Stock No: 2812

Taichung Commercial Bank Co., Ltd.

The 2017 Annual Meeting of Shareholders
Annual meeting handbook

Time: 9:00 a.m. on June 7, 2017

Address: 10F, No. 87, Min Chuan Road, West District, Taichung City

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Taichung Commercial Bank Co., Ltd.

The 2017 Annual Meeting of Shareholders Agenda

I. Report the number of shares represented by the attending shareholders and Call the Meeting to Order

II. Chairperson Remarks

III. Management Presentation (Company Reports)

(I) The 2016 Business Reports

(II) Audit Committee's Review Report on the 2016 Financial Statements

(III) The 2016 distribution of remuneration to employees and directors

(IV) The 2016 authorized offering and issuance of perpetual non-cumulative subordinated financial bonds

IV. Proposals:

(I) Adoption of the 2016 Business Report and financial statements

(II) Adoption of the Proposal for Distribution of 2016 Profits

V. Discussions:

(I) Proposal for a new share issue through capitalization of earnings 2016.

(II) Amendments to the Regulations Governing the Acquisition or Disposal of Assets

(III) Amendments to Company Corporate Charter (Articles of Incorporation)

VI. Election matters

(I) The 23rd Election of Directors

VII. Questions and Motions:

VIII. Adjournment

(The above proposals were presented by the Company's relevant units to the Board for consideration)

Management Presentation (Company Reports)

Management Presentation (Company Reports) Report No. 1

The 2016 Business Reports (Please refer to Page 5~7 of the Annual Meeting Handbook)

The 2016 Business Report

I. Business result in 2016

(I) Domestic and foreign financial environment

In 2016, global economic recovery lacked momentum mainly because of the disappointing economic performance of the developed economies, the weak economic growth in the emerging market, and geopolitical risk. These factors further impacted the financial market and global trade. However, certain major international forecasting institutions saw promise in economic performance for 2017, which implicated continued global economic recovery. It will be echoed with a stable international oil price and raw material prices. These will contribute to the external trade of Taiwan and give momentum to domestic economic growth. According to the forecast of the Directorate-General of Budgets, Accounting and Statistics of the Executive Yuan, the GDP growth of Taiwan in 2017 will be at 1.92%. However, the policy of US President Donald Trump may affect cross-straits relations. The uncertainty unleashed by Brexit could never be overlooked. As such, we should pay utmost attention to possible change.

(II) Changes in organization

1. In 2016, TCB had made 6 branches, including the Peitun Branch, "Full-Function Designated Foreign Exchange Branches". Currently, TCB has 17 "Full-Function Designated Foreign Exchange Branches" for fortifying its function of full-range financial services and satisfying the needs in global capital management and trade, and assisting the training of good people in finance and banking.
2. As an overhaul of the regional centers, the former organization and function were incorporated into the Review Department which has been renamed the "Review Center". For the management of the quality of real estate appraisal, an Appraisal Team has been established under the regional centers. This team performs the function of appraisal of real estate.

(III) Operating result of business plans and strategies

1. TCB had corporate earnings of NT$3,515 million, which was an increase from NT$3,477 million as of the same period of 2015. ROA was 0.59%. ROE was 8.64%. In the areas of operation, TCB has total assets amounting to NT$622.5 billion, which was an increase of NT$49.6 billion from the same period of the previous year. TCB continued to optimize its deposit structure and sustain its advantage of low cost of capital. Corporate banking and foreign exchange operations continue to thrive. The strategy of diversified development in wealth management, consumer banking, and TMU is still in effect with the improvement of revenue contribution.
2. TCB seeks to provide further assistance to small and medium enterprises and the cultural and creative industry of Taiwan with full effort, and continues to make use of its advantage as a local bank to provide banking services to small and medium enterprises and local industries. TCB has performed soundly in the "Encouragement of Domestic Banks in Financing Small and Medium Enterprises Program (11th Session)" and the "Encouragement of Domestic Banks in Financing Creative Industry Programs", and won the Champion of the Balanced Regional Development Special Award in Central Taiwan and Class A Bank.
3. TCB has also won the "Gold Award" from the Joint Credit Information Center as an outstanding member of the center. This is recognition of TCB in the collection of accurate credit information and efforts in protecting customer information.
4. TCB will spare no effort in setting up "Tainan Branch" as a support to Yungkang Branch for providing better local services to the customers and upgrading the performance of the channels in southern Taiwan.
5. In 2016, TCB never hesitated to make improvement in its advocacy of eBanking with reinforcement of the function of virtual banking services. Yet, TCB has never ignored environmental protection and the performance of corporate social responsibility, and provided a variety of banking services including: The eStatement has been upgraded to a comprehensive statement, full-range collection service through the cloud system,

WEB-ATM links to cyber shopping systems, online ATM functions and mobile banking network optimization. Make finance and banking a part of the daily life of users and provide convenient and user friendly service. TCB will continue to develop more convenient mobile banking services to create positive experience for users.

6. TCB launched the "Taichung City Government Loans to New Business of Young People and Small and Medium Enterprises Program" to assist young people in Taichung to start up new business and small and medium enterprises to meet their capital needs. The purpose is to motivate young people to start up their own business and make their dreams come true and will eventually develop into a creative economy at the city level.

(IV) Budget execution in December 2016

1. The average deposit balance (including foreign currency) amounted to NT$ 535.924 billion. The budget achievement rate was 103.04%, representing 6.76% growth from the NT$ 501.996 billion in December 2015.
2. The average loan balance (including foreign currencies but excluding bank guarantee and acceptance) amounted to NT$426.803 billion, an increase of 8.67% or NT$34.049 billion from December of 2015.
3. Deposits in foreign currency at USD1,379 million, an increase of 13.03% from USD1,220 million as of December 2015.
4. Commission income from wealth management amounted to NT$1,172 million or at the attainment rate of 139.49% of the goal, or growth of 8.82% from NT$1,077 million from the same period of 2015.

(V) Financial income and expenditure, and profitability analysis

1. In 2016, the consolidated earnings before taxation amounted to NT$4.144 billion and the consolidated corporate earnings amounted to NT$3.515 billion. Earnings per share after taxation are NT$1.09. The EPS of the Bank has been higher than NT$1 for 5 consecutive years.
2. KPI: Key Performance Indicator

Indicators	2016
Capital adequacy ratio (BIS)	10.96%
Return on Assets (ROA)	0.59%
Return on Equity (ROE)	8.64%
Earnings Per Share (EPS)	NT$1.09
NPL ratio	0.58%
Coverage ratio	248.94%

3. Information about the most recent credit rating

Rating agency	Date of rating	Credit rating		
		Long-term	Short-term	Outlook
Fitch Rating Taiwan Company Limited Branch in Taiwan	2016.9.21	A-(twn)	F2(twn)	Stable

(VI) R&D

Establishment of the "Digital Banking Platform and New Mode of Payment Task Force" in supporting the development of digital banking. Continued planning of inter-bank deposits through ATMs, HCE mobile banking cards, and online opening of digital bank accounts (Class I) for transformation to a digital environment.

II. Effect of external competitive environment, laws & regulations and entire business environment

(I) This policy is established for the fortification of the function of anti-money laundering and combating the financing of terrorism (AML/CFT) and the vitalization of the internal control and internal audit system in accordance with the "Special Attention for the Banking Industry in Anti-Money Laundering and Combating the Financing of Terrorism" promulgated by the

Financial Supervisory Commission. This policy aims at the reinforcement of monitoring and control with the establishment of a designated body headed by a designated supervisor for the effective control of the risk deriving from money laundering and financing of terrorism by customers.

(II) We treasure the proper protection of financial consumers and thereby established the "Principle of Equal Treatment of Customers Policy". Under this principle, we upgrade the knowledge of the employees in the protection of financial consumers and applicable laws governing the protection of financial consumers. We will make this principle the value system and code of conduct of TCB for sustainable development.

III. Future development strategies

People are still anxious about the domestic and global economic situations. Furthermore, the information security of banks and law abiding behavior in Taiwan are still controversial. TCB will pursue the management strategy of "internal management superior to external management" and "superior quality in stable quantity" so as to maintain stable paces in development. First of all, TCB will keep its assets healthy and financial position sound, and optimize the debts structures and allocation in order to fortify risk management of capital utilization. TCB will adjust its profit and business structure with an emphasis on integration of product sales in quality and in quantity.

IV. Summary of business plan 2017

(I) TCB will ensure stable expansion of its business scale and optimize the quality of assets in loans to customers. The unpredictable economic situation and the change in asset quality of the Bank dictated the monitoring of the change in the risks inherent to loans with cautious reviews, and control with an early warning system. These will help to ensure the quality of new loans with the acceleration of cleaning up non-performing loans.

(II) Reinforce the foundation of internal control including compliance with applicable laws, risk control, information security, and AML. These steps will help to materialize the policy of stable growth and bolster the internal control of the Bank in connection with international codes and standards.

(III) Emphasize the efficient use of capital for optimizing the effect of capital use with adjustment of the structure of deposits and loans. Make improvement in overall profit from marketing to upgrade profitability and the effectiveness of capital use, and intensify the capitalization of retained earnings into new shares for strengthening the financial position.

(IV) Bring in more revenue from non-interest sources with a focus on the upgrade of value from wealth management customers and intensification of developing customers of high asset value. Promote the stable growth of consumer loans for wider interest spread and better profit. Focus on the function of TMU operation and customize product portfolios to customer needs.

(V) Expected business objectives

Scope of business	Objective by the end of 2017
Deposits (including foreign currencies)	NT$ 542.697 billion
Lending (including foreign currencies)	NT$ 431.933 billion
Foreign Exchanges Operations	Annual amount USD14,230 million

With a solid foundation for more than 6 decades, TCB seeks to satisfy the needs with customers warm-heartedly. We promise to build up the most professional financial team and spare no effort to safeguard the trust of the customers so as to achieve the goals of "The first line in Taiwan", "the most expected in society", and "the most trusted by customers".

Despite the unpredictable change in the financial environment, TCB will move forward in earnest without any change, and will continue to upgrade the core value of financial and banking service for the realization of "law abiding, risk management, and performance management" so as to emerge as the number one brand of domestic banks. Our promise is eternal and our effort is perpetual.

Best regards,

To All Shareholders

May I wish you all good health and good luck.

President_____Chairman_____

Management Presentation (Company Reports) Report No. 2

Audit Committee's Review Report on the 2016 Financial Statements Please refer to Page 9 of the Annual Meeting Handbook

Management Presentation (Company Reports) Report No. 3

The 2016 distribution of remuneration to employees and directors

Explanation: The audit findings of the CPA indicated that TCB had earnings before taxation and remuneration to employees and Directors amounted to NT$4,165,953 thousand in 2016, which was an increase of NT$22,120 thousand from the same period of the previous year. The remuneration to Directors has been recommended at 1.4% by the Remuneration Committee and appropriated at 0.6% and 1.4% of the aforementioned earnings as remuneration to employees and Directors, which amounted to NT$24,995,720 and NT$58,323,346 in cash. Any change in the amount announced after the reporting period will be carried forward to the next fiscal year for bookkeeping as adjustment in accounting.

Management Presentation (Company Reports) Report No. 4

The 2016 authorized offering and issuance of perpetual non-cumulative subordinated financial bonds (Please refer to Page 12~15 of the Annual Meeting Handbook)

TAICHUNG COMMERCIAL BANK had no perpetual non-cumulative subordinated financial bonds in 2016

1. Reasons for issuance:

   TCB applied with FSC in 2016 for the offering of perpetual non-accumulative subordinated bank debentures amounting to NT$3,500 million so as to strengthen the financial structure, improve the capital adequacy ratio, and normalize the development of business. The application has been approved and came into effect under Letter Jin-Guan-Yin-Piao-Zi No. 10500210950 dated September 2, 2016. The first issue of the perpetual non-accumulative subordinated bank debentures amounted to NT$1,500 million on December 28, 2016 and listed for trading at Gre Tai Securities Market.

2. Bond Information:

	2016
Bond issues	2016Q1
Bond code	G13013
Issue Date	2016/12/28
Duration	No maturity date
Maturity date	No maturity date
Placement	Underwriters are not commissioned for public offering
Bond listing	OTC
Listing / issuing location	Taiwan R.O.C.
Issuing currency	NT$
Total Issued	NT$ 1500 million
Listing Date	2016/12/28
Bond abbreviation	P05 Taichung Commercial Bank 1
Coupon rate:	Floating annual rate: 4.14%
Interest bearing and payment method	Annual interest is accrued at a simple interest rate and paid once a year.
The interest rate reset date	2016/12/26
The next interest rate reset date	2017/12/26

*Annual interest payable:

Subordinated financial bonds annual interest payment	Unit: NT$ thousand
Bond issues	2016Q1
Total Issued	1,500,000
Coupon rate	4.14%
The total annual interest payment	62,100

3. Subscription object:

   Professional institutional investors

4. Fund utilization efficiency:
   We offered NT$1,500 million from this series on December 28, 2016 and were listed for trading on the Gre Tai Securities Market. The capital raised was fully used as working capital as resources for different types of loans to customers. The capital was also used to reinforce the position of capital adequacy ratio, tier 1 capital ratio, and the equity ratio of common shares, which significantly strengthened and upgraded the capital structure of the Bank.

Taichung Commercial Bank Co., Ltd.

Regulations Governing the Offering of The first issue of the perpetual non-accumulative subordinated bank debentures in 2016

Taichung Commercial Bank (hereinafter referred to as "the Bank") acted in compliance with FSC Letter Jin-Guan-Yin-Piao-Zi No. 10500210950 dated September 2, 2016 for the offering of perpetual non-accumulative subordinated bank debentures specified as follows:

1. Bond Name:
   TCB 1st issue of perpetual non-accumulative subordinated bank debentures in 2016 (hereinafter referred to as "the debenture")
2. Credit rating on the issuer:
   TCB commissioned Fitch Taiwan as the credit rating institution to assess the credit standing of the Bank on: September 21, 2016; Subject of rating: the issuer. Credit rating result: A-(twn) for domestic long-term credit standing. The debenture will not be rated by other credit rating institutions.
3. Priority of creditor rights and investment risk:
   (1) The priority (including principal and interest) of the bearers of the debenture in the entitlement of compensation is senior to the shareholders and junior to the bearers of tier 2 capital instruments, deposit account bearers and other creditors of the Bank. However, the priority of the bearers of the debenture for compensation will be the same as the shareholders of common stock in the event of the takeover of the Bank by the competent authority, order for discontinuation of operation and liquidation.
   (2) The debenture is a form of unsecured bond
   (3) The debenture is not a deposit and not protected by CDIC.
   (4) The bearers of the debenture shall pay attention to the risk inherent to the underlying instrument.
4. Total Issued:
   The debenture was offered at NT$1,500 million.
5. Book value:
   The face value of each lot amounted to NT$10 million.
6. Issuing price:
   The debenture is issued at par value as of the offering day.
7. Duration:
   The debenture was offered on December 28, 2016 with no maturity date.
8. Coupon rate:
   Annual interest rate is index interest rate plus 3.08%. Index interest rate is the displayed floating rates for one-year term deposits of Chunghwa Post Co., Ltd. The day for resetting of the indicator rate shall be the second business day prior to each value date
9. Interest bearing and payment method:
   (1) The debenture yields simple interest from the day of offering at the coupon rate accrued daily (act/act). Interest is payable once annually and the amount of interest shall be determined by the Bank.
   (2) The interest payment from the debenture will be rounded to the nearest NT Dollar for each lot. The calculation of interest by the Bank shall prevail. If the day for principal repayment and interest payment is a day on which the Bank is not open for business, move forward to the next business day for payment without additional interest accrued. Those who claim principal and interest beyond the value date will receive no additional accrued interest.
   (3) The Bank will withhold applicable income tax and supplementary premiums of the National Health Insurance Administration on the interest of the debenture at the time of disbursement.
10. Condition of interest payment:
   (1) No interest will be paid if the Bank has no earnings in the previous fiscal year and no payment of dividends (including cash dividends and stock dividends). If the accumulated undistributed earnings net of the unamortized loss from the disposal of non-performing loans exceeds the amount of interest payments, and the payment does not cause a change to the original condition agreed on interest payment, this provision will not be applicable. Interest not being paid due to the aforementioned reasons cannot be accumulated or deferred.
   (2) If the ratio between the equity capital and risk assets of the Bank on the interest payment day falls below the minimum ratio set forth in Article 5, Paragraph 1 of the "Regulations Governing Capital Adequacy and Capital Category of Banks", principal and interest payment shall be

deferred. The accrued interests from the debenture will not yield further interest.

11. Early redemption rights

    If the ratio between the equity capital and the risk assets of the Bank after the redemption of the debenture at the 5th anniversary of offering or beyond meet the minimum ratio requirements of the competent authority, and, at the approval of the competent authority, the Bank may proceed to early redemption with 30 days of notice in advance. Redemption will be made in whole at face value amount of the instruments plus all coupon yields.

12. Definition:
    (1) "The ratio between equity capital and risk capital" as referred to in Article 10 and Article 11 shall be based on the definition of Article 44 of the Baking Act and the "Regulations Governing the Capital Adequacy and Capital Category of Banks" announced by the Financial Supervisory Commission, and the annual financial reports or the interim reports audited by certified public accountants, as well as the ratio declared by the Bank by the end of March and August of each year with the Financial Supervisory Commission after review by certified public accountants.
    (2) "Earnings" as referred to in Article 10 of These Regulations are the earnings net of taxation as stated in the comprehensive income statement covering the most recent year recognized by the General Meeting of shareholders.

13. The form of debenture:

    The debenture will be issued in digital form and registered with the Taiwan Depository and Clearing Corporation.

14. Agent of principal and interest payment:

    The Taipei Branch of TCB will be responsible for handling principal and interest payment through remittance to bearers of the debenture as stated in the roster available from TDCC.

15. Other requirements:
    (1) The debenture can be circulated, assigned, pledged under lien or as collateral freely but cannot be pledged as collateral for loans from TCB.
    (2) According to the Civil Code, any portion of principal not being claimed within a period of 15 years and interest not being claimed within a period of 5 years from the first day of payment shall be not be redeemed by the Bank.
    (3) Subscribers of bearers of the debentures cannot claim for early redemption.
    (4) In case the Bank proceeds to liquidation procedures or declaration of bankruptcy, no interest will be accrued for calculation from the day on which liquidation procedure starts or the day of bankruptcy declaration. Both the principal and interest shall be deemed immediately due. The bearers or the creditors of the debenture should waive the right of set-off.
    (5) The debenture may be subject to assignment, succession, donation, repayment of principal and payment of interest and any other form of book transfer in accordance with the requirements of TDCC and other applicable legal rules. The applicants shall bear the expenses incurred thereof.
    (6) In the event of the extinction of prescriptions, loss, theft, and impairment of the debenture, the Civil Code or applicable laws of the Republic of China effective at the time of offering shall be applicable.

16. Prospective investors of the debenture:

    The debenture is offered for the professional investors meeting the requirements of the "Regulations Governing Offshore Structured Products".

17. Notification:

    Notification to the bearers or creditors of the debenture shall be made by announcement through the MOPS site of the Taiwan Stock Exchange Corporation.

18. Others not covered by These Regulations shall be governed by the "Regulations Governing Issuance of Bank Debentures by Banks" and other applicable legal rules, or related requirements of the competent authority.

Proposals

Proposal No. 1

Proposal: Adoption of the 2016 Business Report and Financial Statements.

Explanation: The Board of Directors of the Bank has passed the Report on Operation, Financial Statements of individual entities and consolidated financial statements of the Bank covering FY2016 (refer to P.5~7 and 39~60 Annual Meeting Handbook) subject to the finalization of the Auditing Committee.

Resolutions:

Proposal No. 2

Proposal: Adoption of the Proposal for Distribution of 2016 Profits.

Explanation:

1. The corporate earnings of the Bank in 2016 amounted to NT$3,514,815,345.39. With the addition of undistributed earnings at the beginning amounting to NT$19,762,989.52 and the defined benefit plan reassessed value of negative NT$152,117,165 in 2016, the Bank shall appropriate 30% or NT$1,014,738,350.97 as legal reserve under law, and 1% of corporate earnings or NT$35,148,153.45 as special reserve under FSC Letter Jin-Guan-Yin-Fa-Zi No. 10510001512. The earnings that could be appropriated for distribution amounted to NT$2,332,574,665.49 and will be distributed as follows:
   (1) Shareholder dividends – stock dividends (NT$0.17 per share): NT$550,482,230.
   (2) Shareholder dividends – cash dividend (NT$0.55 per share): NT$1,780,971,918.
2. Taichung Commercial Bank 2016 Profit Distribution Table. Please refer to Page 19 of the Annual Meeting Handbook

Resolutions:

Taichung Commercial Bank Co., Ltd.

Earnings Distribution Statement

2016

Unit: NT$

Unappropriated earnings - beginning		$	**19,762,989.52**
The defined benefit plans re-measured amount is recognized in the "retained earnings" account.			(152,117,165.00)
Adjusted unappropriated earnings			**(132,354,175.48)**
Net income			**3,514,815,345.39**
Legal reserve appropriated			(1,014,738,350.97)
Special reserve as required by law			(35,148,153.45)
Current distributable earnings			2,332,574,665.49
Distributions			
Shareholder dividends – stock (NT$0.17/share)	550,482,230		
Shareholder dividends – cash (NT$0.55/share)	1,780,971,918		2,331,454,148.00
Unappropriated earnings - ending		$	1,120,517.49

Discussions

Discussion No. 1

Proposal: Proposal for a new share issue through capitalization of earnings in 2016. Please proceed to discuss.

Explanation:

1. The Company for business needs plans to appropriate stock dividends of NT$550,482,230 from the 2017 distributable earnings with 55,048,223 shares issued at the ratio of 17 shares distributed per thousand shares at NT$10 par.
2. The earnings distribution is calculated in accordance with the shareholders and their respective shareholding ratio in the register of shareholders. Fractional share distribution is to be consolidated by shareholders and registered with the Company's Stock Department for stock consolidation within five days from the record date. Fractional share that is not consolidated or remains a fractional share after consolidation should be paid with an equivalent cash amount (rounded up to the dollar). Fractional shares will be purchased by persons arranged by the Chairman as authorized by the Board. In the event that the total number of outstanding shares in circulation and the shareholders' dividend ratio are affected as a result of the company's issuing new shares or financial bonds conversion through capitalization, employee's exercising warrants, repurchasing shares of the Company or transferring treasury shares to employees and canceling treasury shares, it is proposed to authorize the Board of Directors in the meeting of shareholders to arrange the necessary adjustments.
3. The capitalization of retained earnings into new shares is pending on the final approval of the General Meeting of Shareholders and the approval of the competent authority. Once approved, the General Meeting of Shareholders is requested to authorize the Board of Directors to set the dividend day.
4. The terms and conditions of the capitalization of retained earnings into new shares may be subject to alteration at the request of the competent authority. The General Meeting of Shareholders is requested to authorize the Board of Directors with full power of attorney to make such alteration as per the request of the competent authority.
5. The shareholder's rights and obligations for the new shares are the same as those of the existing shares.
6. The new shares issued through capitalization in accordance with Article 10 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers are without a delivered printed stock but by a book-entry delivery.

Resolutions:

Discussion No. 2

Proposal: Amendment to the Operational Procedures for the Acquisition and Disposal of Assets, please proceed to discuss.

Explanation:

1. Proceed in accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 10600012965 dated February 14, 2017 issued by the Taiwan Stock Exchange on February 9, 2017 in the care of the Financial Supervisory Commission on the amendment to the "Regulations Governing the Acquisition or Disposition of Assets by Public Companies" thereby amended the "Procedure for the Acquisition and Distribution of Assets" (hereinafter referred to as "This Procedure") in part.
2. The gravity of amendment for this instance is shown below:
   (1) In light of the merger between the parent company with its wholly-owned subsidiaries, or, the merger between wholly-owned subsidiaries of the parent company, it is a matter of corporate reorganization of the same business group, the opinion from the expert could be waived.
   (2) If public companies of larger scale declare an announcement of the acquisition or disposition of business equipment, the standard of materiality of disclosures for reference could be lowered. The standard for declaration by public companies below a specific scale should be elaborated.
   (3) The announcement shall not be applicable to securities dealers for buying securities not listed in the Gre Tai Securities Market under the applicable legal rules for the purpose of securities underwriting or as a supervisor for recommending companies for registration on the emerging stock market.
3. The comparison table of the Operational Procedures for the Acquisition and Disposal of Assets before and after amendments (Please refer to Page 23~29 of the Annual Meeting Handbook)

Resolutions:

Taichung Commercial Bank Co., Ltd.

The comparison table of the Operational Procedures for the Acquisition and Disposal of Assets before and after amendments

Clauses after the amendment	Existing clauses	Remark
		Amendment in accordance with FSC Letter Jin-Guan-Zheng-Fa-Zi No. 10600012965 dated February 9, 2017.
Article 7 The decision-making procedures of the Company's acquisition or disposal of assets (including price determination, reference, authorization levels and execution units): 1. Marketable securities: It should be processed in compliance with the Banking Law and the Company's "Investment Policy." Also, the Company's Investment Department shall set a reasonable investment price and quota within the scope authorized in the General Board meeting or the Board meeting by referring to market practices. 2. Property: It should be processed in compliance with the Banking Law and the Company's "Property Management Rules." The General Affairs Department is to collect market information and seek the underlying subject for the Company's Audit Department to appraise in accordance with the Company's "Rules Governing Property Collateral Appraisal" in order to determine the <u>price</u> for the review and approval of the Board of Directors. 3. Equipment: Shall take market conditions into consideration to determine the <u>reasonable price</u> and arrange purchase matters in accordance with the classification of responsibility and rights of the Company's "Rules Governing Construction Engineering and Property Purchase, Custom-made and Sales." 4. Acquisition or disposal of property and equipment should be processed in accordance with parity, negotiations or tender. 5. Derivatives: The Company's Derivatives Investment Department is to have a reasonable price determined in accordance with the market price and to conduct investment transaction within the scope of investment and	Article 7 The decision-making procedures of the Company's acquisition or disposal of assets (including price determination, reference, authorization levels and execution units): 1. Marketable securities: It should be processed in compliance with the Banking Law and the Company's "Investment Policy." Also, the Company's Investment Department shall set a reasonable investment price and quota within the scope authorized in the General Board meeting or the Board meeting by referring to market practices. 2. Property: It should be processed in compliance with the Banking Law and the Company's "Property Management Rules." The General Affairs Department is to collect market information and seek the underlying subject for the Company's Audit Department to appraise in accordance with the Company's "Rules Governing Property Collateral Appraisal" in order to determine the <u>bottom price</u> for the review and approval of the Board of Directors. 3. Equipment: Shall take market conditions into consideration to determine the <u>reasonable bottom price</u> and arrange purchase matters in accordance with the classification of responsibility and rights of the Company's "Rules Governing Construction Engineering and Property Purchase, Custom-made and Sales." 4. Acquisition or disposal of property and equipment should be processed in accordance with parity, negotiations or tender. 5. Derivatives: The Company's Derivatives Investment Department is to have a reasonable price determined in accordance with the market price and to conduct investment transaction within the scope of investment and	Revision of the wording.

quota authorized by the Board. 6. The acquisition or disposal of other assets should be handled in accordance with the relevant provisions of the Company.	quota authorized by the Board. 6. The acquisition or disposal of other assets should be handled in accordance with the relevant provisions of the Company.	
Article 10 The Company's acquisition or disposal of property or equipment, except for the transactions with government agencies, proprietary-land construction, leased-land construction or the acquisition or disposal of operating equipment, for an amount exceeding 20% of the Company's paid-in capital or NT$300 million should be with a professional appraiser's appraisal report obtained prior to the date of the event in compliance with the following requirements: 1. When the particular price, specific price, or special price is applied as a reference for determining the transaction price due to special reasons, the transactions should be resolved by the Board of Directors in advance, so do the changes in trading conditions. 2. Transactions amounting to NT$1 billion or more should have two or more professional appraisers invited to appraise. 3. If the professional appraiser's appraisal results fall in one of the following circumstances, unless the valuation of the asset acquired is higher than the transaction amount or when the valuation of the asset disposed is lower than the transaction amount, a CPA should be contracted to have it processed in accordance with the Statement of Auditing Standards (SFAS) No. 20 of the ROC Accounting Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation) with an opinion issued on the reasons for the difference and the adequacy of the transaction price: (1) The difference between the appraisal results and the transaction amount exceeds 20% of the transaction amount. (2) The appraisal difference of two or more appraisers exceeds 10% of the transaction amount. 4. The difference between the reporting date of the professional appraiser and the contract date may not be more than three months. However, if it is subject to the announced present	Article 10 The Company's acquisition or disposal of property or equipment, except for the transactions with government agencies, proprietary-land construction, leased-land construction or the acquisition or disposal of operating equipment, for an amount exceeding 20% of the Company's paid-in capital or NT$300 million should be with a professional appraiser's appraisal report obtained prior to the date of the event in compliance with the following requirements: 1. When the particular price, specific price, or special price is applied as a reference for determining the transaction price due to special reasons, the transactions should be resolved by the Board of Directors in advance, so do the changes in trading conditions. 2. Transactions amounting to NT$1 billion or more should have two or more professional appraisers invited to appraise. 3. If the professional appraiser's appraisal results fall in one of the following circumstances, unless the valuation of the asset acquired is higher than the transaction amount or when the valuation of the asset disposed is lower than the transaction amount, a CPA should be contracted to have it processed in accordance with the Statement of Auditing Standards (SFAS) No. 20 of the ROC Accounting Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation) with an opinion issued on the reasons for the difference and the adequacy of the transaction price: (1) The difference between the appraisal results and the transaction amount exceeds 20% of the transaction amount. (2) The appraisal difference of two or more appraisers exceeds 10% of the transaction amount. 4. The difference between the reporting date of the professional appraiser and the contract date may not be more than three months. However, if it is subject to the announced present	Expression in words exclusive to government entities.

value of the same period and that is not more than six months away, an opinion can be issued by the original appraiser.	value of the same period and that is not more than six months away, an opinion can be issued by the original appraiser.	
Article 12 The Company's acquisition or disposal of membership card or intangible assets for an amount exceeding 20% of the paid-in capital or NT$300 million, except for transactions with government agencies, should have a CPA contracted to express an opinion on the reasonableness of the price prior to the date of the event. The CPA should have it processed in accordance with the Statement of Auditing Standards (SFAS) No. 20 published by the Research and Development Foundation.	Article 12 The Company's acquisition or disposal of membership card or intangible assets for an amount exceeding 20% of the paid-in capital or NT$300 million, except for transactions with government agencies, should have a CPA contracted to express an opinion on the reasonableness of the price prior to the date of the event. The CPA should have it processed in accordance with the Statement of Auditing Standards (SFAS) No. 20 published by the Research and Development Foundation.	Expression in words exclusive to government entities.
Article 15 For the acquisition or disposal of real property or other assets conducted with a related party for an amount more than 20% of the Company's paid-in capital, 10% of the total assets, or NT$300 million, except for the trading of government bonds, RP/RS bonds, and purchasing/repurchasing of money market funds that are <u>issued by domestic securities investment trust enterprises</u>, the following information should be submitted to the Audit Committee and the Board of Directors for approval before signing a trade contract and making payment: 1. The purpose, necessity, and expected benefits of the acquisition or disposal of assets 2. Reason for choosing the concerned party as trading counterpart 3. Assess the reasonableness of the planned trading conditions for the property acquired from the related party pursuant to Article 16 and Article 17. 4. The original acquisition date and price of the related party, the counterparty and its relationship with the Company and related parties, etc. 5. Expected monthly cash income and expense statement within one year from the contracted month, and assessing the necessity of the transactions and the reasonableness of the funds application 6. Obtain an appraisal report issued by a professional appraiser in accordance with the provisions referred to above or a CPA's opinion. 7. Restrictive conditions and other	Article 15 For the Company's acquisition or disposal of property or assets other than property with the related parties for an amount exceeding 20% of the paid-in capital, 10% of the total assets, or NT$300 million, except for bond trades, RP and RS bonds, and purchase or redemption of domestic money market funds, the following information should be submitted to the Audit Committee and the Board of Directors for approval before signing a trade contract and making payment: 1. The purpose, necessity, and expected benefits of the acquisition or disposal of assets 2. Reason for choosing the concerned party as trading counterpart 3. Assess the reasonableness of the planned trading conditions for the property acquired from the related party pursuant to Article 16 and Article 17. 4. The original acquisition date and price of the related party, the counterparty and its relationship with the Company and related parties, etc. 5. Expected monthly cash income and expense statement within one year from the contracted month, and assessing the necessity of the transactions and the reasonableness of the funds application 6. Obtain an appraisal report issued by a professional appraiser in accordance with the provisions referred to above or a CPA's opinion. 7. Restrictive conditions and other	According to the Securities Investment Trust and Consulting Act, domestic money market funds shall, at the permission of the FSC, issue money market funds as the principal business. This will be subject to amendment.

important stipulations of the transaction The transaction amount referred to above is calculated in accordance with Article 31 Paragraph 2, and the so-called within one year is the year prior to the date of the event; also, the portion that has been submitted under the Procedures to the Board of Directors and Audit Committee for approval needs not be included for calculation. For the operating equipment acquired or disposed of between the Company and the parent company or subsidiary, the Board may, in accordance with Article 7, Paragraph 1, Section 3, authorize the Chairman to decide and execute within a specified quota and then report it to the most recent Board meeting for ratification afterwards. When reported to the Board for discussion in accordance with Paragraph 1, it should fully consider the views of the independent directors. The objections or reservations of independent directors, if any, should be stated in the minutes of the Board meeting. According to Paragraph 1, it should be resolved with the consent of a majority of the Audit Committee and presented to the Board of Directors for resolution; also, Article 6 Paragraph 1 Section 5 and Section 6 is applicable mutatis mutandis to an event of this provision.	important stipulations of the transaction The transaction amount referred to above is calculated in accordance with Article 31 Paragraph 2, and the so-called within one year is the year prior to the date of the event; also, the portion that has been submitted under the Procedures to the Board of Directors and Audit Committee for approval needs not be included for calculation. For the operating equipment acquired or disposed of between the Company and the parent company or subsidiary, the Board may, in accordance with Article 7, Paragraph 1, Section 3, authorize the Chairman to decide and execute within a specified quota and then report it to the most recent Board meeting for ratification afterwards. When reported to the Board for discussion in accordance with Paragraph 1, it should fully consider the views of the independent directors. The objections or reservations of independent directors, if any, should be stated in the minutes of the Board meeting. According to Paragraph 1, it should be resolved with the consent of a majority of the Audit Committee and presented to the Board of Directors for resolution; also, Article 6 Paragraph 1 Section 5 and Section 6 is applicable mutatis mutandis to an event of this provision.	
Article 23 For the process of corporate merger, spins-off, acquisition, or assignment of shares, the Company should have a CPA, lawyer, or securities underwriter invited to comment on the reasonableness of the exchange ratio, acquisition price, cash distributed to the shareholders, and the other assets and then presented in the board meeting for resolutions. <u>The opinion from the experts on rationality as mentioned could be waived for the merger between the company and a subsidiary where the company directly or indirectly holds 100% of its stake or total capital, or between subsidiaries where the company directly or indirectly holds 100% of their stake or total capital.</u>	Article 23 For the process of corporate merger, spins-off, acquisition, or assignment of shares, the Company should have a CPA, lawyer, or securities underwriter invited to comment on the reasonableness of the exchange ratio, acquisition price, cash distributed to the shareholders, and the other assets and then presented in the board meeting for resolutions.	In consideration of the requirement under the Corporate Merger and Acquisition Act, that merger between the parent company and wholly-owned subsidiaries or the merger between wholly-owned subsidiaries of the parent company is indeed recognized under the spirit of reorganization of the same business group and does not entail any agreement on the swap of shares or paying dividends or other property to shareholders. Amendment was made to waive the requirement of opinion from experts on the rationality of the

		ratio of shares swap.
Article 31 Standard for announcement and declaration The Company's acquisition or disposal of assets in any of the following circumstances. It should be announced and reported in the FSC website within two days from the date of the event in accordance with the nature and the prescribed format: 1. The Company has acquired or disposed of property or assets other than property from or to the related parties for an amount exceeding 20% of the paid-in capital, 10% of the total assets or NT$300 million. However, bond trades, RP and RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises is not subject to such requirements. 2. Handling merger, division, acquisition or transfer of shares; 3. Derivative trading losses amounting to the total contract loss limit or individual contract loss limit defined in the handling procedures. 4. The assets acquired or disposed of fall within the category of business equipment, and the counterparties in the transactions are not related parties and the amount of transactions meet any of the following requirements: (1) Public companies with paid-in capital of less than NT$10 billion and amount of transaction exceeds NT$500 million. (2) Public companies with paid-in capital of more than NT$10 billion and amount of transaction exceeds NT1 billion. 5. The Company intends to invest more than NT$500 million in acquiring property by proprietary-land construction, leased-land construction, building-sharing construction, percentage-sharing construction or sale-sharing construction. 6. The assets trade, financial institution's disposal of claims or the investments engaged in Mainland China other than the transactions stated in the five paragraphs referred to above are for an amount exceeding 20% of the paid-in capital or NT$300 million. However, the following conditions are not subject to this restriction: (1) Bond trades; (2) Investment is the principal business with trading of	Article 31 Standard for announcement and declaration The Company's acquisition or disposal of assets in any of the following circumstances. It should be announced and reported in the FSC website within two days from the date of the event in accordance with the nature and the prescribed format: 1. The Company has acquired or disposed of property or assets other than property from or to the related parties for an amount exceeding 20% of the paid-in capital, 10% of the total assets or NT$300 million. However, bond trades, RP and RS bonds and purchase or ~~redemption~~ of domestic money market funds are not subject to this restriction. 2. Handling merger, division, acquisition or transfer of shares; 3. Derivative trading losses amounting to the total contract loss limit or individual contract loss limit defined in the handling procedures. 4. The assets trade, financial institution's disposal of claims or the investments engaged in Mainland China other than the transactions stated in the ~~three~~ paragraphs referred to above are for an amount exceeding 20% of the paid-in capital or NT$300 million. However, the following conditions are not subject to this restriction: (1) Bond trades; (2) Specialized investment includes the marketable securities trade in	1. According to the Securities Investment Trust and Consulting Act, domestic money market funds shall, at the permission of the FSC, issue money market funds as the principal business. This will be subject to amendment. 2. The acquisition or disposition of business equipment is indeed a routine operation of the company. In consideration of the size of the company, a low standard of requirement for declaration will result in too frequent of declarations. The standard for disclosure of materiality being lowered will be necessary. As such, amendment was made to Paragraph 1, section IV and part IV, thereby public companies with paid-in capital of more than NT$10 billion are required to declare and disclose when the amount of transaction exceeds NT$1 billion in the acquisition or disposition of assets and the counterparties are not related parties. Paragraph 1, Section IV is removed and inserted elsewhere of the same law. 3. Paragraph 1, Section IV, Part V, which is currently in effect is rephrased as Paragraph 1, Section V. Paragraph 1, Section IV, which is

securities in domestic and overseas stock exchanges or OTC stock markets, or, subscription of common shares and corporate bonds without involving general bank debentures in the domestic primary market, or, securities dealers subscribing to securities for underwriting, acting as a supervisor to recommend listing of securities in emerging markets in accordance with the requirements of Gre Tai Securities Market. (3) The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises. The transaction amount referred to above is calculated in accordance with the following methods: 1. The amount of each transaction; 2. The cumulative amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year; 3. The cumulative amount of the property acquired or disposed (amount accumulated separately) of the same underlying development project within one year; 4. The cumulative amount of the same marketable securities acquired or disposed of (amount accumulated separately) within one year; The so-called within one year referred to above is the year prior to the date of the event; also, the portion that has been announced under the Procedures need not be included for calculation. The Company should have the derivative transactions of the Company and the non-public domestic subsidiaries up to the end of the last month published in the FSC website monthly in accordance with the prescribed format before the 10th day of each month. When the items that are to be published by the Company in accordance with the regulations are	domestic and foreign security exchange corporation or securities firms, or the marketable securities subscribed by securities firms at the preliminary market in accordance with the provisions. (3) RP and RS bonds trade and purchase or ~~redemption~~ of domestic money market funds (4) The acquisition or disposal of the operating equipment with the non-related party for an amount not exceeding NT$500 million; (5) The Company intends to invest not more than NT$500 million in acquiring property by proprietary-land construction, leased-land construction, building-sharing construction, percentage-sharing construction or sale-sharing construction. The transaction amount referred to above is calculated in accordance with the following methods: 1. The amount of each transaction; 2. The cumulative amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year; 3. The cumulative amount of the property acquired or disposed (amount accumulated separately) of the same underlying development project within one year; 4. The cumulative amount of the same marketable securities acquired or disposed of (amount accumulated separately) within one year; The so-called within one year referred to above is the year prior to the date of the event; also, the portion that has been announced under the Procedures need not be included for calculation. The Company should have the derivative transactions of the Company and the non-public domestic subsidiaries up to the end of the last month published in the FSC website monthly in accordance with the prescribed format before the 10th day of each month. For the mandatory items to be announced and reported with the occurring error or omission, the	current in effect, is inserted as Paragraph 1, Section VI. 4. Amendment to Paragraph 1, Section IV which is currently in effect, and reset Paragraph 1, Section VI, Part II: (1) If investment is the principal business and the acquisition of common shares and corporate bonds offered at the domestic primary market and general bank debentures without the involvement of equity is routine business operation for the purpose of making profit, this is straightforward. Regulations currently in effect do not require disclosure for the selling of the instruments in the secondary market. In consideration of the effect of disclosure and consistency, it is excluded from the requirement for disclosure. As specified in Article II, Paragraph 1 of the Regulations Governing the Issuance of Bank Debentures by Banks, the aforementioned general bank debentures without the involvement of equity do not include subordinated bank debentures. (2) For the purpose

found with errors or omissions at the time of publication, all the items should be published and reported again within 2 days from the date of learning of the discrepancy. For the assets acquired or disposed of, the Company should have had the related contracts, minutes of meeting, memorandum, appraisal reports and the opinions of the CPA, lawyers or securities underwriters ready at the Company for at least 5 years, unless otherwise provided by law.	Company shall have the entire project re-announced and re-reported for correction. For the assets acquired or disposed of, the Company should have had the related contracts, minutes of meeting, memorandum, appraisal reports and the opinions of the CPA, lawyers or securities underwriters ready at the Company for at least 5 years, unless otherwise provided by law.	of underwriting, or acting as supervisor for recommending the listing of securities in the emerging stock market, securities dealers subscribing to securities traded in the emerging stock market but not yet listed on the Gre Tai Securities Market are also exempted for disclosure. 5. The reason for amendment to Paragraph 1, Section IV, Part III is the same as Article XV, and moved to Paragraph 1, Section VI, Section III. 6. In consultation with the content of Article XXXIII in the requirement of disclosure on any change in the content after the previous declaration within 2 days thereafter, it is explicitly stated that if there is an error or missing content in the disclosure where correction or supplementation of information is necessary, related companies shall perform a new round of disclosure within 2 days thereafter. As such, amendment was made to Section V.

Discussions No. 3

Proposal: The Company Corporate Charter (Articles of Incorporation) amendment is submitted for discussion.

Explanation:

1. The Articles of Incorporation of the Bank are amended for meeting the needs in long-term strategic development and working capital for business growth, and in consideration of the means of raising capital in the financial market and the diversified needs of the investors, thereby provision on the offering of preferred shares was added. The gravity of the amendment is shown below:
   (1) Addition of preferred shares as a category of shares of the Bank with amendment to Article V, Paragraph 1, and addition of Paragraph 2 of the same article.
   (2) Pursuant to Article 157 of the Company Act, addition of the rights and obligations of preferred shares and other essential conditions for issuance in Article 5-1.
   (3) Addition of Article 13, Paragraph 2 related to the convention of the General Meeting of shareholders, which shall be held as required by law where necessary.
   (4) Amendment to the content of Article 36, Paragraph 1, in supporting related provision on preferred shares.
2. The mapping of the Articles of Incorporation before and after the amendment is shown in the table below. (Please refer to Page 31~34 of the Annual Meeting Handbook)

Resolutions:

“Taichung Commercial Bank’s Corporate Charter” (Articles of Incorporation) amended before and after

Clauses after the amendment	Existing clauses	Remark
Article 5 The Bank’s authorized capital amounted to NT$43.2 billion with 4.32 billion shares issued at NT$10 par, in which, the Board is authorized to have the unissued shares issued by installments. Preferred shares may be offered within the total amount of shares as mentioned in the previous paragraph.	Article 5 The Bank’s authorized capital amounted to NT$43.2 billion with 4.32 billion common stock shares issued at NT$10 par, in which, the Board is authorized to have the unissued shares issued by installments.	1. Amendment to Paragraph 1 in conjunction to the addition of Paragraph 2. 2. Addition of Paragraph 2 to reflect preferred shares is also one category of the shares of the Bank.
Article 5-1 The rights and obligations of the preferred shares of the Bank and other important conditions for issuance are shown below: 1. If the Bank has earnings after account settlement, it shall appropriate the payment of applicable taxes and for write-off loss carried forward from previous periods. If there is still a balance, appropriate it for the legal reserve and special reserve as required by law. The remainder shall be distributed as the stock dividend of the year at the first priority. 2. Dividends for preferred shares shall be set at no more than 8% per annum. 3. Dividends for preferred shares shall be calculated on the offering price per share and will be paid in cash once a year. After the ratification of the financial statements by the General Meeting of shareholders, the Board shall set the dividend day for the distribution of dividends of the previous fiscal year. The distribution of dividends in the year of offering and the year of redemption shall be based on the quantity of the issuing day. 4. The Bank is fully discrete in the distribution of dividends to preferred shares. If the Bank does not have earnings after account settlement, or the earnings cannot meet the payment of preferred share dividend, or, the distribution of dividends to preferred shares will cause the decline of the capital adequacy ratio below the minimum requirement under law or the competent authority, the Bank may determine not to distribute dividends to preferred shares and the holders of these kinds of shares shall not defy such decision. If the preferred shares so issued are the non-accumulative type, the dividends not being distributed or inadequate amount of dividends shall not be accumulated to deferred payments with subsequent years in which the Bank has earnings. 5. In addition to the dividends for preferred shares as stated in Section III of this Paragraph, holders of preferred shares are not entitled to participate in common shares if the preferred shares are non-participating shares. In the matter of distribution of retained earnings and capital reserve in cash or for capitalization. 6. The shareholders of preferred stock of TCB are senior to the shareholders of common stock in the distribution of residual assets up to the total amount of issuance. If TCB is taken over, ordered to discontinue operation,		The rights and obligations of preferred shares and other important conditions for issuance were added in Article V, Paragraph II with the addition of this provision pursuant to Article 157 of the Company Act.

Clauses after the amendment	Existing clauses	Remark
or liquidated by the competent authority, the priority of the shareholders of preferred stock and of common stocks for entitlement to the residual property of TCB will be the same. 7. Shareholders of preferred stocks are not entitled to vote and participate in elections in the General Meeting of shareholders, but could be elected as Directors. However, they are entitled to vote in meeting of shareholders of preferred stock and issues related to the rights and obligations of the shareholders of preferred stocks. 8. The convertible preferred stock issued by TCB is not permitted to be converted before the first anniversary of its issuance. The time for conversion will be specified as a condition when offering the stock by the Board under authorization. Shareholders of preferred stock may convert the shares of preferred stock to common stock at the ratio of 1:1 in whole or in part in accordance with the terms and conditions of offering. After the conversion of preferred shares to common shares, the rights and obligations will be that of common shares. The dividend of preferred shares in the year of conversion will be based on the number of days for holding the shares in proportion to the days in the whole year. However, if the conversion was made before the ex-right (dividend) day, shareholders of preferred stock are not entitled to the payment of dividends for preferred shares but can participate the distribution of earnings and capital reserve for common shares 9. TCB issued perpetual preferred stock, thereby shareholders of preferred stock are not entitled to demand redemption. TCB may redeem the shares of preferred stock in whole or in part after the 7th anniversary of offering and at the permission of the competent authority at the offering price. The rights and obligations prescribed by the terms and conditions for offering will still be applicable to the outstanding preferred shares. If TCB determines to pay dividends for the year, dividends will be paid on the basis of the actual number of days of holding in proportion to the total number of days of the year until the day of redemption. 10. If the preferred shares issued by the Bank have a maturity date, it shall be no less than 7 years. Holders of preferred shares are not entitled to request the Bank for redemption of the shares before maturity. At maturity or the day after the 5th anniversary of the issuance day and as permitted by applicable laws and the competent authority, the Bank may redeem the shares at the offering price and under related regulations of issuance, issue new shares for compulsory conversation with the preferred shares (in the ratio of 1:1), or redeem by another means as permitted by law. If the Bank cannot redeem the preferred shares in whole or in part at maturity under objective factors or force majeure, the rights inherent to the preferred shares shall prevail under the same conditions for issuance provided under related regulations for issuance until the whole issue was redeemed		

Clauses after the amendment	Existing clauses	Remark
by the Bank. The Board shall be authorized to assign the title, issuing date and the terms and conditions for the offering of preferred shares at the time of offering pending on the situation of the capital market and the willingness of the investors and in accordance with the Articles of Incorporation of the Bank and other applicable legal rules.		
Article 13 The meeting of shareholders includes the annual meeting of shareholders and extraordinary meeting of shareholders. The annual meeting of shareholders is held once a year and it is to be convened by the Board within 6 months after the fiscal year. The extraordinary meeting of shareholders is to be convened by the Board or the Auditing Committee when it is necessary. Shareholders who have over 3% shareholding for more than 1 year may request the Board to convene an extraordinary meeting of shareholders by filing a written proposal with the matters and reasons detailed. Where necessary, the meeting of the holders of preferred shares may be convened under the applicable legal rules.	Article 13 The meeting of shareholders includes the annual meeting of shareholders and extraordinary meeting of shareholders. The annual meeting of shareholders is held once a year and it is to be convened by the Board within 6 months after the fiscal year. The extraordinary meeting of shareholders is to be convened by the Board or the Auditing Committee when it is necessary. Shareholders who have over 3% shareholding for more than 1 year may request the Board to convene an extraordinary meeting of shareholders by filing a written proposal with the matters and reasons detailed.	Addition of Paragraph II in conjunction with the requirement of Article V, Paragraph I, and Article 159 of the Company Act.
Article 36 If the Bank has earnings after account settlement, appropriate for payment of applicable taxes as required by law and for write-off loss carried forward, followed by the appropriation of 30% as legal reserve. No further appropriation is necessary if the amount of legal reserve is equivalent to the paid-in capital of the Bank. The remainder shall be appropriated for special reserve, followed by the distribution of dividends of preferred shares. If there is still a balance, pool up with accumulated undistributed earnings and the amount of reversal of special reserve as required by law for the distribution of dividends and bonuses to the shareholders at the proposal of the Board and ratification of the General Meeting. For the earnings distribution proposed to the Board of Directors in the shareholders' meeting for resolution in the preceding paragraph, a working capital should be reserved first according to the changes in the operating environment, business operation, and investment, the ratio of cash and stock dividends should be proposed, of which, cash dividends should not be less than 10% of the total dividend amount. If the capital adequacy ratio fails to reach the legal ratio, the earnings shall be allocated in accordance with the Banking Act and the competent authority's requirements.	Article 36 The Bank's annual earnings, if any, should be applied to pay tax, make up losses, and appropriate a 30% legal reserve; however, if the legal reserve is equivalent to the amount of the Bank's paid-in capital, no legal reserve will be appropriated. The remaining amount will then be applied to appropriate or reverse special reserves in accordance with the law and regulations. The remaining balance amount, if any, plus the accumulated unappropriated earnings will be distributed as dividends to shareholders and bonuses according to the proposal of the Board of Directors and the resolution reached in the shareholders' meeting. For the earnings distribution proposed to the Board of Directors in the shareholders' meeting for resolution in the preceding paragraph, a working capital should be reserved first according to the changes in the operating environment, business operation, and investment, the ratio of cash and stock dividends should be proposed, of which, cash dividends should not be less than 10% of the total dividend amount. If the capital adequacy ratio fails to reach the legal ratio, the earnings shall be allocated in accordance with the Banking Act and the competent authority's requirements.	Amendment to the content of Paragraph I in conjunction with the provision on the issuance of preferred shares.
The 38th amendment was implemented on June 7, 2017.		Addition of the record on the recent amendment.

Elections

Election matter No. 1

Proposal: Election of the 23rd Term directors

Explanation:

1. The election of 12 directors (including 3 independent directors) of the 23nd Term is handled in accordance with Article 21 of the Company Corporate Charter (Articles of Incorporation) and the 24th session of The 22th Board of Directors for a 3-year tenure from the date of June 7, 2017 to June 6, 2020 with the Company's Directors Election Act.
2. It is processed in accordance with Article 14.2 Paragraph 2 of the Stock Exchange Act and Regulations Governing Appointment of Independent Directors and Compliance Matters for Pubic Companies. The three independent directors referred to above are elected in accordance with the nomination system; that is, elected from the independent director candidate list in the meeting of shareholders.
3. Shareholders who have over 1% shareholding of the Company's total number of shares issued may propose the independent director candidates list in writing to the Company in accordance with the Article 192-1 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 192-1 of the Company Law. The proposed "Independent Directors Candidate List" was resolved in the 22nd Term 24th Board meeting on April 20, 2017.

   (1) Name: Jin-Yi Lee

Education: Harvard Business School

Experience: Independent Director of Taichung Commercial Bank; CEO of Fubon Bank (Hong Kong) Limited; Director and President of BNP in Asia; Director and President of JP Morgan Chase

Shareholding: 0

(2) Name: Li-Wen Lin

Education: Masters of Electrical Engineering and MBA of Stanford University

Experience: Managing Director of UBS, Asia-Pacific Head of Bank of America-Merrill Lynch, Managing Director of Asia-Pacific Bank of America-Merrill Lynch

Shareholding: 0

(3) Name: Hsin-Chang Tsai

Education: EMBA, National Taiwan University College

Experience: Chief Financial Officer of HTC South Asia

Shareholding: 0

Election results:

Appendices

Appendix 1

Auditor's Report

To: Taichung Commercial Bank Co., Ltd.

Audit opinions

We have audited the accompanying individual balance sheet of Taichung Commercial Bank Co., Ltd. and subsidiary as of December 31, 2016 and 2015, and the related individual statement of income, individual statement of changes in shareholders equity, individual statement of cash flows, and Note of the individual financial statements (including major accounting policy) for the years then ended.

In our opinion, said the individual financial statements in all material respects, the Financial Status of the Bank as of December 31, 2016 and 2015, and its individual financial performance and individual cash flows for the years then ended in conformity with the generally accepted accounting principles in the Republic of China.

The basis for opinions

We conducted the audit in accordance with the Criteria for the Auditing and Certification of Financial Statements by Certified Public Accountants and the accounting principles generally accepted in the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. We are independent of Taichung Commercial Bank and its subsidiaries in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the consolidated financial statements of Taichung Commercial Bank, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the individual financial statements of Taichung Commercial Bank in 2016. These matters were addressed in the content of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit procedures of the consolidated financial statements of Taichung Commercial Bank and its subsidiaries in 2016 included:

Evaluate the impairment of discounts and loans to customers

Notes to key audit matters

As stated in Note 11, Taichung Commercial Bank had impairments in discounts and loans to customers amounting to NT$423,900,603 thousand and NT672,436 thousand in 2016, respectively. These accounted for 68.09% of the total assets and 6.88% of net income, which are of significance to the overall financial reporting. The balance of discounts and loans to customers and the impairment recognized are of significance to the overall financial statement. As stated in Note 5 (1), in consideration of the overall impairment of Taichung Bank and its subsidiaries, material estimation and judgment of the management are involved, including the estimation of cash flows, recovery rate and impairment rates in the future. For these reasons, impairment of discounts and loans to the customers are determined as key audit matters.

The disclosures of the accounting policies, accounting estimates, and uncertainty of assumption related to the estimation of discounts and loans to customers' impairment are specified in Note 4 (12) and Note 5 (1) and Note 11.

Audit response

1. Understand and examine the internal control of discounts and loans to customer impairment of Taichung Commercial Bank.
2. We examined the impairment of discounts and loans to customers of individual cases of Taichung Commercial Bank recognized for material impairment, on a selective basis, on the reasonableness of future cash flows of collaterals.
3. We examined the impairment of discounts and loans to customer in aggregate of Taichung Commercial Bank through an understanding of the significant parameters used in the model for

testing impairment (recovery ratio and probability of impairment) for assessing the reasonableness of future cash flows with relevance to the experience and economic conditions for the time being.

Discount and loan interest income

Notes to key audit matters

As stated in Note 28, Taichung Commercial Bank had interest income from discounts and loans to customers amounted to NT$9,752,774 thousand or at 99.74% of net income in 2016. This remained the primary source of income for Taichung Commercial Bank. Taichung Commercial Bank processed loan applications through an approval procedure along the line of corporate hierarchy. Applications, upon approval, will be registered into the loan system with information on the conditions of lending and related matters entered into the system manually. Loans will be released upon the final approval of the supervisors and interest income will be calculated automatically by the systems relevant to the conditions of lending on individual cases at the end of each month. Taichung Commercial Bank relies highly on the computer system for the automatic calculation of interest income from discounts and loans to customers, which made the data input on the conditions of related lending cases and the computing logics for the accurate calculation of interest income from discounts and loans to customers essential. We therefore considered the interest income from discounts and loans to customers as a key audit matter.

The disclosures of the accounting policies, accounting estimates, and uncertainty of assumptions related to the estimation of interest income from discounts and loans to customers are specified in Note 4 (14) and Note 28 (1)

The responsive auditing process as follows:

1. Understand and examine the internal control of interest income from discounts and loans to the customer, including the understanding and testing of the internal control of the general computer system and the application system.
2. We checked the monthly interest income in the system, on a selective basis, with reference to the approved agreement on loans to determine the conditions of lending are congruent with the information used in the system for calculation of interest income. We also compared the interest income and the computing results from the system through a new round of calculation to examine no significant difference of the computing system of Taichung Commercial Bank.

Responsibilities of Management and Those in Charge with Governance of the Individual Financial Statements

The Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Criteria for the Compilation of Financial Statements by Banks, and for such internal control as the management determines is necessary to enable the preparation of the separate financial statements to be free from material misstatement whether due to fraud or error.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of Taichung Commercial Bank.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the accounting principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered materials, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on

the basis of these individual financial statements.

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

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

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the individual financial statements of Taichung Commercial Bank of 2016 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 communications.

Deloitte & Touche

Kuan-Chung Lai, CPA

Wen-Ya Hsu, CPA

Securities and Futures Bureau Approval Document No.
Tai-Cai-Zheng (6) No. 0920123784

Securities and Futures Bureau Approval Document No.
Tai-Cai-Zheng (6) No. 0920123784

Date: March 16, 2017

Taichung Commercial Bank Co., Ltd.

Individual Balance Sheet

December 31, 2016 and 2015

Unit: NT$ thousand

Code	Assets	December 31, 2016 Amount	%	December 31, 2015 Amount	%
11000	Cash and cash equivalents	$ 13,322,512	2	$ 9,285,254	2
11500	Due from Central Bank and lend to Banks	86,216,971	14	86,125,827	15
12000	Financial assets at fair value through profit and loss	22,215,900	4	31,527,246	6
12500	Bonds and securities sold under repurchase agreements	3,627,189	1	6,994,022	1
13000	Receivable, net	4,074,854	1	2,656,553	-
13500	Discounts and loans, net	423,900,603	68	390,315,171	68
14000	Available-for-Sale Financial Assets-net	37,330,850	6	23,665,097	4
14500	Held to maturity investments, net	14,276,270	2	5,559,399	1
15000	Investments under the equity method - net	4,498,154	1	4,324,242	1
15500	Other financial assets - net	1,171,178	-	1,090,841	-
18500	Property, plant, and equipment – net	9,371,517	1	9,208,471	2
18700	Invest in investment property – net	78,268	-	-	-
19000	Intangible assets - net	124,544	-	141,887	-
19300	Deferred income tax assets	660,071	-	732,369	-
19500	Other assets	1,679,982	-	1,240,375	-
10000	Total assets	$ 622,548,863	100	$ 572,866,754	100
Code	Liabilities and equity				
21000	Due to Central Bank and other banks	$ 11,617,728	2	$ 3,864,104	1
22000	Financial liabilities at fair value through profit and loss	162,792	-	179,557	-
22500	Bills and bonds sold under repurchase agreements	4,222,258	1	273,312	-
23000	Payables	9,125,347	1	4,367,328	1
23200	Current Tax Liability	13,662	-	342,773	-
23500	Customer deposits and remittances	541,242,709	87	506,546,470	88
24000	Financial bonds payable	13,000,000	2	15,900,000	3
25500	Other financial liabilities	73,496	-	369	-
25600	Liability reserve	1,307,838	-	1,095,522	-
29300	Deferred tax liabilities	111,021	-	111,021	-
29500	Other liabilities	289,977	-	240,309	-
20000	Total liabilities	581,166,828	93	532,920,765	93
	Equity				
	Capital stock				
31101	Common stock capital	32,381,307	5	31,840,027	6
31500	Capital surplus	684,156	-	684,156	-
	Retained earnings				
32001	Legal reserve	4,881,792	1	3,959,058	1
32003	Special reserve	38,685	-	38,685	-
32011	Undistributed earnings	3,382,461	1	3,075,778	-
32500	Other equity	13,634	-	348,285	-
30000	Total equity	41,382,035	7	39,945,989	7
	Total Liabilities and Equity	$ 622,548,863	100	$ 572,866,754	100

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Chin-Min Liao

Taichung Commercial Bank Co., Ltd.

Individual Income Statement

January 1 to December 31, 2016 and 2015

Unit: NT$ thousands, except Earnings Per Share (NT$)

Code		2016 Amount	2016 %	2015 Amount	2015 %	Percentage of Variation (%)
41000	Interest revenue	$ 11,104,933	114	$ 11,250,261	121	(1)
51000	Interest expenses	(3,605,776)	(37)	(4,044,283)	(44)	(11)
49010	Net interest income	7,499,157	77	7,205,978	77	4
	Net income (loss) other than interest income					
49100	Service Fee, Net	1,293,689	13	1,236,646	13	5
49200	Gains of financial assets and liabilities measured at fair value through profit or loss	643,530	7	319,551	4	101
49300	Realized net gain on available-for-sale financial assets	157,149	2	15,771	-	896
49600	Exchange gain (loss)	(197,395)	(2)	11,328	-	(1,843)
49700	Net gain(loss)on reversal of assets impairment	106,146	1	38,527	-	176
49750	Shareholdings in the subsidiaries, affiliated companies and joint ventures under the equity method	233,705	2	250,984	3	(7)
49800	Net income other than interest income	41,949	-	233,347	3	(82)
4xxxx	Net revenue	9,777,930	100	9,312,132	100	5
58200	Bad debt expense and guaranty reserve	(690,250)	(7)	(692,292)	(7)	-
	Operating expenses					
58500	Employee benefits expenses	(2,998,217)	(31)	(2,709,763)	(29)	11

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Code		2016 Amount	2016 %	2015 Amount	2015 %	Percentage of Variation (%)
59000	Depreciation and amortization expenses	($225,242)	(2)	($181,464)	(2)	24
59500	Business and administrative expenses	(1,781,736)	(18)	(1,660,781)	(18)	7
58400	Total operating expenses	(5,005,195)	(51)	(4,552,008)	(49)	10
61001	Income before tax from continuing operations	4,082,485	42	4,067,832	44	-
61003	Income tax expenses	(567,670)	(6)	(590,800)	(6)	(4)
64000	Current year net income after tax	3,514,815	36	3,477,032	38	1
	Other comprehensive profit or loss					
65200	Titles not reclassified as profit (loss) accounts:					
65201	Reevaluation of determined benefit plan	(183,108)	(2)	(323,440)	(4)	(43)
65207	Other comprehensive profit (loss) of the subsidiary, affiliated company and joint venture under the equity method	(137)	-	2	-	(6,950)
65220	Incomes tax related to titles not subject to reclassification	31,128	-	54,985	1	(43)
	The total of titles not reclassified as profit (loss) accounts (after taxation)	(152,117)	(2)	(268,453)	(3)	(43)
65300	Titles that could be reclassified as profits (loss) accounts in the future					
65301	Exchange differences from the translation of financial statements of foreign operations	(10,738)	-	(46,655)	(1)	(77)
65302	Available-for-sale financial assets unrealized valuation gains (losses)	(264,891)	(3)	264,825	3	(200)

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Code		2016 Amount	2016 %	2015 Amount	2015 %	Percentage of Variation (%)
65306	Other comprehensive profit (loss) of the subsidiary, affiliated company and joint venture under the equity method	($58,909)	-	($21,478)	-	174
65320	Income tax related to items possibly be reclassified	(113)	-	(3,267)	-	(97)
	The total of the titles that could be reclassified as profits (loss) accounts in the future (after taxation)	(334,651)	(3)	193,425	2	(273)
65000	Other comprehensive net income (after tax)	(486,768)	(5)	(75,028)	(1)	549
66000	Current period other comprehensive income (after tax)	$ 3,028,047	31	$ 3,402,004	37	(11)
	Earnings per share					
	Business units in continuing operation					
67501	Basic	$ 1.09		$ 1.12		
67701	Diluted	$ 1.08		$ 1.12		

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Chin-Min Liao

Taichung Commercial Bank Co., Ltd.

Individual Statements of Changes in Shareholders' Equity

January 1 to December 31, 2016 and 2015

Unit: NT$ thousand

		Capital stock		Retained earnings			Other equity		
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain on available-for-sale financial instruments	Total equity
A1	Balance as of January 1, 2015	$ 28,515,063	$ 683,751	$ 2,885,334	$ 72,861	$ 3,444,588	$ 113,523	$ 41,337	$ 35,756,457
	The 2014 appropriation and distribution of earnings								
B1	Legal reserve	-	-	1,073,724	-	(1,073,724)	-	-	-
B5	Cash Dividends	-	-	-	-	(712,877)	-	-	(712,877)
B9	Stock dividends	1,824,964	-	-	-	(1,824,964)	-	-	-
B17	Reversal of special reserve	-	-	-	(34,176)	34,176	-	-	-
D1	2015 net income	-	-	-	-	3,477,032	-	-	3,477,032
D3	Other comprehensive net income in 2015 (after tax)	-	-	-	-	(268,453)	(62,370)	255,795	(75,028)
D5	Other comprehensive income in 2015	-	-	-	-	3,208,579	(62,370)	255,795	3,402,004
E1	Issuance of common stock for cash	1,500,000	-	-	-	-	-	-	1,500,000
N1	Share-based payment transaction	-	405	-	-	-	-	-	405
Z1	Balance as of December 31, 2015	31,840,027	684,156	3,959,058	38,685	3,075,778	51,153	297,132	39,945,989
	The 2015 appropriation and distribution of earnings								
B1	Legal reserve	-	-	922,734	-	(922,734)	-	-	-
B5	Cash Dividends	-	-	-	-	(1,592,001)	-	-	(1,592,001)
B9	Stock dividends	541,280	-	-	-	(541,280)	-	-	-
D1	2016 net income	-	-	-	-	3,514,815	-	-	3,514,815
D3	Other comprehensive net income in 2016 (after tax)	-	-	-	-	(152,117)	(74,336)	(260,315)	(486,768)
D5	Other comprehensive income in 2016	-	-	-	-	3,362,698	(74,336)	(260,315)	3,028,047
Z1	Balance as of December 31, 2016	$ 32,381,307	$ 684,156	$ 4,881,792	$ 38,685	$ 3,382,461	($ 23,183)	$ 36,817	$ 41,382,035

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Chin-Min Liao

Taichung Commercial Bank Co., Ltd.

Individual Statements of Cash Flow

January 1 to December 31, 2016 and 2015

Unit: NT$ thousand

Code		2016	2015
	Net cash flow from operating activities		
A10000	Current year net profit before taxation	$ 4,082,485	$ 4,067,832
	Revenue, expense and loss that do not affect the cash flows		
A20100	Depreciation expenses	173,455	141,109
A20200	Amortization expenses	51,787	40,355
A20300	Appropriation of bad debt expense	690,250	692,292
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(643,530)	(319,551)
A22500	Disposal and obsolescence gain of property and equipment	(287)	(540)
A20900	Interest expenses	3,605,776	4,044,283
A21200	Interest revenue	(11,104,933)	(11,250,261)
A21300	Dividend income	(22,999)	(19,206)
A21800	Net change in other provisions for liabilities	300	(800)
A21900	Cost of share-based payment service	-	405
A22400	The profit or loss in the subsidiary, affiliated company and joint ventures recognized under the equity method	(233,705)	(250,984)
A23100	Gain on disposal of investments	(157,149)	(15,771)
A23500	Financial assets impairment loss (reversal gain)	(106,146)	(38,527)
A24100	Unrealized foreign currency exchange loss (gain)	224,387	(92,558)
A20010	Total income, expense and loss that do not affect the cash flows	(7,522,794)	(7,069,754)
	Changes in operating activities related assets/liabilities		
A41110	Due from Central Bank and lend to Banks	661,047	(1,653,284)
A41120	Financial assets at fair value through profit and loss	10,653,070	(17,962,128)
A41150	Accounts receivable	(1,181,929)	484,068
A41160	Discounts and loans	(34,230,137)	(7,400,561)
A41190	Other financial assets	16,611	228,893
A41990	Other assets	(24,177)	5,212
A42110	Due to Central Bank and other banks	7,753,624	(6,833,283)
A42120	Financial liabilities at fair value through profit and loss	(714,959)	(210,064)
A42140	Bills and bonds sold under repurchase agreements	3,948,946	(261)

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Code		2016	2015
A42150	Payables	$4,783,329	($2,370,008)
A42160	Customer deposits and remittances	34,696,239	49,338,517
A42170	Other financial liabilities	73,127	(1,251)
A42180	Employee benefit liabilities reserve	(10,964)	(12,527)
A42990	Other liabilities	49,668	(10,901)
A40000	Total changes in operating activities related assets/liabilities	26,473,495	13,602,422
A33000	Cash inflow from operating activities	23,033,186	10,600,500
A33100	Interest received	10,984,230	11,267,603
A33200	Dividends received	23,746	30,500
A33300	Interest payment	(3,631,086)	(4,082,169)
A33500	Income tax payment	(793,467)	(525,799)
AAAA	Net cash inflow from operating activities	29,616,609	17,290,635
	Cash flow from investing activities		
B00300	Acquisition of available-for-sale financial assets	(23,673,428)	(5,989,086)
B00400	Disposition of available-for-sale financial assets	9,823,915	3,205,412
B00900	Acquisition of held-to-maturity financial assets	(10,960,910)	(4,460,133)
B01000	Disposition of held-to-maturity financial assets	150,570	-
B01100	Return of capital from held-to-maturity	1,632,655	450,000
B02700	Acquisition of Property, plant, and equipment	(415,612)	(4,301,133)
B02800	Disposal of Property, plant, and equipment	1,130	549
B03700	Increase in refundable deposits	(215,130)	(158,698)
B04500	Acquisition of Intangible assets	(34,444)	(81,291)
BBBB	Net cash outflow from investing activities	(23,691,254)	(11,334,380)
	Cash flow from financing activities		
C01400	Issuance of financial bonds	1,500,000	1,500,000
C01500	Repayment of financial bonds	(4,400,000)	-
C04500	Cash dividend released	(1,592,001)	(712,877)
C04600	Issuance of common stock for cash	-	1,500,000
CCCC	Net cash inflow (outflow) from financing activities	(4,492,001)	2,287,123
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(10,738)	(46,655)
EEEE	Current cash and cash equivalents increase	1,422,616	8,196,723
E00100	Balance of cash and cash equivalents, beginning of period	85,815,730	77,619,007
E00200	Balance of cash and cash equivalent, end of period	$ 87,238,346	$ 85,815,730

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Ending cash and cash equivalents adjustment

Code		December 31, 2016	December 31, 2015
E00210	Cash and cash equivalents on the balance sheet	$13,322,512	$ 9,285,254
E00220	The "Due from Central Bank and Banks" in compliance with the definition of cash and cash equivalents under IAS 7	70,288,645	69,536,454
E00230	The "bonds and securities sold under repurchase agreements" that meet the definitions of cash and cash equivalents under IAS 7	3,627,189	6,994,022
E00200	Balance of cash and cash equivalent, end of period	$87,238,346	$85,815,730

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Chin-Min Liao

Auditor's Report

To: Taichung Commercial Bank Co., Ltd.

Audit opinions

We have audited the accompanying consolidated balance sheet of Taichung Commercial Bank Co., Ltd. and subsidiary as of December 31, 2016 and 2015, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and Note of the consolidated financial statements (including major accounting policy) for the years then ended.

In my opinion, the financial statements as referred to present fairly, in all material aspects the financial position of Taichung Commercial Bank as of December 31 2016 and December 31 2015, and the results of its operations and cash flows for the years then ended in conformity with the Criteria for the Compilation of Financial Statements by Banks, Criteria for the Compilation of Financial Statements by Securities Firms, and applicable IFRS, IAS,SIC, and IFRIC as recognized by the Financial Supervisory Commission .

The basis for opinions

We conducted the audit in accordance with the Criteria for the Auditing and Certification of Financial Statements by Certified Public Accountants and the accounting principles generally accepted in the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Taichung Commercial Bank and its subsidiaries in accordance with the Code of Ethics for certified public accountants in the part of relevant to the audit of the consolidated financial statements of Taichung Commercial Bank, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the consolidated statements of Taichung Bank in 2016. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit procedures of the consolidated financial statements of Taichung Commercial Bank and its subsidiaries in 2016 included:

<u>Evaluate the impairment of discounts and loans to customers</u>

Notes to key audit matters

As stated in Note 11, Taichung Commercial Bank and its subsidiaries had impairment in discounts and loans to customers amounting to NT$425,166,259 thousand and NT$672,436 thousand in 2016, respectively. These accounted for 67.80% of the total assets and 6.23% of net income, which are of significance to the overall financial reporting. As stated in Note 5 (1), in consideration of the overall impairment of Taichung Bank and its subsidiaries, material estimation and judgment of the management are involved, including the estimation of cash flows, recovery rate and impairment rates in the future. For these reasons, impairment of discounts and loans to the customers are determined as key audit matters.

The disclosures of the accounting policies, accounting estimates, and uncertainty of assumption related to the estimation of discounts and loans to customers' impairment are specified in Note 4 (12) and Note 5 (1) and Note 11.

Audit response

1. Understand and examine the internal control of discounts and loans to customer impairment of Taichung Commercial Bank and its subsidiaries.
2. We examined the impairment of discounts and loans to customers of individual cases of Taichung Commercial Bank and its subsidiaries recognized for material impairment, on a selective basis, on the reasonableness of future cash flows of collaterals.
3. We examined the impairment of discounts and loans to customer in aggregate of Taichung Commercial Bank and its subsidiaries through an understanding of the significant parameters used in the model for testing impairment (recovery ratio and probability of impairment) for assessing the reasonableness of future cash flows with relevance to the experience and economic conditions for the time being.

Discount and loan interest income

Notes to key audit matters

As stated in Note 31, Taichung Commercial Bank and its subsidiaries had interest income from discounts and loans to customers amounted to NT$9,801,641 thousand or at 90.82% of net income in 2016. This remained the primary source of income for Taichung Commercial Bank and its subsidiaries. Taichung Commercial Bank processed loan applications through an approval procedure along the line of corporate hierarchy. Applications, upon approval, will be registered into the loan system with information on the conditions of lending and related matters entered into the system manually. Loans will be released upon the final approval of the supervisors and interest income will be calculated automatically by the systems relevant to the conditions of lending on individual cases at the end of each month. Taichung Commercial Bank and its subsidiaries highly rely on the computer system for the automatic calculation of interest income from discounts and loans to customers, which made the data input on the conditions of related lending cases and the computing logics for the accurate calculation of interest income from discounts and loans to customers essential. We therefore considered the interest income from discounts and loans to customers as a key audit matter.

The disclosures of the accounting policies, accounting estimates, and uncertainty of assumption related to the estimation of interest income from discounts and loans to customers are specified in Note 4 (14) and Note 31 (1)

The responsive auditing process as follows:

1. Understand and examine the internal control of interest income from discounts and loans to the customer, including the understanding and testing of the internal control of the general computer system and the application system.
2. We checked the monthly interest income in the system, on a selective basis, with reference to the approved agreement on loans to determine the conditions of lending are congruent with the information used in the system for calculation of interest income. We also compared the interest income and the computing results from the system through a new round of calculation to examine no significant difference of the computing system of Taichung Commercial Bank and its subsidiaries.

Other information

We have also audited the individual financial statements of the Bank for 2016 and 2015, and have expressed modified unqualified opinions on such financial statements.

Responsibilities of Management and Those in Charge with Governance of the Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Criteria for the Compilation of Financial Statements by Banks, Criteria for the Compilation of Financial Statements by Securities Firms, and applicable IFRS, IAS,SIC, and IFRIC as recognized by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from material misstatement whether due to fraud or error.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of Taichung Commercial Bank and its subsidiaries.

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 and auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the accounting principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered materials, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

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 risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Taichung Commercial Bank and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Taichung Commercial Bank and its subsidiaries and its 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 disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of the auditor's report. However, future events or conditions may cause Taichung Commercial Bank and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated statements, including the disclosures, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information or the entities or business activities with Taichung Commercial Bank and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of Taichung Commercial Bank and its subsidiaries. We remain solely responsible for our audit opinion.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Taichung Commercial Bank and subsidiaries of 2016 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 communications.

Deloitte & Touche

Kuan-Chung Lai, CPA

Wen-Ya Hsu, CPA

Securities and Futures Bureau Approval Document No.
Tai-Cai-Zheng (6) No. 0920123784

Securities and Futures Bureau Approval Document No.
Tai-Cai-Zheng (6) No. 0920123784

Date: March 16, 2017

Taichung Commercial Bank Co., Ltd. and subsidiaries

Consolidated Balance Sheet

December 31, 2016 and 2015

Unit: NT$ thousand

Code	Assets	December 31, 2016 Amount	%	December 31, 2015 Amount	%
11000	Cash and cash equivalents	$ 14,105,611	2	$ 10,199,598	2
11500	Due from Central Bank and lend to Banks	86,216,971	14	86,125,827	15
12000	Financial assets at fair value through profit and loss	22,383,134	4	31,693,725	6
12500	Bonds and securities sold under repurchase agreements	3,627,189	1	6,994,022	1
13000	Receivable, net	9,802,310	2	6,653,345	1
13200	Current income tax asset	6,313	-	5,895	-
13500	Discounts and loans, net	425,166,259	68	391,083,582	68
14000	Available-for-Sale Financial Assets-net	37,455,220	6	23,770,062	4
14500	Held to maturity investments, net	14,276,270	2	5,559,399	1
15000	Investments under the equity method - net	130,935	-	136,612	-
15100	Restricted assets - net	285,234	-	535,475	-
15500	Other financial assets - net	1,171,178	-	1,090,841	-
18500	Property, plant, and equipment – net	9,436,524	1	9,271,750	2
18700	Invest in investment property – net	78,268	-	-	-
19000	Intangible assets - net	166,769	-	183,995	-
19300	Deferred income tax assets	713,301	-	759,682	-
19500	Other assets	2,081,215	-	1,566,905	-
10000	Total assets	$ 627,102,701	100	$ 575,630,715	100
Code	Liabilities and equity				
21000	Due to Central Bank and other banks	$ 11,617,728	2	$ 3,864,104	1
21500	Funds borrowed from Central Bank and other banks	4,199,858	1	3,132,454	-
22000	Financial liabilities at fair value through profit and loss	162,792	-	179,557	-
22500	Bills and bonds sold under repurchase agreements	4,222,258	1	273,312	-
23000	Payables	9,805,707	1	5,181,226	1
23200	Current Tax Liability	60,890	-	386,746	-
23500	Customer deposits and remittances	539,809,008	86	504,863,979	88
24000	Financial bonds payable	13,000,000	2	15,900,000	3
25500	Other financial liabilities	807,967	-	279,014	-
25600	Liability reserve	1,307,838	-	1,095,522	-
29300	Deferred tax liabilities	111,021	-	111,021	-
29500	Other liabilities	615,599	-	417,791	-
20000	Total liabilities	585,720,666	93	535,684,726	93
	Equity of the parent company				
31101	Common stock capital	32,381,307	5	31,840,027	6
31500	Capital surplus	684,156	-	684,156	-
	Retained earnings				
32001	Legal reserve	4,881,792	1	3,959,058	1
32003	Special reserve	38,685	-	38,685	-
32011	Undistributed earnings	3,382,461	1	3,075,778	-
32500	Other equity	13,634	-	348,285	-
31000	Total shareholder’s equity in the parent company	41,382,035	7	39,945,989	7
30000	Total equity	41,382,035	7	39,945,989	7
	Total Liabilities and Equity	$ 627,102,701	100	$ 575,630,715	100

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Chin-Min Liao

Taichung Commercial Bank Co., Ltd. and subsidiaries

Consolidated Income Statement

January 1 to December 31, 2016 and 2015

Unit: NT$ thousands, except Earnings Per Share (NT$)

Code		2016 Amount	2016 %	2015 Amount	2015 %	Percentage of Variation (%)
41000	Interest revenue	$ 11,473,495	106	$ 11,591,190	115	(1)
51000	Interest expenses	(3,686,021)	(34)	(4,116,426)	(41)	(10)
49010	Net interest income	7,787,474	72	7,474,764	74	4
	Net income (loss) other than interest income					
49100	Service Fee, Net	2,271,998	21	2,043,450	20	11
49200	Gains of financial assets and liabilities measured at fair value through profit or loss	662,520	6	309,093	3	114
49300	Realized gain on available-for-sale financial assets	158,432	1	15,771	-	905
49600	Exchange loss	(241,784)	(2)	(7,735)	-	3,026
49700	Net gain on reversal of assets impairment	106,146	1	38,527	1	176
49750	Shareholding in the affiliated companies and joint ventures under the equity method	(5,540)	-	(3,672)	-	51
58000	Net income other than interest income	53,390	1	232,543	2	(77)
4xxxx	Net revenue	10,792,636	100	10,102,741	100	7
58200	Bad debt expense and guaranty reserve	(801,040)	(7)	(744,283)	(7)	8
	Operating expenses					
58500	Employee benefits expenses	(3,361,279)	(31)	(3,025,408)	(30)	11
59000	Depreciation and amortization expenses	(254,192)	(2)	(205,823)	(2)	24
59500	Business and administrative expenses	(2,232,062)	(21)	(1,990,670)	(20)	12
58400	Total operating expenses	(5,847,533)	(54)	(5,221,901)	(52)	12
61001	Income before tax from continuing operations	4,144,063	39	4,136,557	41	-
61003	Income tax expenses	(629,248)	(6)	(659,525)	(6)	(5)

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Code		2016 Amount	2016 %	2015 Amount	2015 %	Percentage of Variation (%)
64000	Current year net income after tax	$3,514,815	33	$3,477,032	35	1
	Other comprehensive profit or loss					
	Titles not reclassified as profit (loss) accounts:					
65201	Reevaluation of determined benefit plan	(183,108)	(2)	(323,440)	(3)	(43)
65207	Other comprehensive profit (loss) of the subsidiary, affiliated company and joint venture under the equity method	(137)	-	2	-	(6,950)
65220	Incomes tax related to titles not subject to reclassification	31,128	-	54,985	-	(43)
65200	The total of titles not reclassified as profit (loss) accounts (after taxation)	(152,117)	(2)	(268,453)	(3)	(43)
	Titles that could be reclassified as profits (loss) accounts in the future					
65301	Exchange differences from the translation of financial statements of foreign operations	(74,336)	(1)	(62,370)	(1)	19
65302	Available-for-sale financial assets unrealized valuation gains (losses)	(260,202)	(2)	259,062	3	(200)
65320	Income tax related to items possibly be reclassified	(113)	-	(3,267)	-	(97)
65300	The total of the titles that could be reclassified as profits (loss) accounts in the future (after taxation)	(334,651)	(3)	193,425	2	(273)
65000	Other comprehensive net income (after tax)	(486,768)	(5)	(75,028)	(1)	549
66000	Current period other comprehensive income (after tax)	$ 3,028,047	28	$ 3,402,004	34	(11)
	Consolidated earnings per share					
	Business units in continuing operation					
67501	Basic	$ 1.09		$ 1.12		
67701	Diluted	$ 1.08		$ 1.12		

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Chin-Min Liao

Taichung Commercial Bank Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

January 1 to December 31, 2016 and 2015

Unit: NT$ thousand

		Equity of the company							
		Capital stock		Retained earnings			Other equity		
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain on available-for-sale financial instruments	Total equity
A1	Balance as of January 1, 2015	$ 28,515,063	$ 683,751	$ 2,885,334	$ 72,861	$ 3,444,588	$ 113,523	$ 41,337	$ 35,756,457
	The 2014 appropriation and distribution of earnings								
B1	Legal reserve	-	-	1,073,724	-	(1,073,724)	-	-	-
B5	Cash Dividends	-	-	-	-	(712,877)	-	-	(712,877)
B9	Stock dividends	1,824,964	-	-	-	(1,824,964)	-	-	-
B17	Reversal of special reserve	-	-	-	(34,176)	34,176	-	-	-
D1	2015 net income	-	-	-	-	3,477,032	-	-	3,477,032
D3	Other comprehensive net income in 2015	-	-	-	-	(268,453)	(62,370)	255,795	(75,028)
D5	Other comprehensive income in 2015	-	-	-	-	3,208,579	(62,370)	255,795	3,402,004
E1	Issuance of common stock for cash	1,500,000	-	-	-	-	-	-	1,500,000
N1	Share-based payment transaction	-	405	-	-	-	-	-	405
Z1	Balance as of December 31, 2015	31,840,027	684,156	3,959,058	38,685	3,075,778	51,153	297,132	39,945,989
	The 2015 appropriation and distribution of earnings								
B1	Legal reserve	-	-	922,734	-	(922,734)	-	-	-
B5	Cash Dividends	-	-	-	-	(1,592,001)	-	-	(1,592,001)
B9	Stock dividends	541,280	-	-	-	(541,280)	-	-	-
D1	2016 net income	-	-	-	-	3,514,815	-	-	3,514,815
D3	Other comprehensive net income in 2016	-	-	-	-	(152,117)	(74,336)	(260,315)	(486,768)
D5	Other comprehensive income in 2016	-	-	-	-	3,362,698	(74,336)	(260,315)	3,028,047
Z1	Balance as of December 31, 2016	$ 32,381,307	$ 684,156	$ 4,881,792	$ 38,685	$ 3,382,461	($ 23,183)	$ 36,817	$ 41,382,035

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Chin-Min Liao

Taichung Commercial Bank Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flow

January 1 to December 31, 2016 and 2015

Unit: NT$ thousand

Code		2016	2015
	Cash flow from operating activities		
A10000	Current year net profit before taxation	$ 4,144,063	$ 4,136,557
	Revenue, expense and loss that do not affect the cash flows		
A20100	Depreciation expenses	196,992	160,640
A20200	Amortization expenses	57,200	45,183
A20300	Bad debt expense and reserve for guarantee liability	801,040	744,283
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(662,520)	(309,093)
A22500	Disposal and obsolescence loss (gain) of property and equipment	(177)	35
A20900	Interest expenses	3,686,021	4,116,426
A21200	Interest revenue	(11,473,495)	(11,591,190)
A21300	Dividend income	(24,282)	(19,206)
A21800	Net change in other provisions for liabilities	300	(800)
A21900	Cost of share-based payment service	-	405
A22300	Loss of the affiliated company under the equity method	5,540	3,672
A23100	Gain on disposal of investments	(157,149)	(15,771)
A23600	Financial assets impairment loss (reversal gain)	(106,146)	(38,527)
A24100	Unrealized foreign currency exchange loss (gain)	224,382	(92,510)
A24300	Gain on sale of NPL	(386)	(2,742)
A20010	Total income, expense and loss that do not affect the cash flows	(7,452,680)	(6,999,195)
	Changes in operating activities related assets/liabilities		
A41110	Due from Central Bank and lend to Banks	661,047	(1,653,284)
A41120	Financial assets at fair value through profit and loss	10,671,305	(18,116,765)
A41150	Accounts receivable	(3,281,935)	1,262,756
A41160	Discounts and loans	(34,727,382)	(7,357,091)
A41190	Other financial assets	16,611	228,893
A41990	Other assets	228,825	(204,751)
A42110	Due to Central Bank and other banks	7,753,624	(6,833,283)

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Code		2016	2015
A42120	Financial liabilities at fair value through profit and loss	($714,959)	($210,064)
A42140	Bills and bonds sold under repurchase agreements	3,948,946	(261)
A42150	Payables	4,644,938	(2,143,831)
A42160	Customer deposits and remittances	34,945,029	48,897,855
A42170	Other financial liabilities	73,127	(1,251)
A42180	Employee benefit liabilities reserve	(10,963)	(12,527)
A42990	Other liabilities	197,808	(94,265)
A40000	Total changes in operating activities related assets/liabilities	24,406,021	13,762,131
A33000	Cash inflow from operating activities	21,097,404	10,899,493
A33100	Interest received	11,340,012	11,611,607
A33200	Dividends received	24,282	19,206
A33300	Interest payment	(3,706,478)	(4,155,028)
A33500	Income tax payment	(878,126)	(624,912)
AAAA	Net cash inflow from operating activities	27,877,094	17,750,366
	Cash flow from investing activities		
B00300	Acquisition of available-for-sale financial assets	(23,688,144)	(5,989,086)
B00400	Disposition of available-for-sale financial assets	9,823,915	3,405,412
B00900	Acquisition of held-to-maturity financial assets	(10,960,910)	(4,460,133)
B01000	Disposition of held-to-maturity financial assets	150,570	-
B01100	Return of capital from held-to-maturity	1,632,655	450,000
B02700	Acquisition of Property, plant, and equipment	(442,499)	(4,331,521)
B02800	Disposal of Property, plant, and equipment	1,497	564
B03700	Increase in refundable deposits	(294,913)	(370,729)
B04500	Acquisition of Intangible assets	(37,684)	(83,270)
B06300	Receipt of payment from disposal of non-performing loans.	272,897	84,921
BBBB	Net cash outflow from investing activities	(23,542,616)	(11,293,842)
	Cash flow from financing activities		
C00300	Increase (decrease) in Funds borrowed from Central Bank and other banks	1,067,404	(367,506)
C00700	Increase (decreased) in commercial papers payable	455,826	(60,031)
C01400	Issuance of financial bonds	1,500,000	1,500,000
C01500	Repayment of financial bonds	(4,400,000)	-
C04500	Cash dividend released	(1,592,001)	(712,877)
C04600	Issuance of common stock for cash	-	1,500,000
CCCC	Net cash inflow (outflow) from financing activities	(2,968,771)	1,859,586
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(74,336)	(62,370)

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Code		2016	2015
EEEE	Current cash and cash equivalents increase	$1,291,371	$8,253,740
E00100	Balance of cash and cash equivalents, beginning of period	86,730,074	78,476,334
E00200	Balance of cash and cash equivalent, end of period	$ 88,021,445	$ 86,730,074

Ending cash and cash equivalents adjustment

Code		December 31, 2016	December 31, 2015
E00210	Cash and cash equivalents on the balance sheet	$ 14,105,611	$ 10,199,598
E00220	The “Due from Central Bank and Banks” in compliance with the definition of cash and cash equivalents under IAS 7	70,288,645	69,536,454
E00230	The “bonds and securities sold under repurchase agreements” that meet the definitions of cash and cash equivalents under IAS 7	3,627,189	6,994,022
E00200	Balance of cash and cash equivalent, end of period	$ 88,021,445	$ 86,730,074

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Chin-Min Liao

Appendix 2

Taichung Commercial Bank Co., Ltd.
Rules of Procedure for Shareholder Meetings

Resolved in the Annual Meeting of Shareholders on June 20, 1998
Resolved in the Annual Meeting of Shareholders s on June 13, 2013

Arcile 1 The rules for compliance are stipulated in accordance with Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" for establishing the Company's excellent meeting of shareholders governance system, substantiating supervisory function, and enhancing management functions.

Arcile 2 The Rules of Procedure for Shareholder Meetings is processed in accordance with the Rules, unless otherwise provided by law or Company Corporate Charter (Articles of Incorporation).

Arcile 3 The Company's meeting of shareholders shall be convened by the Board, unless otherwise provided by law.

The Company shall have the Annual Meeting of Shareholders notice, proxy and the proposal and information on admission, discussions and directors and supervisors election and dismissal compiled into electronic files and uploaded to the MOPS thirty days prior to the annual meeting of shareholders or fifteen days prior to the extraordinary meeting of shareholders. Also, the Annual Meeting Handbook and the supplementary information are compiled into electronic files and uploaded to the MOPS twenty one days prior to the Annual Meeting of Shareholders or fifteen days prior to the extraordinary meeting of shareholders. The Annual Meeting Handbooks and the supplementary information are made available to shareholders fifteen days prior to the annual meeting of shareholders; also, on display at the Company's and its Stock Agent's and distributed to shareholders at the meeting place.

The reasons for convening the meeting should be stated in the notice and announcement. The notice with the consent of the counterparty can be issued electronically.

The election or dismissal of directors, supervisors, amendments to the Company Corporate Charter (Articles of Incorporation), dissolution, merger, division or the clauses of Article 185 Paragraph 1 of the Company Law, the matters stated in Article 26.1 and Article 43.6 of the Stock Exchange Act shall be stated in the reasons for convening the meeting not in the motion.

Shareholders who have over 1% shareholdings in the Company's total number of shares issued may propose to the Company in writing to convene the Annual Meeting of Shareholders. But it is limited to one proposal and the additional proposals will not be included in the meeting agenda. In addition, the Board may have the proposals of shareholders that fall under the circumstances stated in Article 172.1 Paragraph 4 of the Company Law excluded from meeting discussions.

The Company shall announce the proposals admitted, the premises and the admission period before the stock stop-transfer date prior to the Annual Meeting of Shareholders is convened; also, the admitting period may not be less than 10 days.

Motion proposed by shareholders is limited to three hundred words. A proposed motion of more than three hundred words will not be included in the proposal. The proposing shareholders must attend the Annual Meeting of Shareholders in person or by proxy and must participate in the proposal discussion.

The Company shall have the proposing shareholder notified about the proposal results before the date of the meeting notice and must have the proposals in compliance with this provision included in the meeting notice. The Board shall state the reasons for not including the proposal of shareholders in the meeting agenda.

Arcile 4 Shareholders may attend the meeting of shareholders by proxy that is printed and issued

by the Company with the scope of authorization detailed.

It is limited to one proxy per shareholder and one proxy only that should be served to the Company five days prior to the meeting of shareholders. When the proxy is issued in duplicate, whichever is served first shall prevail. The proxy referred to above that was announced to be revoked is not subject to this restriction.

After serving the proxy to the Company, the shareholders who wish to attend the meeting of the shareholders in person or to vote in writing or by electronic means shall notify the Company in writing to revoke the proxy two days prior to the meeting of the shareholders. If the proxy is not revoked before the deadline, the vote by proxy shall prevail.

Arcile 5 The place of meeting of shareholders should be at the Company's or any suitable location or for shareholders to attend the meeting conveniently; also, the meeting of shareholders shall not be started before 9:00 or after 15:00.

Arcile 6 The Company should have the attendance registry ready for the signature of the attending shareholders or the shareholder's representative (hereinafter referred to as the Shareholders), or the attending shareholders may have the signature card submitted as an alternative to the signature.

The Company should have the annual meeting handbook, annual reports, attendance pass, speech slip, voting ballots, and other meeting materials delivered to the attending shareholders; also, the electoral ballots should be distributed for the election of directors and supervisors, if applicable.

Shareholders should attend the meeting of shareholders with the presentation of the attendance pass, attendance card or other attendance documents. Proxy solicitors should have identity documents with them for examination.

When the government or juridical person is a shareholder, the shareholder attending the meeting by proxy is not limited to one representative. The juridical person that has attended the meeting of shareholder by proxy can authorize only one representative to attend the meeting.

Arcile 7 If the meeting of shareholders is convened by the Board, the Chairman of the Board is to chair the meeting. If the Chairman is on leave or is unable to exercise his powers for certain reasons, the Vice Chairman is to chair the meeting. If a Vice Chairman is not appointed or the Vice Chairman is also on leave or is unable to perform his duties for certain reasons, the Chairman is to appoint one of the general directors to chair the meeting. If a general director is not appointed, one of the directors is appointed to chair the meeting. If a representative is not appointed by the Chairman, one of the general directors or directors should be elected among the board members to chair the meeting.

The Company may assign the appointed attorney, CPA, or responsible personnel to attend the meeting of the shareholders.

Arcile 8 The Company should have the entire meeting of shareholders taped in audio or video recording and stored for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Law, it should be reserved until the end of the proceedings.

Arcile 9 Attendance of the meeting of shareholders should be calculated in accordance with the shareholdings. The shareholding attendance is based on the attendance registry or the signature cards submitted, plus the votes exercised in writing or by electronic means.

The Chairman shall call the meeting to order at the meeting time. If the shareholding of the attending shareholders is not more than half of the total number of shares issued, the Chairman may announce the meeting postponed, which is limited to two postponements and for less than one-hour in total. If the shareholding of the attending shareholders remaining do not constitute more than one third of the total number of shares issued after the two postponements, the Chairman may announce to have the meeting aborted.

If the shareholdings of the attending shareholders are not more than half of the total

number of shares issued after two postponements but more than one third of the total number of shares issued, a pseudo-resolution can be resolved in accordance with Article 175 Paragraph 1 of the Company Law; also, shareholders should be informed regarding the pseudo-resolution with another meeting of shareholders to be convened within one month.

If the shareholdings of the attending shareholders are more than one half of the total number of shares issued before the end of the meeting, the Chairman may have the pseudo-resolution presented again in the next meeting of the shareholders for resolution in accordance with Article 174 of the Company Law.

Arcile 10 If the meeting of shareholders is convened by the Board, the agenda is scheduled by the Board; also, the meeting should be conducted in accordance with the agenda scheduled and it may not be amended without the resolution reached in the meeting of shareholders.

If the meeting of shareholders is convened by an authorized person other than the Board, the provision referred to above is applicable.

The Chairman may not have the meeting adjourned at his discretion before the proposals (including motions) resolved in the two agendas referred to above. If the Chairman has the meeting adjourned in violation of the Rules of Procedure for Shareholder Meetings, the other Board members shall promptly assist the attending shareholders in accordance with the legal procedures to have one shareholder elected as the Chairman with the majority votes of the attending shareholders to continuously chair the meeting.

A Chairman who believes that the proposal under discussion is ready for voting may at his discretion stop the discussion and call for a vote.

Arcile 11 Attending shareholders before speaking on the subject must fill out the speech slip, shareholder account number, and account name (or attendance pass number) in detail, and then the Chairman is to determine the order of speakers.

Attending shareholders who have speech slips submitted but not speak shall be deemed as silent shareholders. If there is a discrepancy found between the text of the speech and the speech slip submitted, the contents of the speech shall prevail.

Each shareholder may not speak more than twice on the same motion for 5 minutes each time without the consent of the Chairman. However, the Chairman may have the speaking shareholders who violate the rules or speak beyond the scope of those issues silenced.

Attending shareholders may not interfere with the speaking shareholders without the consent of the Chairman and the speaking shareholders. The Chairman will have the violating shareholders stopped.

If the juridical person shareholder has more than two representatives assigned to attend the meeting of shareholders, only one of the two representatives may speak on the same proposal.

The Chairman may reply to the speaking shareholders personally or by the designated personnel.

Arcile 12 Resolutions of the meeting of shareholders should be based on their shareholdings.

For the resolutions in the meeting of shareholders, the shares of the shareholders without votes are not included in the calculation of outstanding shares.

Shareholders who have a conflict of interest with the proposals that are detrimental to the Company's interests shall not vote, and cannot vote by proxy on behalf of the other shareholders.

The shares without votes referred to above are not included in the calculation of the attending shareholders' votes.

Except for Trust agencies or stock agencies approved by the securities regulatory authorities, the votes of the representative delegated by two or more shareholders shall not exceed 3% of the total votes representing the total number of shares issued; also, the

votes exceeding the threshold shall not be counted.

Arcile 13 Shareholders are entitled to one vote per share; except for those subject to restrictions or the non-voting matters illustrated in Article 179 Paragraph 2 of the Company Law.

The Company's meeting of shareholders can be convened with the votes cast in writing or by electronic means. When the vote is cast in writing or by electronic means, the election method should be stated in the notice of meeting of shareholders . Shareholders who have their votes cast in writing or by electronic means are deemed as attending the meeting in person. However, with respect to motions and original proposal amendments of the meeting of shareholders, it is deemed as a waiver.

For the votes exercised in writing or by electronic means referred to above, the intention should be delivered to the Company two days prior to the meeting of shareholders. For the intention expressed in duplicate, whichever is delivered first shall prevail. The intention referred to above that was announced to be revoked is not subject to this restriction.

Shareholders after exercising their votes in writing or by electronic means wish to attend the meeting of shareholders in person shall have the intension of exercising votes in writing or by electronic means revoked the same way of exercising their votes two days prior to the meeting commencement date. For overdue revocations, the votes exercised in writing or by electronic means shall prevail. If the vote is exercised in writing or by electronic means and a representative is to attend the meeting of shareholders by proxy, the votes exercised by the representative in person shall prevail.

For the resolution of proposals, unless otherwise provided in the Company Law and the Company Corporate Charter (Articles of Incorporation), the consent of a majority vote of the attending shareholders shall prevail. The motion resolved by the Chairman's consulting the attending shareholders without dissent is deemed as passed and with the same effect as voting.

When there is an amendment or alternative for the same motion, the Chairman shall have the order of vote, including the original proposal, determined accordingly. If one of the motions has been passed, the other motions shall be deemed as rejected without the need for further resolution.

Chairman is to appoint the scrutineers and counting officers who must be shareholders.

Ballot counting should be held at the meeting place with the ballot counting result announced immediately and records kept.

Arcile 14 The election of directors and supervisors held at the meeting of shareholders should be arranged in accordance with the Company's election specifications and with the election results announced immediately at the meeting place.

Electoral ballots referred to above shall be sealed and signed by the scrutineers and reserved for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Law, it should be reserved until the end of the proceedings.

Arcile 15 The resolutions reached in the meeting of shareholders should be documented in the minutes of meeting and signed or sealed by the Chairman; also, it should be uploaded to the MOPS within 20 days after the meeting adjournment.

The minutes of meeting should be prepared in accordance with the year, month, date, place, name of the Chairman, the resolution method, meeting procedure and the results, and shall be permanently reserved throughout the duration of the Company.

Arcile 16 The Company shall have the statistical report for the number of shares solicited by the solicitor and the number of shares by proxy prepared in the specific format during the meeting of the shareholders commencement date and disclosed in the meeting.

For the resolutions reached in the meeting of shareholders that involved laws and regulations or the material information defined by the Taiwan Stock Exchange Corporation, the Company shall, within the specified time, have the information

uploaded to MOPS.

Arcile 17 The staff responsible for organizing the meeting of shareholders shall wear identification badges or armbands.

The Chairman may direct disciplinary personnel or security personnel to help keep the meeting place in order. The disciplinary personnel or security personnel that help keep the meeting place in order should wear an armband with “Marshal” affixed or an identification card.

When the meeting place is equipped with amplifying equipment, the Chairman may stop shareholders who do not use the speaking device provided by the Company from speaking.

The Chairman may instruct the disciplinary personnel or security personnel to have shareholders who violate the Rules of Procedure for Shareholder Meetings, disobey the instructions of the Chairman, intervene in the meeting proceedings and fail to comply with the disciplinary act escrowed to leave the meeting place.

Arcile 18 The Chairman may announce the meeting in recess. The Chairman may rule to have the meeting suspended temporarily under unruly circumstance and have the meeting resume depending on the situation.

If the meeting place cannot be used continuously before the proposals (including motions) resolved in the agendas scheduled, it can be resolved to be continued in the meeting of shareholders to find another venue for the meeting.

The meeting of shareholders may, in accordance with Article 182 of the Company Law, resolve to have the meeting postponed or resumed in five days.

Arcile 19 The Rules of Procedure for Shareholder Meetings is implemented after the resolution reached in the meeting of shareholders, so is the amendment and revocation.

Appendix 3

Taichung Commercial Bank

Company Corporate Charter (Articles of Incorporation)

Chapter 1 General rules

Article 1 The Bank was organized and incorporated in accordance with the Banking Law and the Company Corporate Charter (Articles of Incorporation), known as "Taichung Commercial Bank" (hereinafter referred to as "Taichung Bank")

Article 2: The Bank is dedicated to support the national policy in finance and banking, and provide viable financial service and advocate industrial and economic development.

Article 3: The Bank's head office is in Taichung City and with appropriate branches set-up domestically and internationally depending on its business operations. The incorporation, revocation, or amendment of branch offices are reported to the competent authorities for approval and are registered with the Ministry of Economic Affairs in accordance with the resolutions of the Board.

Article 4 The Bank has announcements made by publishing it in the local daily newspaper where the head office of the Bank is located or by the instructions of the competent authorities.

Chapter 2 Stock shares

Article 5 The Bank's authorized capital amounted to NT$43.2 billion with 4.32 billion common stock shares issued at NT$10 par, in which, the Board is authorized to have the unissued shares issued by installments.

Article 6 The Bank's shares are ordered with the signature or seal of at least three directors affixed for lawful issuance.

The Bank may have new shares issued by a book-entry in accordance with the Company Law.

Article 7 The Bank's dividend distribution is proposed by the Board for resolution in the meeting of stockholders, but the Bank may not propose to have the capital distributed as dividends when there are no earnings.

Article 8 The Company's stock is processed in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" published by the competent authorities and other relevant laws and regulations.

Article 9 The Bank's stock shares cannot be transferred within 60 days prior to the Annual Meeting of Shareholders, 30 days prior to the extraordinary meeting of shareholders, or 5 days prior to the record date of the bank's distributing dividends, bonus or other benefits.

Article 10 The Bank's elected directors shall report the shareholding at the time of election to the competent authorities. A director in office who has stock shares transferred for over one half of the shareholding at the time of election will be discharged automatically.

A director in office shall report to the competent authorities and announce any increase or decrease of shareholdings.

The director who is reelected prior to the tenure expired and has shares transferred before inauguration for over one half of the shareholding at the time of election, or has shares transferred during the stop-transferring period for over one half of the shareholding before the meeting of shareholders convened will be disqualified.

Chapter 3 Business operation

Article 11 The Bank's business operation is as follows:

1. H101021 Commercial banking
2. H301011 Securities firms
3. H408011 Futures introducing brokers

It is limited to the businesses authorized by the competent authorities referred to above.

Article 12: The Bank may operate other businesses authorized by the competent authorities.

Chapter 4 Meeting of shareholders

Article 13 The meeting of shareholders includes the annual meeting of shareholders and extraordinary meeting of shareholders. The annual meeting of shareholders is held once a year and it is to be convened by the Board within 6 months after the fiscal year. The extraordinary meeting of shareholders is to be convened by the Board or the Auditing Committee when it is necessary. Shareholders who have over 3% shareholding for more than 1 year may request the Board to convene an extraordinary meeting of shareholders by filing a written proposal with the matters and reasons detailed.

Article 14 Shareholders should be informed of the meeting date, place and subject 30 days in advance for the Annual Meeting of Shareholders and 15 days in advance for the extraordinary meeting of shareholders.

Article 15 Shareholders who are unable to attend the meeting of shareholders may issue the Bank's proxy with the scope of authorization detailed and signed or sealed to commission the representative attending the meeting, but a shareholder is limited to issuing one proxy and assigning one representative only. Proxy shall be served to the Bank 5 days prior to the meeting of shareholders. When the proxy is issued in duplicate, whichever is served first shall prevail. The proxy referred to above that was announced to be revoked is not subject to this restriction.

Other pending matters are to be processed in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meeting of Public Companies" published by the competent authorities.

Article 16 The resolutions reached in the meeting of shareholders and the executions are as follows:

1. Regulating and amending the Bank's Company Corporate Charter (Articles of Incorporation).
2. Resolutions reached on capital increase or decrease;
3. The election or dismissal of directors.
4. Audit the financial statements prepared by the Board and the Auditing Committee's Report. The reviewers for auditing the financial statements and reports are to be appointed at the meeting of shareholders.
5. Resolutions reached on the distribution of earnings and shareholder bonus;
6. Resolutions reached on the other important matters;

Article 17 The resolutions reached in the meeting of shareholders, unless otherwise provided in the Company Law, must be with the majority votes of the attending shareholders and the shareholdings of the attending shareholders is over one half of the total number of shares issued.

Article 18 If the shareholdings of the attending shareholders are not more than 50% but one third of the total number of shares issued, a pseudo-resolution can be reached with the

majority votes of the attending shareholders. The shareholders should be informed regarding the pseudo-resolution reached and another meeting of shareholders will be convened within one month.

The pseudo-resolution reached in the meeting of shareholders referred to above with the attendance of shareholders representing over one thirds of the shareholdings and resolved with the majority votes is deemed as a resolution reached.

Article 19 Shareholders are entitled to one vote per share, unless otherwise provided by law.

Article 20 The minutes of the meeting of shareholders shall include the meeting time and date and place, the name of the Chairman and the method of the resolutions, the essentials of procedure and results, and the signature or seal of the Chairman. It should be permanently reserved throughout the duration of the Company. The attendance registry for the signature of the attending shareholders or the proxy of the representative should be reserved for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Law, it should be reserved until the end of the proceedings.

Chapter 5 Directors and the Board of Directors

Article 21 The Bank's Board is composed of 9~15 directors elected among the competent individuals in the meeting of shareholders for a 3-year tenure and can be reelected in accordance with Article 198 of the Company Law. The total ordered stock shares of all directors shall comply with the requirements of the "Rules and Review Procedures for Directors and Supervisor Share Ownership Ratios at Public Companies."

For the directors referred to above, the number of independent directors shall not be less than two seats, and one fifth of the director seats; also, the nomination system is adopted to have independent directors elected from the list of candidates. Non-independent directors and independent directors should be elected together for the respective number of seats with the candidates receiving the higher electoral votes elected.

The professional qualifications, shareholding and part-time job restrictions, definition of independence, nomination method, proxy and other compliance matters of the independent directors shall be handled in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

Article 22 The Board shall have 3~5 general directors elected by voting with the consent of the majority attending directors and the attendance of two thirds of the directors. According to the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Pubic Companies," there must be at least one independent director among the general directors, and shall not constitute less than one fifth of the general directors. The Vice Chairman and Managing General Director will be appointed, if necessary, by a resolution of the Board.

Chairman, Vice Chairman and Managing General Director will be elected among the general directors in accordance with the methods described in the preceding paragraph. The chairman chairs the meeting of shareholders, the Board and the General Board internally, and represents the Bank externally. When the Chairman is on leave or unable to exercise his powers for certain reasons, the vice chairman is to act on the Chairman's behalf. When the vice chairman is on leave or is unable to exercise his powers for certain reasons, the chairman is to appoint one general director to act on his/her behalf. If a representative is not appointed by the chairman, one of the general directors is elected to chair the meeting.

If the credibility of the Bank or the person in charge is damaged by the spreading rumors or fraud, the chairman of the Bank should immediately file a lawsuit to the

prosecution office according to law.

When the Board meeting is in recess, the general directors shall comply with the law and regulations, the resolutions of the meeting of shareholders and the resolution of the Board to execute banking business by convention convened by the chairman at any time and resolved with the consent of the majority votes of the majority attending general shareholders.

Article 23 The Board of Directors exercises the following authorities:

1. Review and approval of bylaws;
2. The review and approval of important business and plans, and the decision on business plan;
3. Review and approval of important contracts;
4. Review and approval of budget;
5. The proposed earnings distribution;
6. The proposed capital increase or decrease;
7. The establishment, revocation or amendment of the Bank's branches;
8. The property trade and investment decisions;
9. Auditing management and execution;
10. The appointment and dismissal of the managers;
11. The other powers entrusted in accordance with the law and regulations and in the meeting of shareholders;

Article 24 The Board is to convene a meeting quarterly. An extraordinary meeting can be convened for urgent matters or upon the request of a majority of the directors, unless otherwise provided by the Company Law; it is to be convened by the Chairman.

To strengthen the management functions, the Board may set up functional committees for various types of functionalities with the terms of powers regulated by the Board separately.

Article 25 Directors shall attend the Board meeting in person. The directors who are unable to attend the meeting for reasons may appoint another director to attend the meeting by proxy each time and with the scope of authorization detailed.

The proxy referred to above is limited to one representative only.

Article 26 The resolutions of the Board, unless otherwise provided by the Company Law, must be with the attendance of the majority of the directors and the consent of the majority of the attending directors. The minutes of meeting should be signed or sealed by the Chairman.

Article 27 When the number of the director discharged is over one thirds of the elected seats, the Board shall convene a meeting of shareholders for a lawful election. The newly reelected directors are to serve the remaining tenure of the former directors.

Article 27-1 The Board of Directors is authorized to have the remuneration to the chairman, vice chairman, acting director, and independent directors determined and paid by referring to the general payment standard of the industry.

Independent Directors are not eligible for our bank's earnings distribution.

Our bank may pay for liability insurance policies that cover the liabilities for damages as defined by statutes or court ruling within the scope of the

business of Directors.

Article 28 The President and Vice President may be invited to attend the Board meetings, General Board and responsible personnel meeting for consultation.

Chapter 6 Audit Committee

Article 29 The Auditing Committee of the Bank is consisted of all the independent directors. The term of office is identical with the term of office for the independent directors and the committee shall contain at least 3 members of whom at least one shall be expertise in accounting or finance.

The performance of the duties and exercise of rights by the Auditing Committee, the meeting procedure and other rules to comply shall be based on the "Regulation Governing the Exercise of Power of the Audit Committees of Public Companies" and the "Organizational Code of the Auditing Committee" of the Bank.

Article 29-1 (Deleted)

Article 30 (Deleted)

Article 31 (Deleted)

Chapter 7 The management

Article 32 The Bank has one President appointed to manage business fully adhering to the resolutions of the Board of Directors, and with one Vice President and several Junior Vice Presidents appointed to help the President in business operations whose appointment is with the consent of a majority of the Board of Directors. In addition, several managers at all levels are appointed by the President who are proposed to the Board of Directors for appointment and dismissal with the consent of a majority of the Board of Directors.

The Bank has one Chief Auditor appointed, a position equivalent to the Vice President, with the consent of a majority of the Audit Committee and two thirds of the Board of Directors; also, the appointment, dismissal, and transfer of the Chief Auditor should be reported to the competent authorities for approval in advance.

If the said appointment of the Chief Auditor in the preceding paragraph is without the consent of a majority of the Audit Committee, the resolution of the Audit Committee should be stated in the minutes of the Board meeting.

Chapter 8 Accounting

Article 33 The Bank has the business operations settled at the end of each month and the final settlement scheduled on December 31.

Article 34 The Bank shall have the following books and statements prepared after the annual settlement for the review of the Board and the audit of the Audit Committee; also, submitted to the meeting of shareholders for admission and reported to the competent authorities and the Central Bank for filing within 15 days, respectively.

1. Business report
2. Financial statements
3. Earnings distribution or deficit compensation proposal;

Article 35 If there is a profit, the Bank shall appropriate 0.5% to 3% as remuneration to the employees. The Board shall determine if stock or cash shall be released for such purpose. In addition, the Bank may allocate no more than 1.5% of the aforementioned amount as remuneration to the Directors and Supervisors. The distribution of

remuneration to employees and directors should be reported in the shareholders' meeting. If the Bank has accumulated deficit, an equivalent amount should be reserved for making up such loss, then the remuneration to employees and directors can be appropriated in accordance with the ratio stated in the preceding paragraph thereafter.

Article 36 The Bank's annual earnings, if any, should be applied to pay tax, make up losses, and appropriate a 30% legal reserve; however, if the legal reserve is equivalent to the amount of the Bank's paid-in capital, no legal reserve will be appropriated. The remaining amount will then be applied to appropriate or reverse special reserves in accordance with the law and regulations. The remaining balance amount, if any, plus the accumulated unappropriated earnings will be distributed as dividends to shareholders and bonuses according to the proposal of the Board of Directors and the resolution reached in the shareholders' meeting.

For the earnings distribution proposed to the Board of Directors in the shareholders' meeting for resolution in the preceding paragraph, a working capital should be reserved first according to the changes in the operating environment, business operation, and investment, the ratio of cash and stock dividends should be proposed, of which, cash dividends should not be less than 10% of the total dividend amount.

If the capital adequacy ratio fails to reach the legal ratio, the earnings shall be allocated in accordance with the Banking Act and the competent authority's requirements.

Chapter 9 Appendix

Article 37 The organization code of the Bank shall be instituted separately.

Article 38 The matters that are not regulated in the Company Corporate Charter (Articles of Incorporation) should be processed in accordance with the Company Law, the Banking Act and related laws and regulations.

Article 39 The Company Corporate Charter (Articles of Incorporation) is implemented after the resolution reached in the meeting of shareholders, so is the amendment. The Company Corporate Charter (Articles of Incorporation) was established on October 22, 1977 and implemented on January 1, 1978.

The 1st amendment was implemented on March 4, 1979.

The 2nd amendment was implemented on March 9, 1980.

The 3rd amendment was implemented on March 1, 1981.

The 4th amendment was implemented on March 7, 1982.

The 5th amendment was implemented on March 5, 1983.

The 6th amendment was implemented on March 7, 1985.

The 7th amendment was implemented on March 22, 1986.

The 8th amendment was implemented on March 19, 1987.

The 9th amendment was implemented on March 23, 1988.

The 10th amendment was implemented on March 23, 1989.

The 11th amendment was implemented on October 5, 1989.

The 12th amendment was implemented on March 23, 1990.

The 13th amendment was implemented on June 28, 1991.

The 14th amendment was implemented on October 13, 1992.

The 15th amendment was implemented on June 5, 1993.
The 16th amendment was implemented on April 23, 1994.
The 17th amendment was implemented on June 10, 1995.
The 18th amendment was implemented on October 18, 1995.
The 19th amendment was implemented on March 28, 1996.
The 20th amendment was implemented on May 8, 1997.
The 21st amendment was implemented on June 20, 1998.
The 22nd amendment was implemented on October 12, 1998.
The 23rd amendment was implemented on May 18, 1999.
The 24th amendment was implemented on June 15, 2000.
The 25th amendment was implemented on May 17, 2002.
The 26th amendment was implemented on June 25, 2003.
The 27th amendment was implemented on June 9, 2006.
The 28th amendment was implemented on December 7, 2006.
The 29th amendment was implemented on June 15, 2007.
The 30th amendment was implemented on June 13, 2008.
The 31st amendment was implemented on June 19, 2009.
The 32nd amendment was implemented on June 15, 2010.
The 33rd amendment was implemented on June 22, 2011
The 34th amendment was implemented on June 13, 2013.
The 35th amendment was implemented on June 19, 2014.
The 36th amendment was implemented on June 2, 2015.
The 37th amendment was implemented on June 21, 2016.

Appendix 4

Taichung Commercial Bank Co., Ltd.

Rules for Elections of Directors and Supervisors

Article 1 The election of the directors of Taichung Commercial Bank Co., Ltd. (hereinafter referred to as the Bank) is held at the meeting of shareholders in accordance with the Rules for Directors and Supervisors Elections.

Article 2: The Bank's directors are elected with a straight cumulative voting method.

Each share is with the vote equivalent to the number of directors to be elected. The vote can be cast for one candidate or several candidates. Voters can be identified with the attendance pass number instead of name.

Article 3: The Chairman at the commencement of the election appoints the scrutineers and counting officers to handle the ballot scrutinizing and counting matters.

Article 4 The number of directors stated in the Company Corporate Charter (Articles of Incorporation) is to be elected in accordance with Article 198 of the Company Law and other relevant provisions; also, the candidates receiving the higher electoral votes are elected. If there are two or more persons receiving the same number of electoral votes causing the number of directors elected to exceed the number of directors to be elected, the candidates who received the same electoral votes is to be decided by balloting. The Chairman is to vote on behalf of the absent candidates who received the same electoral votes.

Non-independent directors and independent directors should be elected together for the respective number of seats.

Article 5 The ballots are prepared by the Bank and numbered in accordance with the attendance pass number, including the number of votes detailed.

Article 6 Voters shall fill out the name in the candidate column on the ballot with the shareholder account number or I.D. Card number detailed before casting it in the ballot box. However, when the government or juridical person shareholders are the candidates, the name of the government or juridical person shareholders should be filled in the candidate column on the ballot in accordance with Article 27 Paragraph 1 of the Company Law; also, may have the name of the government, juridical person shareholders, and the representatives filled in the candidate column on the ballot in accordance with Article 27 Paragraph 2 of the Company Law.

Article 7 Ballots are invalid in any of the following circumstances:

1. The ballots used are not in compliance with the Rules for Directors and Supervisors Elections.
2. Blank ballots are cast in the ballot box.
3. Illegible, unidentifiable or obliterated writing;
4. The name of the elected candidate filled in the ballot differs from the Register of Shareholders or I.D. Card number.
5. The ballot is filled in with the names of two candidates.
6. In addition to the name of the elected candidates and shareholder account number (or I.D. Card number) and assigned votes, the ballot contains other information.
7. Failure to comply with Article 6.

Article 8 The ballots are counted immediately at the end of voting and the Chairman is to

announce the voting results.

Article 9 The Board is to issue an elected notice to the elected directors.

Article 10 The matters that are not addressed in the Rules for the Elections of Directors and Supervisors should be handled in accordance with the Company Law, the Bank's Company Corporate Charter (Articles of Incorporation), and the relevant regulations.

Article 11 The Rules for Directors and Supervisors Elections is drafted by the Board for resolution in the meeting of shareholders before implementation, so is the amendment.

The Procedure was established in the 6th Special Meeting of Shareholders on October 20, 1968.

The Procedure was amended for the first time in the 11th Special Meeting of Shareholders on October 26, 1980.

The Procedure was amended for the second time in the 13th Special Meeting of Shareholders on October 4, 1986.

The Procedure was amended for the third time in the 14th Special Meeting of Shareholders on October 4, 1989.

The Procedure was amended for the fourth time in the 15th Special Meeting of Shareholders on October 13, 1992.

The Procedure was amended for the fifth time in the 41st Annual Meeting of Shareholders on June 5, 1993.

The Procedure was amended for the sixth time in the 17th Special Meeting of Shareholders on October 12, 1998.

The Procedure was amended for the seventh time in the Annual Meeting of Shareholders on May 17, 2002.

The Procedure was amended for the eighth time in the Annual Meeting of Shareholders on June 15, 2007.

The Procedure was amended for the ninth time in the Annual Meeting of Shareholders on June 13, 2013.

Appendix 5

Shareholdings of Directors

1. All directors minimum shareholding and the shareholdings listed in the registry of shareholders

Title	Shareholdings	Shareholdings registered in the registry of shareholders	Remarks
Director	77,715,138 Shares	241,645,963 Shares	

Note: The stop transfer date is scheduled on April 9, 2017.

2. Directors shareholding list

Title	Name	Register of shareholders Registered shareholdings	Remarks
Chairman	Representative of Hsu Tian Investment Co., Ltd.: Chun-Sheng Lee	42,752,261	
Vice Chairman	Representative of Hsu Tian Investment Co., Ltd.: Kuei-Fong Wang	42,752,261	
Managing Director	Representative of Hsu Tian Investment Co., Ltd.: Jer-Shyong Tsai	42,752,261	
Managing Director	Representative of Hsu Tian Investment Co., Ltd.: Chin-Yuan Lai	42,752,261	
Independent Managing Director	Hsi-Rong Huang	0	
Independent director	Jin-Yi Lee	0	
Independent director	Chen-Le Liu	0	
Director	Representative of Hsu Tian Investment Co., Ltd.: Hsin-Ching Chang	42,752,261	
Director	Representative of Hsu Tian Investment Co., Ltd.: Ching-Yuan Lin	42,752,261	
Director	Representative of Hsu Tian Investment Co., Ltd.: Ming-Shan Chuang	42,752,261	
Director	Representative of Hsu Tian Investment Co., Ltd.: Wei-Liang Lin	42,752,261	
Director	Representative of Pan Asia Chemical Corporation: Meng-Liang Chang	187,495,449	
Director	Representative of I Joung Investment Co., Ltd.: Ching-Hsin Chang	9,678,451	
Director	Representative of Ho Yang Management Consultant Co., Ltd.: Chien-Hui Huang	1,719,802	
Director	Representative of Ho Yang Management Consultant Co., Ltd.: Yu-Chun Chen	1,719,802	