Article	After amendment	Before amendment	Remark
	<u>and the place to propose motions, of which period should not be less than 10 days, before the share transfer stop date before convening Annual General Meeting of Shareholders. A motion proposed by a shareholder should be limited to 300 words, or the motion will be excluded. The shareholder proposing the motions should attend the Annual General Meeting of Shareholders and participate in the discussion in person or through a proxy. The Bank should notify the proposing shareholders about the handling result before the date of notice of shareholders' meeting, and include the motions in the notice of meeting. The board should explain in the meeting about the reasons for excluding any motion proposed by shareholders.</u>		
4	(Paragraphs 1 and 2 omitted) Shareholders having delivered their letters of power of attorney to the Bank but change their minds and decide to attend shareholders' meeting in person <u>or wish to exercise voting right in written or via electronic means</u> shall deliver a written notice of cancellation of the respective power of attorney to the Bank at least 2 days before the annual general meeting of shareholders. If the said cancellation is not made before the deadline, the authorized proxy shall have the right to exercise the voting right on behalf of its shareholder.	(Paragraphs 1 and 2 omitted) Shareholders having delivered their letters of power of attorney to the Bank but change their minds and decide to attend shareholders' meeting in person shall deliver a written notice of cancellation of the respective power of attorney to the Bank at least 2 days before the annual general meeting of shareholders. If the said cancellation is not made before the deadline, the authorized proxy shall have the right to exercise the voting right on behalf of its shareholder.	Added to clearly define exercising shareholder's voting right.
6	<u>The Bank shall clearly state</u>	<u>This paragraph is newly</u>	Added to clearly define

Article	After amendment	Before amendment	Remark
	<u>the time and place for shareholders' meeting reception and other notices. The reception time abovementioned shall begin at least 30 minutes before the meeting. Reception place should be clearly identifiable and stationed with competent personnel.</u> The Bank shall provide sign-in book for shareholders or their proxies (jointly referred to as shareholders) to sign in. Alternatively, shareholders present at the meeting may substitute signing-in by submitting a sign-in card. The Bank shall distribute meeting hand-out, annual reports, attendee's badge, motion sheet, resolution ballot, and other material to the shareholders present at the meeting. Election ballot should be included as well if directors are to be elected in the meeting. Shareholders must present their attendee's badge, sign-in card, or other attendee's ID to attend shareholders' meeting. <u>The Bank may not demand without approval shareholders to present any other identification to attend shareholders' meeting.</u> Shareholders who are also proxies via power of attorney should carry identification papers for identification purpose. (Below is omitted.)	<u>added.</u> The Bank shall provide sign-in book for shareholders or their proxies (jointly referred to as shareholders) to sign in. Alternatively, shareholders present at the meeting may substitute signing-in by submitting a sign-in card. The Bank shall distribute meeting hand-out, annual reports, attendee's badge, motion sheet, resolution ballot, and other material to the shareholders present at the meeting. Election ballot should be included as well if directors <u>or supervisors</u> are to be elected in the meeting. Shareholders must present their attendee's badge, sign-in card, or other attendee's ID to attend shareholders' meeting. Shareholders who are also proxies via power of attorney should carry identification papers for identification purpose. (Below is omitted.)	meeting reception procedure and shareholders' rights to attend shareholders' meeting. "or supervisors" is deleted. Requirement about shareholders' ID for attending shareholders' meeting is added to Article 6 in compliance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.
7	(Paragraph 1 is omitted.) <u>Managing Director or director must be in their job positions for 6 months or longer and have knowledge</u>	(Paragraph 1 is omitted.) (This paragraph is newly added.)	Added in compliance with Article 6 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

Article	After amendment	Before amendment	Remark
	<u>about the Bank's financial status to be eligible for acting as the substitute chairperson of the annual general meeting of shareholders. The same shall apply to representatives of corporate director to act as meeting chairperson.</u> Shareholders' meeting convened by the board shall, whenever possible, have the attendance of the majority of the directors <u>and at least one representative form each of functional committee, and the attendance shall be recorded in the annual general meeting of shareholders minute.</u> Shareholders' meeting convened by eligible convener other than the board shall be presided by the said convener. In case of two or more conveners, they shall nominate and appoint one among themselves to preside at the meeting. The Bank may appoint its attorneys at laws, accountants, or other personnel to sit-in in shareholders' meeting.	Shareholders' meeting convened by the board shall, whenever possible, have the attendance of the majority of the directors. (Newly added.) Shareholders' meeting convened by eligible convener other than the board shall be presided by the said convener. In case of two or more conveners, they shall nominate and appoint one among themselves to preside at the meeting. The Bank may appoint its attorneys at laws, accountants, or other personnel to sit-in in shareholders' meeting.	
8	The Bank shall record audio <u>and</u> video of the entire process of shareholders' meeting and keep in archive for at least one year. If a legal proceeding has been initiated by shareholders in accordance with Article 189 of the Company Act, the said recordings shall be kept until the said proceeding has been concluded.	The Bank shall record audio or video of the entire process of shareholders' meeting and keep in archive for at least one year. If a legal proceeding has been initiated by shareholders in accordance with Article 189 of the Company Act, the said recordings shall be kept until the said proceeding has been concluded.	Revised slightly according to the sample for Rules of Procedure for Shareholders Meetings provided by the TWSE.
13	(Paragraph 1 is omitted.) In shareholders' meeting convened by the Bank, <u>voting rights shall be exercised via electronic</u>	(Paragraph 1 is omitted.) In shareholders' meeting convened by the Bank, <u>voting rights shall be exercised via written or electronic means.</u>	Slight revised in accordance with the Rules of Procedure for Shareholders Meetings stipulated by the TWSE.

Article	After amendment	Before amendment	Remark
	<u>means, and written means shall be allowed.</u> Notice of shareholders' meeting shall clearly explain the said electronic and written means for exercising voting rights. Shareholders exercising voting rights via written or electronic means shall be regarded as present in the same meeting in person, but the rights to propose motion on the floor and amendment shall be automatically regarded as forfeited. (Paragraphs 3 & 4 are omitted.) Unless otherwise stipulated by the Company Act and the Bank's Articles of Incorporation, passing of a motion by voting shall require approval from the majority of the voting rights of the shareholders present in the meeting. When voting, the presiding chairperson or the person assigned by the presiding chairperson shall announce the total voting rights of the shareholders present at the meeting, and the shareholders shall vote, all in a motion-by-motion basis. <u>After which, the voting particulars, including approval, objection, and forfeit, shall be entered into the Market Observation Post System on the same date.</u> (Paragraphs 6 & 7 are omitted.) <u>Ballot counting for shareholders' meeting resolution voting or election shall be done openly within the meeting venue, and the result, including the particulars of voting rights, shall be announced immediately on site and</u>	Notice of shareholders' meeting shall clearly explain the said electronic and written means for exercising voting rights. Shareholders exercising voting rights via written or electronic means shall be regarded as present in the same meeting in person, but the rights to propose motion on the floor and amendment shall be automatically regarded as forfeited. (Paragraphs 3 & 4 are omitted.) Unless otherwise stipulated by the Company Act and the Bank's Articles of Incorporation, passing of a motion by voting shall require approval from the majority of the voting rights of the shareholders present in the meeting. When voting, the presiding chairperson or the person assigned by the presiding chairperson shall announce the total voting rights of the shareholders present at the meeting, and the shareholders shall vote, all in a motion-by-motion basis. (Newly added.) (Paragraphs 6 & 7 are omitted.) <u>Ballot counting shall be done openly within the meeting venue, and the result shall be announced on site and recorded.</u>	

Article	After amendment	Before amendment	Remark
	<u>recorded upon the completion of counting.</u>		
14	Director election in shareholders' meeting shall comply with the Bank's rules regarding the election, and the voting result, <u>including the roster of the elected directors and their respective voting rights won</u> shall be announced on site. (Below omitted)	Director <u>and supervisor</u> election in shareholders' meeting shall comply with the Bank's rules regarding the election, and the voting result shall be announced on site. (Below omitted)	"and supervisor" deleted. Slight revised in accordance with the Rules of Procedure for Shareholders Meetings stipulated by the TWSE
15	Shareholders' meeting resolutions shall be recorded in meeting minutes and shall be affixed with the presiding chairperson's signature or stamp seal. The said meeting minutes shall be distributed to all shareholders within 20 days after the meeting. Meeting minutes may be produced in electronic format. The distribution of the said meeting minutes may be substituted with announcement on the Market Observation Post System. Meeting minutes shall faithfully state the date, venue, name of presiding chairperson, resolution method, meeting process, and meeting conclusions, and shall be kept as long as the Bank exists. (This paragraph is deleted.)	Shareholders' meeting resolutions shall be recorded in meeting minutes, on which the presiding chairperson's signature or stamp seal is required. The said meeting minutes shall be distributed to all shareholders within 20 days after the meeting. Meeting minutes may be produced in electronic format. <u>A resolution achieved after the presiding chairperson having asked for opinions from the shareholders and the shareholders having unanimously approved shall be stated in the meeting minutes that "The presiding chairperson has asked if any objection and the shareholders approved unanimously." However, if any objection against a motion is raised by a shareholder, then voting by ballot shall be adopted, and the voting rights voted and ratio shall be recorded.</u>	In compliance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Bank's shareholders' meeting adopts motion-by-motion voting, and thus shareholder's objection becomes irrelevant, therefore Paragraph 4 is deleted.

Comparison table for the “Articles of Incorporation of Union Bank of Taiwan, Ltd.”

Article	After amendment	Before amendment	Remark
15	Shareholders’ meeting’s resolutions and executions: (1) Amendments of the Bank’s Chapters of Incorporation (2) Capital increase and decrease. (3) Elections of directors. (4) Review and recognize the statements submitted by the board and the review reports submitted by the <u>audit committee</u> . Shareholders’ meeting may assign reviewer to review the said statements and reports. (5) Distributions of earnings, dividends, and bonus. (6) Other issues stipulated by the Company Act.	Shareholders’ meeting’s resolutions and executions: (1) Amendments of the Bank’s Chapters of Incorporation (2) Capital increase and decrease. (3) Elections of directors <u>and supervisors</u> . (4) Review and recognize the statements submitted by the board and the review reports submitted by the <u>supervisors</u> . Shareholders’ meeting may assign reviewer to review the said statements and reports. (5) Distributions of earnings, dividends, and bonus. (6) Other issues stipulated by the Company Act.	The term “supervisors” is deleted to reflect the Bank’s substituting the supervisors with audit committee.
18-1	The quota of the Bank’s directors shall include at least <u>3</u> independent directors, of which the percentage may not be less than one-fifth. Candidate nomination system shall be adopted and shareholders are to elect from the rosters of independent directors.(Below omitted)	The quota of the Bank’s directors shall include at least <u>2</u> independent directors, of which the percentage may not be less than one-fifth. Candidate nomination system shall be adopted and shareholders are to elect from the rosters of independent directors.(Below omitted)	According to the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, an audit committee shall consist with no less than 3, if not all, independent directors.
23	The board shall convene board meeting at least once per every quarter and may convene extraordinary board meeting in case of emergency or request by the majority of directors. Unless otherwise stipulated by the laws, the said meeting shall be convened by the chairperson. Notice of meeting may be delivered to all directors in the forms of written, email, and fax. If the chairperson is unavailable, the chairperson may appoint one Managing Director as the meeting chairperson. If no director is appointed, the managing directors may elect an acting chairperson among themselves.	The board shall convene board meeting at least once per every quarter and may convene extraordinary board meeting in case of emergency or request by the majority of directors. Unless otherwise stipulated by the laws, the said meeting shall be convened by the chairperson. Notice of meeting may be delivered to all directors <u>and supervisors</u> in the forms of written, email, and fax. If the chairperson is unavailable, the chairperson may appoint one Managing Director as the meeting chairperson. If no director is appointed, the managing directors may elect an acting chairperson among themselves.	The term “supervisors” is deleted.

Article	After amendment	Before amendment	Remark
27	General manager and vice general manager should be noticed to sit-in in board meeting without voting right.	Supervisors, general manager and vice general manager should be noticed to sit-in in board meeting without voting right.	The term “supervisors” is deleted.
31	General manager and vice general manager should be noticed to sit-in in managing director’s meeting without voting right.	<u>Resident supervisors</u> , general manager and vice general manager should be noticed to sit-in in managing director’s meeting without voting right.	The term “supervisors” is deleted.
	NIL. (Deleted)	※ <u>Originally Chapter VI Supervisors</u> Article 34 The Bank shall have 2 to 5 supervisors, whose tenure shall be 3 years. Candidate nomination system shall be adopted and repeated tenure is allowed if successfully re-elected. Supervisors shall be elected by the annual general meeting of shareholders from persons with full capacity and in compliance with the standards stipulated by the competent authorities. Election rules shall be first approved by the annual general meeting of shareholders before implementation. The Bank shall have one resident supervisor, who is to be elected by and among supervisors. Supervisors may sit-in in board meetings. The total shares held by all supervisors may not be less than the requirement stipulated by the competent authorities. Article 35 The board of directors is authorized to determine supervisors’ compensation but should be on par with industry standard. Article 36 Supervisors’ duties and authorities: (1) Investigate and review business and financial status. (2) Review accounting papers and budgets. (3) Supervise personnel performance and report illegal and negligent matters.	According to Article 14 of the Securities and Exchange Act, the positions of supervisor and articles regarding to supervisors in the Chapters of Incorporation shall be cancelled upon the establishment of the Bank’s audit committee.

Article	After amendment	Before amendment	Remark
		(4) Other duties and authorities stimulated by the laws.	
34	※ <u>Chapter 6</u> Manager Article <u>34</u> The Bank shall have one general manager to generally manage the Bank's business in accordance with the resolutions of the board...(omitted)	※ <u>Chapter 7</u> Manager Article <u>37</u> The Bank shall have one general manager to generally manage the Bank's business in accordance with the resolutions of the board...(omitted)	Article sequence adjusted accordingly.
37	The Bank's fiscal year shall begin on January 1 every year and end on December 31 of the same year. The following documents should be produced and reviewed by the board after the end of each fiscal year and submitted to the <u>audit committee</u> or the CPA retained by it at least 30 days before the Annual General Meeting of Shareholders and submitted to the annual general meeting of shareholders for approval. With 15 days from the said approval, these documents shall be submitted to the central competent authority and the Central Bank, and, among which, the balance sheet shall be published: (1) Business Report. (2) Financial statement. (3) Motions about earning distribution or loss offset.	※ <u>Originally Article 40</u> The Bank's fiscal year shall begin on January 1 every year and end on December 31 of the same year. The following documents should be produced and reviewed by the board after the end of each fiscal year and submitted to the <u>supervisors</u> or the CPA retained by it at least 30 days before the Annual General Meeting of Shareholders and submitted to the annual general meeting of shareholders for approval. With 15 days from the said approval, these documents shall be submitted to the central competent authority and the Central Bank, and, among which, the balance sheet shall be published: (1) Business Report. (2) Financial statement. (3) Motions about earning distribution or loss offset.	The term "supervisors" is deleted to reflect the Bank's substituting the supervisors with audit committee.
38-1	If any earning is realized in the Bank's annual final accounting, in addition to income tax, the said earning should be used to set off loss, if any, of the previous fiscal, and 30% shall be withheld as statutory surplus reserve, and may be further withheld for special surplus reserve as the laws may allow and the business may require. The remainder, if any, together with the undistributed earning from the previous fiscal shall be distributed as common stock dividend. The remainder, if any,	※ <u>Originally Article 41-1</u> If any earning is realized in the Bank's annual final accounting, in addition to income tax, the said earning should be used to set off loss, if any, of the previous fiscal, and 30% shall be withheld as statutory surplus reserve, and may be further withheld for special surplus reserve as the laws may allow and the business may require. The remainder, if any, together with the undistributed earning from the previous fiscal shall be distributed as common stock dividend. The remainder, if	(1) According to FSC's letter ref. no. 1030024244 dated Jul. 3, 2014, which has instructed that the Bank's stock dividend policy should disclose to the public detailed Explanation of the conditions with which dividends are distributed and the amount distributed in accordance with the Securities and Futures Bureau's letters ref. no. Tai-Cai-Zheng (1) 100116 dated Jan. 3, 2000 and ref.

Article	After amendment	Before amendment	Remark
	shall be distributed according to the following percentages: (1) When 10% or more for employee bonus is to be given <u>in the form of stocks, the recipients may include employee of the principle or the subsidiary company and subject to certain conditions stipulated by the board.</u> (2) 0.5% for directors' compensation. (3) Shareholders' bonus shall be proposed by the board to the Annual General Meeting of Shareholders for approval. ...(omitted)	any, <u>may be reserved partially</u> and then distributed according to the following percentages: (1) 10% or more for employee bonus <u>(excluding the undistributed earning from the previous fiscal).</u> (2) 0.5% for directors' compensation <u>(excluding the undistributed earning from the previous fiscal).</u> (3) Shareholders' bonus shall be proposed by the board to the Annual General Meeting of Shareholders for approval. ...(omitted)	no. Tai-Cai-Zheng (1) 00371 dated Feb. 1, 2000. (2) According to Article 235-4 of the Company Act, chapters of incorporation may stipulate the recipients of employee stock option as bonus, and the said recipients may include qualified employee of subsidiary companies, but the bonus for employee of the controlling company does not include cash bonus.
38-3	The method of distribution of employee bonus and director compensation mentioned in Paragraph 1 shall be authorized to and stipulated by the board.	※ <u>Originally Article 41-3</u> The method of distribution of employee bonus and director <u>and supervisor</u> compensation mentioned in Paragraph 1 shall be authorized to and stipulated by the board.	The term "and supervisor" is deleted.
42	This Chapters of Incorporation is promulgated on Aug. 20, 1990. Below is omitted. Amended for the 19 th time on Jun. 6, 2014. <u>Amended for the 20th time on Jun. 26, 2015.</u>	※ <u>Originally Article 45</u> <u>In compliance with Article 14-4 stipulated by the Securities and Exchange Act, the cancellation of supervisors and the regulations concerning supervisors in this Chapters of Incorporation shall be cancelled on the date of the establishment of the Bank's audit committee.</u>	1. Added "Amended for the 20th time on Jun. 26, 2015." With approval from the annual general meeting of shareholders. 2. In compliance with the laws, the Bank has cancelled the regulations concerning supervisors on the date of the establishment of the Bank's audit committee, and hence the deletion.

Comparison table for the “Articles of Incorporation of Union Bank of Taiwan, Ltd.”

Approved in the 18th meeting of the 8th board on Mar. 18, 2015.

Article 1

This Procedure is provided in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies to elect/appoint directors on fair, just, and open principles.

Article 2

Unless otherwise stipulated by the laws, election/appointment of the Bank’s director shall be governed by this Procedure.

Article 3

Election/appointment of the Bank’s director shall consider the overall balance of the board, which should consists of members from diversified backgrounds and establish adequate diversification policy according to its operation, business types, and development requirements, including but not limited to the 2 major standards below:

1. Basic criteria and values: Gender, age, nationality, and culture.
2. Professional knowledge and skill: Professional background (e.g. laws, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.

The members of the board should generally process the knowledge, skill, and quality required for executing their duties, and should process the following general expertise:

1. Sound judgment
2. Accounting and financial analysis
3. Operational management
4. Crisis handling
5. Industry knowledge
6. International market insight
7. Leadership
8. Decision-making

More than half of the directors may not be in the relation of spouse or class two or closer relatives.

The representative assigned by the corporate director of the Bank must qualify the Bank’s professional requirement and should not change without due consideration.

The board of the Bank should consider adjusting its profile according to the result of performance appraisal.

Article 4

The qualification and election/appointment of the Bank’s independent directors should comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

Article 5

Election of the Bank’s directors shall comply with Article 192-1 of the Company Act regarding to the candidate nomination procedure and scrutiny of the qualification, academic and professional credential of director candidates and restrictions stipulated in Article 30 of the Company Act, and may not requirement of proof of other qualification. The Bank should also submit the review result to the shareholders as reference in order to select directors with competency.

Election of replacement directors shall be conducted in the next shareholders’ meeting if certain directors are being relieved and the number of director thus become less than 5. However, the said election shall be conducted within 60 days from the de facto happening of the situation if the shortage of director reaches one-third of the seats of director as required by the Chapters of Incorporation.

The said election should be conducted in the next shareholders’ meeting of the number of independent director falls below the requirement stipulated in the proviso of Article 14-2-1 of the Securities and

Exchange Act or the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings. An extraordinary shareholders' meeting shall be convened and an election of replacement directors should be conducted within 60 days from the de facto happening of the situation that all independent directors are being relieved.

Article 6

Election of the Bank's directors shall adopt accumulated votes; each share shall have as many voting rights as the number of directors to be elected and the voting rights may be voted to one or several candidates.

Article 7

The board should prepare ballots at a quantity same as the number of directors to be elected, and the number of share should be stated on the ballots. The ballots shall be distributed to the shareholders present at the meeting. The names of the voting shareholders to be stated on the ballots may be replaced by the attendee badge number.

Article 8

Director quota stipulated in the Bank's Chapter of Incorporation shall be applicable separately on independent and non-independent directors. The result of election shall be determined by the number of voting shares won by the respective candidates, and candidates winning the highest number of voting shall be elected until the said quota is exhausted. In the case that two or more candidates have won the same number of voting shares, a draw among them shall determine the winner. If one of the drawing candidate is not present at the meeting, the presiding chairperson shall draw on behalf of the said candidate.

Article 9

The presiding chairperson shall appoint several shareholders as the scrutineers and vote counters prior to the start of election. The ballot box shall be prepared by the board and examined before voting by the scrutineers.

Article 10

In the case that a candidate is also a shareholders, the voters shall specify the account name or shareholder's account number of the said candidate in the respective candidate column on the ballot. In the case that a candidate is not a shareholder, the voters shall specify the name and ID number of the said candidate. In the case that a candidate is a government or corporate shareholder, the voters shall specify the name of the government or corporate shareholder or the names of the government or corporate shareholder and its representative. In the case that a candidate has more than one representative, all names of the said representatives should be specified.

Article 11

A ballot shall be null and void if any of the followings apply to the ballot:

1. The ballot is not issued by the board;
2. The ballot casted into the ballot box is blank;
3. The handwriting on the ballot is beyond recognizable or has been modified;
4. The account name and shareholder's account number do not match with the same registered on shareholder list of the candidate specified on the ballot is a shareholder, or the name and ID number do not match if the candidate specified on the ballot is not a shareholder.;
5. Additional writing other than the candidate's account name and shareholder's account number or name and ID number and voting shares is found on the ballot; and
6. The ballot voted for a candidate who has the same name as other candidates fails to specify the candidate's shareholder's account number of ID number for sufficient identification.

Article 12

The ballots shall be announced immediately after the voting, and the presiding chairperson shall announce the voting result and the winning directors' roster and their respective winning shares. The ballots after the election shall be signed and sealed by the scrutineers and kept in safety for at least

one year or until the end of a legal proceeding, if any, pursued by a shareholder in accordance with Article 189 of the Company Act.

Article 13

The board of the Bank shall issue notice of winning election to the elected directors.

Article 14

This Procedure is promulgated with the approval from the annual general meeting of shareholders, and its amendment shall follow the same.