

Stock Code: 2892



Handbook for the 2017 Annual Shareholders' Meeting
(Summary Translation)

Meeting Time: 9:00 am, Friday, June 16, 2017

Location: 22nd Floor, 30 Chung King S. Rd., Sec.1, Taipei 100, Taiwan

This English version handbook is a summary translation of the Chinese version and is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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First Financial Holding Co., Ltd.

Procedure for the 2017 Annual Shareholders' Meeting

1. Call the Meeting to Order
2. Chairman Remarks
3. Report Matters
4. Recognition Matters
5. Discussion Matters
6. Extemporaneous Motions
7. Meeting Adjournment

Agenda of 2017 Annual Shareholders' Meeting

Date and Time: June 16, 2017 at 9:00 a.m.

Venue: 22 Fl., No.30, Sec. 1, Chung King S. Rd., Taipei City (the auditorium of the headquarters of First Commercial Bank Co., Ltd.)

1. The Chairman announces the aggregate shareholding of shareholders present constitute a quorum and call the meeting to order.
2. Chairman's remarks
3. Report Matters:
 - (a) President reports the business operation of the Company in 2016.
 - (b) Audit committee report the auditing process of 2016 financial statements.
 - (c) Report of the distribution of employee's compensation and director's remuneration in 2016.
 - (d) Report on regulations regarding the same person or the same affiliate who aggregately possess more than the designated amount of voting shares from the same financial holding company.
4. Recognition Matters:
 - (a) Please recognize the 2016 business report and consolidated financial statements of the Company.
 - (b) Please recognize the distribution of 2016 profits.
5. Discussion Matters:
 - (a) Please approve the issuance of new shares via capitalization of profits of 2016.
 - (b) Please approve the Amendments to the Rules Governing the Acquisition and Disposal of Assets of the Company.
 - (c) Please approve the release of Non-Competition restriction on the 5th term Board of Directors.
6. Extemporaneous motions:
7. Meeting adjournment

Report Matters

1. President reports the business operation of the Company in 2016.

Explanation: The 2016 Business Report is attached as Attachment 1 (omitted).

2. Audit Committee report the auditing process of 2016 financial statements.

Explanation: The 2016 Audit Committee's Review Report is attached as Attachment 2.

3. Report of the distribution of employee's compensation and director's remuneration in 2016.

Explanation:

- 1) This proposal was to conform to Article 34-1 of the Articles of Incorporation of Company, and has been approved by the 22nd board meeting of the 5th term of the Board of Directors.

- 2) The distribution was listed below:

Net profit before tax which has not deducted employee's compensation and director's remuneration: NTD 17,495,320,460

Employee's compensation distributed – Cash (0.0403%): NTD 7,050,614

Director's remuneration distributed – Cash (0.9%): NTD 157,457,884

Resolved:

4. Report on regulations regarding the same person or the same affiliate who aggregately possess more than the designated amount of voting shares from the same financial holding company.

Explanation:

To proceed in accordance with the Financial Supervisory Commission's (hereinafter "FSC") Letter No. 10060005190 dated January 31, 2012. Financial holding companies shall arrange the propaganda of Articles 4, 5, and 16 of the Financial Holding Company Act governing the same person or the same affiliate who aggregately possess more than the designated amount of voting shares from

the same financial holding company to report matters one year prior to any election matters be held.

- 1) In accordance with Article 16-2 & 16-3 of the Financial Holding Company Act, the same person or the same affiliate who singly, jointly or collectively holds more than 5% of a financial holding company's outstanding voting shares shall report such fact to the FSC within ten days from the day of holding; the preceding provision applies to each cumulative increase or decrease by more than 1% thereafter. The same person or the same affiliate who intends to singly, jointly or collectively acquire more than 10%, 25%, or 50% of a financial holding company's outstanding voting shares shall apply for prior approval from the FSC. The definitions of the same person or the same affiliate and the situation where the holding of shares is excluded are expressly defined in Article 4 and 5 in the Financial Holding Company Act.
- 2) Where the same person or the same affiliate who holds voting shares issued by a financial holding company without filing a report with or obtaining the approval from the FSC in accordance with the provisions set forth in the paragraphs above, in accordance with Article 16-10 of the Financial Holding Company Act, the excess shares held shall not have voting rights and shall be disposed of within the given period prescribed by the FSC. In addition, a fine of not less than NTD 2 millions and not more than NTD 10 millions may be imposed in accordance with Article 60 of the Financial Holding Company Act. In the event such person is elected as a director, supervisor or the responsible person of a financial holding company, such person shall be considered to be listed as a person who has engaged in or otherwise been involved with dishonest or improper activities which indicate that he/she is unfit to serve as a responsible person of a financial holding company as set forth in Article 3-13 of the "Regulations Governing Qualification Requirements for the Promoter or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company".
- 3) For the detailed reporting regulations, please refer to Article 4, 5, and 16 of

the Financial Holding Company Act and regulations set forth in “Notices Regarding the Report on the Holding of Voting Shares Issued by a Financial Holding Company” and “The Rules Governing the same Person or the Same Affiliate Holding Voting Shares of a Financial Holding Company Exceeding a Certain Percentage”.

- 4) For further rules and reporting forms, please refer to First Financial Company’s official website. (http://ir.firstholding.com.tw/html/ir_legal.php) or Investor Relations > Shareholder Service > Legal Disclosure)

Resolved:

Recognition Matters

1. Please recognize the 2016 business report and consolidated financial statements of the Company.

Explanation:

The Business Report and the Company's Consolidated Financial Statements of 2016 have been examined by the Audit Committee, as well as approved by the 22nd board meeting of the 5th term of the Board of Directors. Among which, the Company's Consolidated Financial Statements were audited by certified public accountants, James Huang and Charles Lai, of PricewaterhouseCoopers, Taiwan. The 2016 Business Report and Consolidated Financial Statements are attached as Attachment 1 (omitted) and 3.

Resolved:

2. Please recognize the distribution of 2016 profits.

Explanation:

- 1) The after tax net income of the Company in 2016 is NT\$17,355,998,154. In accordance with the Articles of Incorporation of the Company and other applicable laws to retain 10% thereof in the amount of NT\$1,735,599,815 as the legal reserve, and after taking into account the adjusted accumulated profits NT\$5,908,600,740 of the Company, the total distributable profit of this year is NT\$21,528,999,079 and is proposed to be distributed as follows:
(Please see details as Attachment 4.)
 - A. NT\$14,372,227,401 as cash dividends (NT\$1.2 per share).
 - B. NT\$2,395,371,230 as stock dividends (20 new shares per 1,000 existing shares).
 - C. Year-end balance of accumulated profits is NT\$4,761,400,448.
- 2) The adjusted accumulated profits of NT\$5,908,600,740 as above sourced from the accumulated profits of NT\$5,922,272,852 at beginning of 2016, deduct the actuarial adjustments defined benefit plans of NT\$17,985,767 from other comprehensive income, and add the reversal of the special reserve provided for first-time adoption of IFRS by NT\$4,313,655.
- 3) After the distribution of profit is approved by this Meeting, the Board of

Directors is authorized both to set a record date for the distribution of cash dividends, and, after the capital increase of the Company is approved by the competent authorities, set a record date for the distribution of stock dividends.

- 4) Cash dividends shall be calculated and rounded down to dollar in proportion to stakeholding. The total amount of odd fraction will be counted as other income of Company.
- 5) If the number of the outstanding shares of the Company is subsequently changed due to any share buy-back by the Company, the transfer, conversion, cancellation of the shares or other circumstances resulting in the increase or decrease of the number of the outstanding shares, the Board of Directors then is authorized to adjust the distribution of dividends as appropriate.
- 6) This proposal for the distribution of profits has been approved by the 23rd board meeting of the 5th term of Board of Directors and duly reviewed by Audit Committee.

Resolved:

Discussion Matters

1. Please approve the issuance of new shares via capitalization of profits of 2016.

Explanation:

- 1) In order to boost capital base and strengthen financial structure, it is proposed to appropriate NT\$ 2,395,371,230 from the 2016 distributable earnings as stock dividends pursuant to Article 240 of the Company Act. The par value of the shares to be issued is NT\$10 and the total number of the common shares to be issued is 239,537,123 shares and the total paid-in capital would reach NT\$122,163,932,910.
- 2) The Board of Directors is authorized to set the record date for the proposed capital increase after the approval of competent authority in connection therewith is granted. The distribution of the new shares should be made to the shareholders with no consideration at the ratio of 20 new shares for every 1,000 shares held by shareholders according to their respective shareholding as stated in shareholders' register book on the record date. Shareholders may, within five days from the record date for stock dividend, apply to the stock affairs agent of the Company to combine fractional shares into one share. Odd lots less than one share thus collected by the Company will be placed at its par value with specific parties as determined by the Chairman under the authorization of the AGM.
- 3) The rights and obligations of the new shares to be issued under the proposed capital increase shall be the same as those of the existing shares of the Company.
- 4) The Board of Directors is authorized to make necessary amendment to the proposed capital increase if so instructed by the competent authority.
- 5) If the number of the outstanding shares of the Company is subsequently changed due to any share buy-back by the Company, the transfer, conversion, cancellation of the shares or other circumstances resulting in the increase or decrease of the number of the outstanding shares, the Board of Directors is authorized to adjust the distribution of dividends as appropriate.
- 6) This proposal has been approved by the 23rd board meeting of the 5th term of Board of Directors and duly reviewed by Audit Committee.

Resolved:

2. Please approve the Amendments to the Rules Governing the Acquisition or Disposal of Assets of the Company.

Explanation:

- 1) To conform to the amended "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" per the letter issued by the Financial Supervisory Commission dated February 9, 2017, so an amendment is made.
- 2) Please refer to Attachment 5 detailing comparison table and description of the amended articles of the Procedures Governing the Acquisition and Disposal of Assets of First Financial Holding Co., Ltd..
- 3) This proposal has been approved by the 10th meeting of the 2nd term of the audit committee and the 22nd board meeting of the 5th term of Board of Directors.

Resolved:

3. Please approve the release of Non-Competition restriction on the 5th term Board of Directors.

Explanation:

- 1) Pursuant to Article 209-1 of the Company Act, any director who is engaged in, either for himself or herself, or on behalf of others, activities that are within the business scope of the Company, shall elaborate at the shareholders' meeting on the essential details of such activities and obtain the shareholders' approval for engaging in such activities.
- 2) Please find Attachment 6 the list of the 5th term Board of Directors, who are engaged in, either for himself or herself, or on behalf of others, activities that are within the business scope of the Company. Please approve the release of Non-Competition restriction.
- 3) This proposal has been approved by the 22nd board meeting of the 5th term of Board of Directors.

Resolved

Extemporaneous Motions

First Financial Holding Co., Ltd.

Audit Committee's Report

The Board of Directors of the Company has prepared and delivered the Business Report, the Consolidated Financial Statements, and earnings distribution proposal for 2016. Wherein, the Consolidated Financial Statements were audited by certified public accountants, James Huang and Charles Lai, of PricewaterhouseCoopers, Taiwan. The Audit Committee has reviewed the above Business Report, the Consolidated Financial Report and earnings distribution proposal and found nothing incorrect. We hereby submit this report in accordance with Article 14-4 and Article 36 of the Securities and Exchange Act and Article 219 of the Company Act.

To: 2017 General Shareholders' Meeting

First Financial Holding Co., Ltd.

Convener of Audit Committee: Shyan-Yuan Lee

April, 28 2017

FIRST FINANCIAL HOLDING CO., LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

(105) PWCR16000291

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and stockholders of First Financial Holding Co., Ltd

Opinion

We have audited the accompanying consolidated balance sheets of First Financial Holding Co., Ltd. (the “Company”) and its subsidiaries (collectively “First Group”) as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Financial Holding Companies”, “Regulations Governing the Preparation of Financial Reports by Public Banks”, “Regulations Governing the Preparation of Financial Reports by Securities Firms”, “Regulations Governing the Preparation of Financial Reports by Insurance Companies”, “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of First Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

First Group’s key audit matters for the year ended December 31, 2016 are addressed as follows:

Impairment evaluation of loans discounted

Description

For the accounting policy for the impairment evaluation of discounted loans, please refer to Note 4(9) of the consolidated financial statements; for critical accounting judgements, estimates, and assumption uncertainty of impairment losses of discounted loans, please refer to Note 5(2) of the consolidated financial statements; for explanations on the details of discounted loans, please refer to Note 6(7) of the consolidated financial statements. Loans discounted and allowance for bad debts recognized for the year ended December 31, 2016, was \$1,563,262,172 thousand and \$19,167,180 thousand, respectively.

The credit services provided by the Company's banking subsidiary (herein referred to as the "Banking Subsidiary"), which is the Banking Subsidiary's main business activity, are primarily corporate credit facilitations. Impairment losses on loans discounted are losses of estimated future cash flows in which there is existing objective evidence of impairment that loans may not be recovered. The Banking Subsidiary's impairment evaluation of loans discounted is conducted in accordance with related regulations of IAS 39, 'Financial Instruments: Recognition and Measurement' and meet the related requirements of the competent authority. If there is existing objective evidence of impairment loss for significant credit facilitations which exceed a certain amount or major monitored credit facilitations, then they are individually evaluated. Impairment loss is primarily provisioned according to the overdue time, current circumstances of the borrower, collateral, guarantee status of external institutions, and historical experience; if there is no existing objective evidence of impairment or if there is existing objective evidence of impairment but the credit facilitation does not exceed a certain amount, then evaluation is conducted on a group basis and impairment losses are estimated according to impairment parameters such as the impairment probability, recovery rate, and effective interest rate under each product group.

The aforementioned provision of impairment loss for loans discounted includes the determination of future cash flows of individual evaluations and impairment parameters for group evaluations. Because this involves subjective judgment and various assumptions and estimates, the method of determining assumptions and estimates will directly affect the related recognized amounts. Also, considering that loans account for approximately 61% of total assets, we have thus included the Banking Subsidiary's individual and group impairment evaluation of loans discounted as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarized as follows:

1. Understood and assessed the reasonableness of the related policies, internal control system, and operation procedures of assumptions and estimates (including the impairment probability, recovery rate, future cash flows, and collateral value) used by the Banking Subsidiary in provisioning impairment losses for loans discounted.

2. Sampled and tested the implementation effectiveness of internal controls related to the provision of impairment loss, including the identification of objective evidence for impairment loss, annual reviews, management of collateral and their value assessment, value assessment of collateral, controls for changing impairment parameters, and approval for provisioning of impairment loss.
3. Group evaluations
 - (1) Evaluated model parameter assumptions of the Banking Subsidiary's group assessments (e.g. the appropriateness of the elected impairment probability, recovery rate, and effective interest rate of different groups) and evaluated the status of periodic updates.
 - (2) Sampled and tested the completeness of impairment classification balances and sampled and tested the accuracy of such classifications.
 - (3) Filtered client accounts under product groups using the system logic which incorporated the Bank's policy to sample and test the accuracy of their respective impairment probability, recovery rate, and effective interest rates, as well as to examine their consistency with the system reports.
4. Individual evaluations
 - (1) Sampled and tested the completeness of the "Higher Risk Borrowers" list.
 - (2) Sampled and compared the consistency of the system's judgment with samples which had been judged to have objective evidence of impairment.
 - (3) Assessed the reasonableness of parameter assumptions (including the borrower's time in arrears, financial and operational status, guarantee status by external institutions, and historical experience) for estimated future cash flows and the accuracy of calculation results for estimated future cash flows.
 - (4) Sampled and tested calculations for the effective interest rate to determine whether they met internal policies.

Fair value measurement of derivative instruments

Description

For the accounting policy for derivative instruments, please refer to Note 4(10) of the consolidated financial statements; for critical accounting judgments, estimates, and assumption uncertainty of derivative instruments, please refer to Note 5(1) of the consolidated financial statements; for the details on derivative instruments (accounted under financial assets at fair value through profit or loss), please refer to Note 6(3) and Note 6(16) of the consolidated financial statements; for information on the fair value hierarchy of derivative instruments (which involves estimation), please refer to Note 12(1) of the consolidated financial statements. The fair value of derivative instruments classified as assets and liabilities as at December 31, 2016, was \$9,438,418 thousand and \$7,804,847 thousand, respectively.

The fair value of First Group's derivative instruments without an active market or public quotes are calculated using valuation models and methods widely accepted by market participants. Assumptions and parameters used in valuation models reference observable market data as much as possible. However, a number of data or parameters may not be directly observable in the market and model assumptions may be subjective in nature. Under such circumstances, the measurement of fair value is evaluated using historical data or other appropriate assumptions. When fair value is determined using valuation models, all valuation models and assumptions are periodically examined and verified to ensure that outputs reflect actual data and market prices.

The aforementioned fair value measurement of derivative instruments includes the determination of assumptions and parameters used in valuation models and methods. Because this involves subjective judgment and various assumptions and estimates, the method of determining assumptions and estimates will directly affect the related recognized amounts. Thus, we have included the fair value measurement of First Group's derivative instruments as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarized as follows:

1. Understood and assessed the reasonableness of written policies, internal controls, and valuation procedures for valuing derivative instruments.
2. Sampled and tested the settings of valuation models to determine whether they have been periodically verified.
3. Sampled and tested "Examination of valuation data of financial products" documents and inspected the contents to assess whether management periodically assessed valuation parameter; sampled market data (e.g. interest rates, exchange rates etc.) inputs used in the valuation models to assess the completeness and accuracy of such inputs.
4. Reperformed valuations for sampled models using the Bloomberg model to assess the reasonableness of recorded fair value valuation results.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies", "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Insurance Companies", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the

Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing First Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

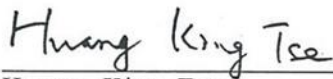
1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

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

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



Huang, King-Tse

for and on behalf of PricewaterhouseCoopers, Taiwan

23 March, 2017



Lai, Chung-Hsi

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

FIRST FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2016		December 31, 2015	
		Amount	%	Amount	%
Cash and cash equivalents	6(1) and 7	\$ 62,114,275	3	\$ 48,061,649	2
Due from the Central Bank and call loans to banks	6(2) and 7	212,149,563	8	256,445,207	10
Financial assets at fair value through profit or loss	6(3) and 7	86,755,897	3	91,955,343	4
Available-for-sale financial assets	6(4), 7 and 8	147,365,013	6	97,524,872	4
Securities purchased under resell agreements	6(5)	-	-	1,546,214	-
Receivables, net	6(6) and 7	62,848,009	3	75,766,364	3
Current tax assets		442,235	-	1,660,099	-
Loans discounted, net	6(7) and 7	1,544,094,992	61	1,480,206,723	59
Reinsurance contract assets, net	6(8)	10,991	-	11,601	-
Held-to-maturity financial assets	6(9) and 8	344,583,594	14	356,817,150	14
Investments accounted for using equity method, net	6(10)	2,281,074	-	2,466,210	-
Other financial assets, net	6(11) and 8	36,009,745	1	43,438,680	2
Investment property, net	6(12) and 8	9,526,074	-	9,808,721	1
Property and equipment, net	6(13) and 8	27,367,819	1	27,749,830	1
Intangible assets, net		417,196	-	410,793	-
Deferred income tax assets, net		1,727,240	-	1,881,042	-
Other assets, net	6(14) and 8	3,462,618	-	4,345,314	-
Total Assets		\$ 2,541,156,335	100	\$ 2,500,095,812	100

(Continued)

FIRST FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2016		December 31, 2015	
		Amount	%	Amount	%
Deposits from the Central Bank and banks	6(15) and 7	\$ 126,253,621	5	\$ 129,174,491	5
Due to the Central Bank and banks		95,859	-	63,088	-
Financial liabilities at fair value through profit or loss	6(16) and 7	23,691,418	1	30,345,870	1
Securities sold under repurchase agreements	6(17)	9,995,347	-	6,319,156	-
Commercial papers issued, net	6(18)	12,596,063	1	11,984,234	1
Payables	6(19)	71,763,770	3	69,344,867	3
Current tax liabilities		1,905,454	-	2,485,846	-
Deposits	6(20) and 7	1,973,472,355	78	1,947,197,924	78
Bonds payable	6(21)	42,300,000	2	42,300,000	2
Other borrowings	6(22)	2,705,205	-	2,509,227	-
Provisions	6(23)				
Provisions for insurance		7,310,415	-	6,430,485	-
Provisions for employee benefits		5,273,696	-	5,640,517	-
Provisions for guarantee liabilities		779,251	-	799,145	-
Other provisions		21,732	-	25,294	-
Other financial liabilities	6(24)	61,093,064	2	45,779,650	2
Deferred tax liabilities		5,738,127	-	5,750,527	-
Other liabilities	6(25)	4,132,036	-	5,958,505	-
Total Liabilities		<u>2,349,127,413</u>	<u>92</u>	<u>2,312,108,826</u>	<u>92</u>
Equity attributable to owners of the parent					
Capital					
Common stock	6(26)	119,768,562	5	114,611,064	5
Capital surplus	6(26)	25,916,221	1	25,916,221	1
Retained earnings					
Legal reserve	6(26)	12,364,204	1	10,763,595	1
Special reserve	6(26)	4,128,990	-	4,128,990	-
Unappropriated earnings	6(27)	23,260,285	1	23,568,431	1
Other equity interest	6(28)	6,336,770	-	8,651,604	-
Non-controlling interests		<u>253,890</u>	<u>-</u>	<u>347,081</u>	<u>-</u>
Total Equity		<u>192,028,922</u>	<u>8</u>	<u>187,986,986</u>	<u>8</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 2,541,156,335</u>	<u>100</u>	<u>\$ 2,500,095,812</u>	<u>100</u>

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

FIRST FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

For the years ended December 31,						
		2016		2015		Change
	Notes	Amount	%	Amount		Percentage
Interest income		\$ 41,612,195	92	\$ 42,585,563	104	(2)
Interest expense		(12,811,044)	(28)	(14,133,090)	(34)	(9)
Net interest income	6(29) and 7	28,801,151	64	28,452,473	70	1
Net income except interest						
Net service fee and commission income	6(30) and 7	8,722,806	19	8,501,519	21	3
Net gains from insurance operations	6(31)	1,350,958	3	120,954	-	1017
Gains on financial assets (liabilities) at fair value through profit or loss	6(3)(32)	2,569,070	6	1,151,928	3	123
Gains on investment property		163,130	-	145,951	-	12
Realized gains on available-for-sale financial assets	6(33)	950,704	2	541,455	1	76
Foreign exchange gains		935,402	2	1,707,082	4	(45)
Impairment loss on assets	6(34)	(38,826)	-	(10,226)	-	280
Share of profit (loss) of associates accounted for using equity method	6(10)	(75,073)	-	(588,413)	(1)	(87)
Gain on debts investment without active market	6(35)	559,726	1	2,833	-	19657
Other non-interest income, net	6(36)	1,151,550	3	822,677	2	40
Net income		45,090,598	100	40,848,233	100	10
Bad debt expense and guarantee liability provisions	6(7)	(2,243,861)	(5)	(518,155)	(1)	333
Net change in provisions for insurance liabilities	6(37)	(871,064)	(2)	539,599	1	(261)
Operating expenses						
Employee benefits expense	6(38)	(14,279,891)	(32)	(14,313,356)	(35)	-
Depreciation and amortization expenses	6(39)	(1,114,658)	(2)	(1,072,271)	(3)	4
Other general and administrative expenses	6(40) and 7	(6,383,620)	(14)	(6,508,307)	(16)	(2)
Income from continuing operations		20,197,504	45	18,975,743	46	6
Income tax expense	6(41)	(2,913,347)	(7)	(3,013,512)	(7)	(3)
Profit		17,284,157	38	15,962,231	39	8

(Continued)

FIRST FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

		For the years ended December 31,				
		2016		2015		Change
Notes	Amount	%	Amount	%	Percentage	
Other comprehensive income	6(28)					
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	(\$ 21,669)	-	(\$ 720,674)	(2)	(97)	
Income tax benefit relating to components of other comprehensive income	3,683	-	122,515	-	(97)	
Items that may be reclassified subsequently to profit or loss						
Exchange difference on translation of foreign financial statements	(2,494,446)	(6)	1,308,355	3	(291)	
Unrealized gain (losses) on valuation of available-for-sale financial assets	267,096	1	(158,133)	-	(269)	
Share of other comprehensive income of associates accounted for using equity method	(106,102)	-	(155,065)	-	(32)	
Income tax (expense) benefit related to components of comprehensive income	(2,732)	-	15,735	-	(117)	
Other comprehensive (loss) income, net of tax	(2,354,170)	(5)	412,733	1	(670)	
Total comprehensive income	<u>\$ 14,929,987</u>	<u>33</u>	<u>\$ 16,374,964</u>	<u>40</u>	(9)	
Profit, attributable to:						
Profit, attributable to owners of parent	\$ 17,355,998	38	\$ 16,006,088	39	8	
Loss attributable to non-controlling interests	(71,841)	-	(43,857)	-	64	
	<u>\$ 17,284,157</u>	<u>38</u>	<u>\$ 15,962,231</u>	<u>39</u>	8	
Comprehensive income attributable to:						
Comprehensive income, attributable to owners of parent	\$ 15,023,178	33	\$ 16,460,579	40	(9)	
Comprehensive loss, attributable to non-controlling interests	(93,191)	-	(85,615)	-	9	
	<u>\$ 14,929,987</u>	<u>33</u>	<u>\$ 16,374,964</u>	<u>40</u>	(9)	
Earnings per share	6(42)					
Basic and diluted earnings per share from continuing operations, net of income tax	\$	1.45	\$	1.48		

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

FIRST FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										Non-controlling interest	Total
	Retained Earnings					Other equity						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total				
<u>For the year ended December 31, 2015</u>												
Balance at January 1, 2015	\$ 92,592,548	\$ 18,200,167	\$ 9,355,102	\$ 4,128,990	\$ 22,068,989	\$ 2,505,808	\$ 5,093,146	\$ 153,944,750	\$ 431,804	\$ 154,376,554		
Appropriation of prior year's earnings (Note)												
Legal reserve appropriated	-	-	1,408,493	- (	1,408,493)	-	-	-	-	-		
Cash dividends of ordinary shares	-	-	-	- (	6,481,478)	-	- (	6,481,478)	- (	6,481,478)		
Stock dividends of ordinary shares	6,018,516	-	-	- (	6,018,516)	-	-	-	-	-		
Net income for the period	-	-	-	-	16,006,088	-	-	16,006,088	(	43,857)	15,962,231	
Other comprehensive income for the period	-	-	-	- (	598,159)	1,153,290	(	100,640)	454,491	(	41,758)	412,733
Issue of shares	16,000,000	7,520,000	-	-	-	-	-	23,520,000	-	-	23,520,000	
Share-based payments	-	196,054	-	-	-	-	-	196,054	-	-	196,054	
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	892	892	
Balance at December 31, 2015	<u>\$ 114,611,064</u>	<u>\$ 25,916,221</u>	<u>\$ 10,763,595</u>	<u>\$ 4,128,990</u>	<u>\$ 23,568,431</u>	<u>\$ 3,659,098</u>	<u>\$ 4,992,506</u>	<u>\$ 187,639,905</u>	<u>\$ 347,081</u>	<u>\$ 187,986,986</u>		
<u>For the year ended December 31, 2016</u>												
Balance at January 1, 2016	\$ 114,611,064	\$ 25,916,221	\$ 10,763,595	\$ 4,128,990	\$ 23,568,431	\$ 3,659,098	\$ 4,992,506	\$ 187,639,905	\$ 347,081	\$ 187,986,986		
Appropriation of prior year's earnings (Note)												
Legal reserve appropriated	-	-	1,600,609	- (	1,600,609)	-	-	-	-	-	-	
Cash dividends of ordinary shares	-	-	-	- (	10,888,051)	-	- (	10,888,051)	- (	10,888,051)		
Stock dividends of ordinary shares	5,157,498	-	-	- (	5,157,498)	-	-	-	-	-	-	
Net income for the period	-	-	-	-	17,355,998	-	-	17,355,998	(	71,841)	17,284,157	
Other comprehensive income for the period	-	-	-	- (	17,986)	(	2,601,161)	286,327	(	2,332,820)	(	21,350)
Balance at December 31, 2016	<u>\$ 119,768,562</u>	<u>\$ 25,916,221</u>	<u>\$ 12,364,204</u>	<u>\$ 4,128,990</u>	<u>\$ 23,260,285</u>	<u>\$ 1,057,937</u>	<u>\$ 5,278,833</u>	<u>\$ 191,775,032</u>	<u>\$ 253,890</u>	<u>\$ 192,028,922</u>		

Note : Directors' remuneration and employees' bonus have been deducted from the consolidated statement of comprehensive income.

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

FIRST FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	<u>For the years ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Income from continuing operations before tax	\$ 20,197,504	\$ 18,975,743
Adjustments to reconcile income before tax to net cash (used in) provided by operating activities		
Income and expenses having no effect on cash flows		
Depreciation of investment property	23,842	19,420
Depreciation of property and equipment	847,751	818,629
Amortization expense	243,065	234,222
Provision for bad debt expense and guarantee liability	4,605,372	3,117,251
Interest income	(41,612,195)	(42,585,563)
Interest expense	12,811,044	14,133,090
Dividend income	(999,142)	(777,836)
Net change in insurance liability	897,705	(519,347)
Net change in provisions for foreign exchange price fluctuation	(3,559)	569
Share-based payments	-	196,054
Share of loss associates accounted for using equity method	75,073	588,413
Gain on disposal of investment property	(79,851)	(69,234)
Loss on disposal of property and equipment	4,836	1,456
Loss on reversal of asset impairment	38,826	10,226
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(1,581,496)	(2,069,729)
Decrease (increase) in financial assets at fair value through profit or loss	5,199,446	(36,155,186)
Increase in available-for-sale financial assets	(49,608,627)	(12,718,129)
Decrease (increase) in receivables	12,557,519	(10,445,626)
(Increase) decrease in loans discounted	(68,083,171)	14,024,546
Decrease (increase) in reinsurance assets	2,216	(10,326)
Decrease (increase) in held-to-maturity financial assets	12,233,556	(49,191,842)
Decrease in other financial assets	4,417,151	12,001,938
Decrease (increase) in other assets	761,437	(391,296)
Changes in operating liabilities		
(Decrease) increase in deposits from the Central Bank and banks	(2,920,870)	3,079,057
(Decrease) increase in financial liabilities at fair value through profit or loss	(6,654,452)	6,958,298
Increase in payables	2,426,333	457,253
Increase in deposits and remittances	26,274,431	123,899,630
Decrease in employee benefit liability	(388,490)	(142,600)
Decrease in provisions	(3)	(44,933)
Increase (decrease) in other financial liabilities	18,302,519	(24,362,077)
(Decrease) increase in other liabilities	(1,826,469)	1,608,096
Cash flows (used in) provided by operations activities	(51,838,699)	20,640,167
Interest received	41,981,336	42,017,275
Interest paid	(12,818,474)	(13,979,219)
Dividend received	999,142	777,836
Income tax paid	(2,135,777)	(2,473,401)
Net cash flows (used in) provided by operating activities	(23,812,472)	46,982,658

(Continued)

	For the years ended December 31,	
	2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Increase in investments using the equity method	(\$ 20,000)	\$ -
Acquisition of investment property	(57,132)	(23,943)
Proceeds from disposal of investment property	469,716	273,430
Acquisition of property and equipment	(559,903)	(829,779)
Proceeds from disposal of property and equipment	5,693	11,228
Acquisition of intangible assets	(251,766)	(209,556)
Decrease (increase) in other assets	117,238	(136,981)
Net cash flows used in investing activities	(296,154)	(915,601)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase (decrease) in due to the Central Bank and banks	32,771	(17,880)
Increase (decrease) in bills and bonds sold under repurchase agreements	3,676,191	(2,403,958)
Increase in commercial papers payable	611,829	1,291,192
Increase in financial bonds payable	-	400,000
Increase (decrease) in other borrowings	195,978	(5,019,403)
Distribution of cash dividends	(10,888,051)	(6,481,478)
Proceeds from issuance of common stock	-	23,520,000
Net cash flows (used in) provided by financing activities	(6,371,282)	11,288,473
Effect of exchange rate changes on cash and cash equivalents	(2,883,123)	1,291,691
Net (decrease) increase in cash and cash equivalents	(33,363,031)	58,647,221
Cash and cash equivalents at beginning of period	256,031,927	197,384,706
Cash and cash equivalents at end of period	\$ 222,668,896	\$ 256,031,927
The components of cash and cash equivalents :		
Cash and cash equivalents as per consolidated balance sheet	\$ 62,114,275	\$ 48,061,649
Due from the Central Bank and call loans to banks qualified as cash and cash equivalents as defined by IAS No. 7	160,554,621	206,424,064
Securities purchased under resell agreements qualified as cash and cash equivalent as defined by IAS No. 7	-	1,546,214
Cash and cash equivalents at end of period	\$ 222,668,896	\$ 256,031,927

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

FIRST FINANCIAL HOLDING CO., LTD.
Profit Distribution Table
Year 2016
(Expressed in New Taiwan Dollars)

	Beginning retained earnings (Jan. 1, 2016)	\$5,922,272,852
Add(Less):	Actuarial adjustment on defined benefit plans	-17,985,767
	the reversal of the special reserve provided for first-time adoption of IFRS	4,313,655
	Adjusted unappropriated earnings	5,908,600,740
Add(Less):	Profit of the year	17,355,998,154
Less:	Legal reserve (10%)	-1,735,599,815
	Distributable profit	21,528,999,079
	Distributable items:	
	Cash dividends to ordinary shares @1.2	-14,372,227,401
	Stock dividends to ordinary shares @0.2	-2,395,371,230
	Unappropriated earnings (Dec. 31, 2016)	\$4,761,400,448

**Comparison Table of
Amended Articles of the Procedures Governing the Acquisition
and Disposal of Assets of First Financial Holding Co., Ltd.**

Amended Articles		Current Articles	Description
Article 9	In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government <u>agency</u> , engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price,	Article 9 In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government <u>agency</u> , engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price,	To conform to the amendment to Paragraph 1 of Article 9 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. The amendment makes clear that it refers to a government agency only, so a slight amendment is made.

the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction	the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction	
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amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. (2) The discrepancy between the appraisal results of two or more professional	amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. (2) The discrepancy between the appraisal results of two or more professional	
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	appraisers is 10 percent or more of the transaction amount. 4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	appraisers is 10 percent or more of the transaction amount. 4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	
Article 11	Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government <u>agency</u> , the company shall engage a certified public accountant	Article 11	Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government <u>agency</u> , the company shall engage a certified public accountant
			Same as Article 9.

	prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.	
Article 14	When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of domestic money market funds <u>issued by a securities investment trust enterprise</u>, the company may not proceed to enter into a transaction contract	Article 14 When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been	To conform to the amendment to Paragraph 1 of Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, domestic money market funds shall refer to money market funds issued by institutions that operate securities investment trust business with the permission of the Financial Supervisory Commission according to the Securities Investment Trust and Consulting Act. The amendment is made accordingly.

	or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: (omitted)	approved by the board of directors and recognized by the supervisors: (omitted)	
Article 25	Where the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. <u>However, the Company is not required to obtain the aforesaid opinions from independent experts for merger between the Company and its 100% owned (directly or indirectly) subsidiary or between its 100% owned (directly or indirectly) subsidiaries.</u>	Article 25 Where the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.	Amended to conform to the amended Article 22 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Considering that the merger between the Company and its 100% owned subsidiary or between its 100% owned subsidiaries according to the Business Mergers And Acquisitions Act do not involve an agreement for share exchange ratio or distribution of cash or other assets, the requirement for obtaining a fairness opinions from an independent expert on the share exchange ratio is removed.

Article 33	Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under	Article 33	Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under	1. The reason for amendment to Subparagraph 1 of Paragraph 1 is the same as for Article 14. 2. To conform to the amended Article 30 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. For a larger company, if the threshold of public announcement is too low and leads to too frequent public announcements, it will reduce the significance of information disclosures, so amendment to Item 4 of Subparagraph 4 of Paragraph 1 is made to raise threshold transaction amount to NT\$1 billion where the asset acquired or disposed of is equipment/machinery for business use and the trading counterparty is not a related party; this Item is
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repurchase and resale agreements, or subscription or <u>repurchase</u> of domestic money market funds <u>issued by a securities investment trust enterprise.</u> 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on losses set out in the Subparagraph 4 of Article 19 of the Procedures. 4. <u>Where the type of asset acquired or disposed of is equipment/machinery for business use and the trading counterparty is not a related party, the transaction amount thereof reaches NT\$1 billion or more.</u> 5. <u>Where the transaction involves acquisition of real properties under an</u>	repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on losses set out in the Subparagraph 4 of Article 19 of the Procedures.	also moved to be under Subparagraph 4 of Paragraph 1. 3. Move Item 5 of Subparagraph 4 of Paragraph 1 to be under Subparagraph 5 of Paragraph 1, and move Subparagraph 4 of Paragraph 1 to be Subparagraph 6 of Paragraph 1. 4. Amend existing Item 2 of Subparagraph 4 of Paragraph 1; subscription by a professional investor of ordinary corporate bonds and general bank debentures that are not equity-linked in domestic primary market is within its ordinary course of business and the purpose thereof is mainly for acquiring interests, which is uncomplicated. Besides, no public announcement is required for sale of such bond/debenture
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<u>arrangement for engaging others to build a building on the land owned or leased by the company or joint development and distribution of buildings or their proportional ownership or sale proceeds, the transaction amount to be invested by the company reaches NT\$500 million or more.</u> 6. Where an asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: (1) Trading of government bonds.	4. Where an asset transaction other than any of those referred to in the preceding <u>three</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:	in the secondary market in accordance with current regulations. Therefore, it is exempted from the public announcement requirement; according to Paragraph 1 of Article 2 of the Regulations Governing Issuance of Bank Debentures by Banks, general bank debentures that are not equity-linked do not include subordinated Bank Debentures. 5. Amend existing Item 3 of Subparagraph 4 of Paragraph 1; the reason for amendment is the same as for Article 14, and move said Item to be Item 3 of Subparagraph 6 of Paragraph 1. 6. Considering the requirement under Article 31 of the Regulations Governing the Acquisition and Disposal of
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(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, <u>or subscribing ordinary corporate bonds and general bank debentures that are not equity-linked offered and issued in domestic primary market.</u> (3) Trading of bonds under repurchase/ resale agreements, or subscription or <u>repurchase of</u> domestic money market funds <u>issued by a securities investment trust enterprise.</u>	(1) Trading of government bonds. (2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets. (3) Trading of bonds under repurchase/ resale agreements, or subscription or <u>redemption of</u> domestic money market funds.	Assets by Public Companies that a public announcement should be made within two days after any subsequent change in the content of a previous public announcement, Paragraph 5 is amended to stipulate that if there is any error or omission in a public announcement and a correction is necessary, all the items shall be again publicly announced and reported in their entirety within 2 days from (inclusive) the date on which the Company becomes aware of the errors or omission.
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	(4) Where the type of asset acquired or disposed is equipment/ machinery for business use, the trading counterpart y is not a related party, and the transaction amount is <u>less than</u> NT\$500 million. (5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages,	
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The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals	or joint construction and separate sale, and the amount the company expects to invest in the transaction is <u>less than</u> NT\$500 million. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within	
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(cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item	the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated	
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	required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within 2 days from (inclusive) the date on which the Company becomes aware of the errors or omission.</u>	by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.	
Article 42	These Articles were enacted on May 16, 2003. The 1st amendment was made on June 15, 2007. The 2nd amendment was made on June 22, 2012. The 3rd amendment was made on June 20, 2014. <u>The 4th amendment was made on [] [], 2017.</u>	Article 42 (deleted) <u>Article 43</u> These Articles were enacted on May 16, 2003. The 1st amendment was made on June 15, 2007. The 2nd amendment was made on June 22, 2012. The 3rd amendment was made on June 20, 2014.	- Article 42 of the Regulations was deleted on 22 June, 2012. Therefore moved Article 43 to be Article 42, for the simplification of the Procedures and the ease of reading. - Insert the date of this amendment.

List of the release of Non-Competition restriction

Name of Director	Position
Bank of Taiwan	Director of Hua Nan Financial Holding Company
	Director of Taiwan Business Bank
	Director of Mega Financial Holding Company
	Director of China Development Financial Holding Company
	Director of United Taiwan Bank
	Director of Taipei Foreign Exchange Market Development Foundation
	Supervisor of Taiwan Asset Management Corporation
	Supervisor of Taiwan Financial Asset Service Corporation
Shiou-Jsu Yeh (Delegate of Bank of Taiwan)	EVP & Direct-General of Secretariat of Bank of Taiwan
	Director of United Taiwan Bank