

Stock No: 2812

 Taichung Commercial Bank Co., Ltd.

The 2020 Annual Meeting of Shareholders Annual meeting handbook

Time: 9:00 a.m. on June 30, 2020

Address: 10F, No. 87, Minquan Rd., W. District,
Taichung City

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Taichung Commercial Bank Co., Ltd.

The 2020 Annual Meeting of Shareholders Agenda

1. Report the number of shares represented by the attending shareholders and call the Meeting to Order
2. Chairperson Remarks
3. Management Presentation (Company Reports):
 - (1) The 2019 Business Reports
 - (2) Audit Committee's Review Report on the 2019 Financial Statements
 - (3) The 2019 distribution of remuneration to employees and directors
 - (4) Report on formulation of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" of the Bank
 - (5) Report on partial amendments to the Rules of Procedures for Board of Directors Meeting of the Bank
 - (6) Report on the new construction progress of the new headquarter building and the implementation status of the financial budget
4. Proposals:
 - (1) The proposal of the 2019 Business Report and financial statements
 - (2) The proposal of the 2019 Earnings Distribution Statement
5. Discussions:
 - (1) The issuance of new shares issued through capitalization of earnings in 2019.
 - (2) Amendments to some provisions of the Rules of Procedure for the Shareholders' Meeting.
 - (3) Amendments to Company Corporate Charter (Articles of Incorporation)
6. Matter of Election:

Election of 12 seats on the 24th term of the Board of Directors (including 4 independent directors)
7. Questions and Motions:
8. 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) No. 1

The 2019 Business Reports (Please refer to Page 5~10 of the Annual Meeting Handbook)

The 2019 Business Report

1. Annual Business Results for 2019

(1) Domestic and international financial environment for 2019

Looking back at 2019, the global economy was facing a variety of challenges. The multiple factors include being constrained by the stalemate in the U.S.-China trade standoff, Mainland China's economic slowdown exceeding expectations, geopolitical tensions once again, the political turmoil in Hong Kong, the UK's no-deal Brexit, etc. As a result, the global trade and investment momentum was weakened, and the economic growth momentum continued to slow down, which caused major international economic forecasting agencies to have successively revised down the global economic growth forecast, and also pointed out that the global economic growth in 2019 might have been the weakest since the financial tsunami.

Despite the turmoil in international trade disputes, our country has benefited from the order-transfer effect upon trade, the increase in investment backflow by Taiwanese businessmen, coupled with factors of the continuation of green energy investments such as semiconductors and offshore wind power, which drove the growth in domestic demand. According to the data from the Directorate General of Budget, Accounting and Statistics of the Executive Yuan, the annual economic growth rate of our country for the year 2019 was 2.71%, with GDP per capita being US\$25,909, and the annual growth rate of the consumer price index being 0.56%. The total monitoring indicator score for December 2019 was 27 points, with the light being green, indicating that the prosperity had gradually improved.

(2) Changes in the organization of the Bank

- 1) In order to improve the efficiency of foreign exchange business and reduce operational risks, the organization of the Foreign Exchange Operation Center originally under the International Banking Department was restored for centralized processing of the foreign exchange business by the International Banking Department.
- 2) In order to improve the quality of accounting operations of all the branches of the Bank and reduce the burden and risks of business unit operations, the "Operational Accounting Section" was set up under the Accounting Department for centralized process of accounting, account operations, and tax matters of business units.
- 3) In order to help promote the balanced development of urban and rural areas and implement financial inclusion, the Bank strived to add an establishment of "Yanchao Branch" in Kaohsiung city, which had been opened in April, 2019.

(3) Implementation results of operational plan and operations strategy

1) Steady growth in profits

The Bank implemented its revenue and expenditure based on its operating budgets for the year 2019. The various core businesses had developed steadily, and the overall profit performance remained stable. The net profit after tax was NTD4.320 billion; the after-tax earnings per share (EPS) was NTD1.16; and the return on equity (ROE) was 8.72%.

2) Strong capital levels

The capital adequacy ratio of the Bank was raised from 12.35% at the end of 2018 to 13.23% at the end of 2019. The tier 1 capital ratio was increased from 11.65% at the end of 2018 to 12.64% at the end of 2019. The Common Equity Tier 1 Ratio was increased from 9.54% at the end of 2018 to 10.49% at the end of 2019, with a strong capital structure.

3) Sound business structure

The NPL ratio of the Bank at the end of 2019 was 0.31% and the NPL coverage ratio was 475.54%. The overall capital level and asset quality remained stable and better than the same period of last year.

4) Comprehensive financial networks

As of the end of 2019, the Bank had had a total of 83 domestic and foreign branches and one Offshore Banking Branch, with the aim of extending services with dense business bases to provide customers with better one-stop financial services.

5) Improving finance technology

The Bank improved finance technology in order to provide customers with a high-quality user experience and more attentive services. The Bank also continued to use financial technology to optimize the integration of virtual and physical channels, making digital services more friendly, convenient and diverse. For example, providing online inquiry service for check credit information and credit card mobile billing services, opening up the online application for credit card services of the Bank by customers using other banks' credit cards, and cooperating with Moneybook so that consumers can more swiftly make queries for information such as contents, interest rates and exchange rates of products of New Taiwan dollar and foreign currencies provided by Bank through the Moneybook App.

6) Implementing Fair Dealing principle

The Bank implemented fair dealing principle, focused on the protection of financial consumers, strengthened three lines of defense for internal control, and jointly promoted the fair dealing principle from the top down; In addition, in response to the "Ten Commandments" imposed by the Financial Supervisory Commission to prevent fraud by financial advisors, the Bank imposed control and management measures to avoid customer funds being misappropriated by financial advisors, and launched various verification procedures to deter financial advisors from misconducts so as to protect the rights and interests of customers.

(4) Achievements and affirmations

The Bank has upheld the corporate brand spirit of "We Do Our Best For You". While continuously pursuing a splendid operational performance, the Bank has also paid attention to sustainable operations and expected to properly fulfill responsibilities of a corporate citizenship.

The Bank has excelled in business operations, service innovation and information security, assisted overseas Taiwanese businessmen in obtaining working capital, and was honored with the "Outstanding Achievement Award for Growth in Loan Amount to New Southbound Countries in 2018" by the Overseas Credit Guarantee Fund. It won the "Golden Security Award" for 5 consecutive years for institutions with outstanding implementation of credit information security control issued by the Joint Credit Information Center. Further, accompanied by the advancement of financial technology leading to the service innovation, the Bank was awarded the "Best Service Innovation Award in Electronic Finance Sector" by Financial Information Service Co., Ltd., as well as the "Best Digital Finance" of the 2019 Wealth Management Award by Wealth Magazine.

In terms of corporate sustainability management and proper fulfillment of social responsibilities, the Bank has actively promoted customer service, environmental protection and participation in social welfare activities, and won the "Corporate Sustainability Excellence Award" by the 2019 Sustainability Standards of British Standards Institution, the "Bronze Award" of 2019 TCSA Taiwan Corporate Sustainability Report Awards, won the "Internet Popularity Award" at the 2019 Taipei Golden Eagle Micro-Movie Festival, the "Best Film Creativity

Award", the "Best Public Welfare Promotion" of the 2019 Wealth Management Awards by Wealth Magazine, the "Best Corporate Social Responsibility Award" by Excellent Banks Evaluation in 2019, and the "Best Customer Recommendation Award". The Bank also promoted its social responsibility participation to the level of sports development. In addition to sparing no effort in the fields of baseball, triathlon, kart racing and volleyball, the Bank even established the "Taichung Bank Golden Falcon Team" this year to support archery activities. The Bank has expected to comprehensively promote the development of the sports industry through its own participation and investment. It has received recognition by winning for the first time ever the "Sports Activist Award" of Silver Award in Sponsorship Category by the Sports Administration of the Ministry of Education.

(5) Annual budget performance for 2019

The average balance of deposits of the Bank at the end of 2019 was NTD579.607 billion, with the achievement rate of budget target at 98.17%, and the average balance of loans was NTD441.102 billion, with the achievement rate of budget target at 99.13%. The annual amount for the foreign exchange business in 2019 was US\$17.172 billion, with the achievement rate of budget target at 101.06%.

(6) Financial Income and Expenditure and Profitability Analysis

Indicators	2019
Net profit before tax	NTD5.207 billion
Net profit after tax	NTD4.320 billion
After-tax earnings per share (EPS)	NTD1.16
Capital adequacy ratio (BIS)	13.23%
Return on Assets (ROA)	0.63%
Return on Equity (ROE)	8.72%

(7) Research and development status:

In response to the advent of online-only banking, the "Financial Technology Development Strategy Conference" was regularly held to propose the Bank 4.0 development strategy for digital finance on the development strategy for digital finance and the development of various projects of the Bank so to provide customers with innovative and diversified financial services.

4 Main Strategic Goals	Digital service scenarized, personalized products, intelligentization of processes, and data driven marketing
6 Major Development Orientations	Develop digital financial products, expand internal and external virtual and real channels, develop personalized scenario marketing, new-generation technical support, strengthen the digital talent pool for all branches of the Bank, and perfect and intelligentize back-end management.

2. Information on the Most Recent Credit Rating

The results of the most recent credit rating of the Bank and the date of its rating are as follows:

Rating Agency	Date of Rating	Credit Rating		
		Long Term	Short Term	Outlook
Fitch Ratings (Taiwan Company)	2019.5.24	A-(tw)	F1(tw)	Stable

3. Summary of the Annual Business Plan for 2020

(1) Management principle and important management policy

- 1) Strengthen the legal compliance system, build automated tools to assist in the execution and management of various tasks, and enhance employees' awareness and concept of understanding, obeying, and observing the law; In addition, the Bank will continue to optimize the operation process and AML system to enhance the risk assessment on anti-money laundering and combating of the financing of terrorism, customer due diligence, transaction monitoring and other operations so to perfect the anti-money laundering mechanism of the Bank.
- 2) The Bank will strive to implement the fair dealing principle when promoting business and handling various operations by the staff, and to connect the communication mechanism through internal control of 2 or 3 lines of defense. It will also review and provide recommendation on the implementation of the fair dealing principle in the operation process so as to perfect the consumer protection mechanism of the Bank.
- 3) The Bank will continue to make effective use of risk mitigation and promote low-capital consumption business, and implement a capital utilization management mechanism. In addition, in order to maintain the quality of the Bank's assets, under the consideration of both risks and benefits, the credit structure will be adjusted and its changes in risks will be monitored, control and management mechanisms such as re-review and early warning will be implemented, and non-performing loans will be speeded up for clean-up.
- 4) The Bank will strengthen the competitive advantages of small and medium-sized enterprises, coordinate in national economic development policies, devise a complete corporate financing program, and use credit guarantee mechanisms to reduce the credit risk of the Bank.
- 5) The Bank will expand the scale of foreign exchange business, strengthen the absorption of sources of foreign currency funding so as to increase the proportion of foreign currency current deposits; actively expand self-liquidating foreign currency credit business and trade financing, and assist import and export manufacturers in using derivative financial commodities for hedging so as to develop the potential revenue of Bank.
- 6) The Bank will increase the added value of home loans, strengthen the coverage rate and penetration rate of the second-rank home loan business, continue to provide diversified integrated financial products to deepen the relationship with customer groups, and strengthen the competitive advantage of consumer finance.
- 7) The Bank will master market pulse and business opportunities, build a comprehensive and differentiated product line; cultivate a professional financial management team, expand the scale of wealth management assets; differentiate operations among customer groups, and strengthen adhesion with high-asset customers.
- 8) The Bank will continue to expand interest spreads with goals of improving net interest income, optimizing financial operation performance and improving net fee income, and gradually develop into a three-pillar growth model of profit with simultaneous interest income, fee income and financial operation income.
- 9) The Bank will adhere to the concept of "close to life; care for customers"; further with the four principles of "advancing innovative technology and optimization together, integrating systems and operating processes, establishing AI intelligent operating processes and enhancing the digital functions for all the branches of the Bank" to provide precise services required by customers, so as to bring customers the best digital experience with innovative models and touching services, as well as to expand customers of all generations.
- 10) The Bank will construct a career map for employees, and cultivate a full range of financial

professionals through diversified learning channels and appropriate training courses to deepen the competitiveness of international talents.

(2) Expected Operational Goals

Item	Objective by the end of 2020
Deposits (including foreign currencies)	As of the end of December: NTD 599.5 billion
Lending (including foreign currencies)	As of the end of December: NTD 460.697 billion
Foreign Exchanges Operations	Annual amount USD16.30 billion

4. Strategy for the Future Development

Digital finance continues to change customers' transactional behavior and bank operational ecology. The Bank will adhere to the principle of "meeting challenges and progressing with stability" and take the six major aspects of "financial governance, fair dealing, risk management, operational performance, financial innovation and talent cultivation" to achieve the continuation of the development layout of various businesses, and deepen the momentum of bank operational development.

5. Impact of external competitive environment, regulatory environment and overall operating environment:

In recent years, there has been an upsurge in fintech innovation globally, especially the unprecedented changes in banks' business models, such as mobile payments, online approval of loan applications, smart customer service, wealth management robots and blockchain applications, etc. In order to expand the application of fintech, the Financial Supervisory Commission approved the establishment of three online-only banks-LINE Bank, Next Bank, and Rakuten Bank in July 2019, in the hope of driving market innovation and bringing into play the catfish effect through new business models and use of new technology. In order to build an open banking structure, a progressive voluntary self-regulation approach is adopted. In October 2019, the financial open API (application programming interface) led by Financial Information Service Co., Ltd. was officially launched. The public information of the first stage has been able to be integrated and interfaced to facilitate the public to compare loan interest rates, credit cards and related product information between different banks in one attempt.

When traditional banks face the development of digital financial trends and the service innovation of online-only banking, which will initially bring a short-term impact on the financial market, including price competition and the pressure of accelerating the development of financial technology though, it will accelerate the development of fintech to be moving towards rapid expansion in the long run, diversify the sources of profit, and bring new business models and new markets to the banking industry.

6. Vision

In 2020, the year full of opportunities and challenges, Taichung Commercial Bank will continue to strive for growth in corporate revenue and benefits, and bring the greatest benefits to our shareholders based on our business philosophy of "We Do Our Best For You" and in compliance with laws and regulations, performance management, information safety and risk management. At the same time, we are committed to make our contribution in corporate social responsibility, and give our management achievements back to the society, fulfilling the vision of "The Forefront of Taiwan's Bank, The Most Expected Bank In Society, The Most Trusted Bank

By Customers”.

Wishing all shareholders to continue enjoying your good health, success and happiness

President Te-Wei Chia Chairman Kuei-Fong Wang

Management Presentation (Company Reports) No. 2

Audit Committee's Review Report on the 2019 Financial Statements
(Please refer to Page 12 of the Annual Meeting Handbook)

Taichung Commercial Bank Co., Ltd.

Audit Committee' Review Report

The financial statements of the individual and consolidated financial statements in 2019 of the Bank have been audited by the certified public accountants of Deloitte Taiwan with the issuance of auditors' reports, which were released together with the Business Report and proposal for Earnings Distribution. The Auditing Committee has review the aforementioned reports and statements and determined that they are presented fairly. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby present the report for your reference.

To:

2020 Shareholders' annual meeting, Taichung Commercial Bank Co. Ltd.

Chairman of Audit Committee
Hsin-Chang Tsai

February 24, 2020

Management Presentation (Company Reports) No. 3

The 2019 distribution of remuneration to employees and directors

Explanation:

- I. According to the Article 35 of the Company's Articles of Incorporation, "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. 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".
- II. As audited, the Bank did not appropriate remuneration to the employees and the Directors and income tax expense in 2019. The earnings in this year amounted to NTD5,183,943,288. The Bank planned to appropriate 0.75% and 1.5% of the aforementioned amount as remuneration to the employees and the Directors, which amounted to NTD38,879,575 and NTD77,759,149, respectively. All payments were effected in cash.

Management Presentation (Company Reports) No. 4

Report on formulation of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" (Please refer to Page 15~25 of this Annual Meeting Handbook)

Ethical Corporate Management Best Practice Principles for Taichung Commercial Bank Co., Ltd.

Formulated at the 23rd meeting of the 23rd term of Board of Directors on December 18, 2019.
Amended at the 28th meeting of the 23rd term of Board of Directors on May 13, 2020.

Article 1 These Principles are adopted based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies to foster a corporate culture of ethical management and sound development.

These Principles shall apply to the Company and its subsidiaries, any foundation to which the Company's direct or indirect accumulated contribution of funds exceeds 50 percent of the total funds received, and other conglomerates and organizations such as institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as "Conglomerates and Organizations").

Article 2 When engaging in commercial activities, directors, managers, employees, and mandataries of the Company having substantial control over the Company (hereinafter referred to as "Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as "Unethical Conduct") for purposes of acquiring or maintaining benefits.

The parties to whom or which the Unethical Conduct referred to in the preceding paragraph is committed shall include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions as well as their directors, supervisors, managers, employees or Substantial Controllers or other stakeholders.

Article 3 The "benefits" mentioned in these Principles shall refer to any valuable objects, including money, gratuity, commissions, positions, services, preferential treatment or rebates in any form or in any name. However, benefits received or given occasionally in accordance with accepted social customs which is not likely to adversely affect specific rights and obligations shall be excluded.

Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, laws or regulations regarding commercial activities or anti-corruption acts in countries where overseas branches are located, as the underlying basic premise to facilitate ethical corporate management.

Article 5 The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6 When establishing the ethical management policy, the Company shall clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct (hereinafter referred to as "prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws

and regulations where its business operations are conducted.

Article 7 The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within the business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review its adequacy and effectiveness on a regular basis.

It is advisable for the Company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damaging directly or indirectly the rights or interests of consumers or other stakeholders.

Article 8 The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall clearly specify the ethical corporate management policies and the commitment made by the board of directors and senior management on rigorous and thorough implementation of such policies in the rules and external documents and on the company website, and shall carry out the policies in internal management and external commercial activities.

The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain the said information properly.

Article 9 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in Unethical Conduct, and shall avoid any dealings with parties so involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Company shall include such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in Unethical Conduct, the Company may at any time terminate or rescind the contracts.

Article 10 When conducting business, the Company and its directors, managers, employees, mandataries, and Substantial Controllers shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 When directly or indirectly offering a donation to political parties or organizations or

individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and Substantial Controllers shall comply with the Political Donations Act and the relevant rules of the Company on internal operational procedures for external donations, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 When making or offering donations and sponsorship out of charity, the Company and its directors, managers, employees, mandataries, and Substantial Controllers shall comply with relevant laws and regulations and the relevant rules of the Company on internal operational procedures for external donations, and shall not engage in bribery in a disguised form.

Article 13 The Company and its directors, managers, employees, mandataries, and Substantial Controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits so to establish business relationship or influence commercial transactions.

Article 14 The Company and its directors, managers, employees, mandataries, and Substantial Controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property; and shall not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and shall not fix prices, make rigged bids, establish restrictions on output or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and Substantial Controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. It shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing its products or services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall such a batch of products or suspend such services immediately.

Article 17 The directors, managers, employees, mandataries, and Substantial Controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent Unethical Conduct, and review the results of the preventive measures as well as continue to make improvements at all times so as to ensure thorough implementation of its ethical corporate management policies.

The Office of the Board of Directors under the Board of Directors of the Company shall be in charge of the following matters, and shall report to the Board of Directors once a year:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting relevant prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.

2. Analyzing and assessing on a regular basis the risk of involvement in Unethical Conduct within the business scope, adopting accordingly programs to prevent Unethical Conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure and allocation of responsibilities, and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 The Company and its directors, managers, employees, mandataries, and Substantial Controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 When a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at Board of Directors meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given Board of Directors meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person shall not participate in the discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and shall not exercise voting rights as proxy for another director. The directors shall practice self-discipline and shall not support one another in improper dealings.

The Company and its directors, managers, employees, mandataries, and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children or any other persons.

Article 20 The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct. It shall not have under-the-table accounts or keep secret accounts, and shall conduct reviews at any time so as to ensure that the design and enforcement of such systems continue to show results.

The Auditing Office of the Board of Directors shall, based on the results of assessment of the risk of involvement in Unethical Conduct, devise relevant audit plans, the contents of which shall include auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs. The Auditing Office may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

The results of examination in the preceding paragraph shall be approved by Chairman, reported to the Office of the Board of Directors, and put down in writing in the form of an audit report to be submitted to the Board of Directors.

Article 21 The Company shall establish operational procedures and guidelines of conduct to

specifically regulate directors, managers, employees, and Substantial Controllers on how to conduct business.

Article 22 The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and Substantial Controllers and invite the Company's commercial transaction counterparties to participate so that they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

Article 23 When the Company discovers or receives reports of Unethical Conduct involving the staff of the Bank, it shall immediately conduct an investigation to verify the relevant facts. If it is verified that there is indeed a violation of the relevant laws and regulations, or the ethical corporate management of the Company and related regulations, it shall refer to the Guidelines for Handing Reported Cases of the Company for process, immediately request the actor to cease the relevant conduct, and take appropriate measures. In addition, the Company shall, if necessary, request damages to protect the reputation as well as rights and interests of the Bank through legal procedures.

Article 24 The Company shall disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its company website, annual report, and prospectus, and shall disclose the implementation status of its ethical corporate management best practice principles. The Company shall also clearly specify its ethical corporate management policies, and the commitment to active implementation of ethical corporate management policies by the Board of Directors and senior management, and shall rigorously execute such policies in internal management and in commercial activities.

Article 25 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 26 These Principles shall be implemented after the Board of Directors grants the approval, and shall be sent to each of the independent directors and reported at a Shareholders' Meeting. The same procedure shall apply when these Principles have been amended.

When the Company submits its ethical corporate management best practice principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded clearly in the minutes of the Board of Directors meeting. An independent director who cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.

Procedures for Ethical Management and Guidelines for Conduct of

Taichung Commercial Bank Co., Ltd.

Formulated at the 23rd meeting of the 23rd term of Board of Directors on December 18, 2019.
Amended at the 28th meeting of the 23rd term of Board of Directors on May 13, 2020.

Article 1 Purpose of adoption and scope of application

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement the policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter referred to as these "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for the Company and the applicable laws and regulations of the places where the Company as well as its conglomerate and organizations operate, with a view to providing all personnel of the Company with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines shall include the subsidiaries of the Company, any foundation to which the Company's direct or indirect accumulated contribution of funds exceeds 50 percent of the total funds received, and other conglomerates and organizations such as institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as the "Conglomerate and Organizations").

Article 2 Applicable subjects

For the purposes of these Procedures and Guidelines, the term "personnel of the Company" shall refer to any director, supervisor, manager, employee, mandatary or person having substantial control, over the Company or its Conglomerate and Organizations. Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party shall be presumed to be an act by the personnel of the Company.

Article 3 Unethical conduct

For the purposes of these Procedures and Guidelines, the "unethical conduct" shall refer to any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph shall include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managers, employees, persons having substantial control, or other stakeholders.

Article 4 Types of benefits

For the purposes of these Procedures and Guidelines, the term "benefits" shall refer to any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, social engagement, or any other items of value in whatever form or name.

Article 5 Responsible unit

The Company designates the Office of the Board of Directors as the unit with specific

responsibilities (hereinafter referred to as the “Responsible Unit”) under the board of directors and in charge of monitoring and implementing these Procedures and Guidelines related matters such as amendment, implementation, interpretation, advisory services, and recording and filing of reports,. The responsible unit shall be in charge of the following matters and also submit reports to the board of directors annually:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting relevant prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in Unethical Conduct within the business scope, adopting accordingly programs to prevent Unethical Conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure and allocation of responsibilities, and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Production and proper preservation of the relevant documented information on ethical management policy and its compliance statement, implementation of commitments, and execution status and others.

Article 6 Prohibition against providing or accepting improper benefits

Except for the various circumstances set out below, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, these Procedures and Guidelines, and other guidelines prescribed by the Bank; and shall follow the relevant procedures in order to be carried out:

1. The conduct is undertaken to meet business needs and is in accordance with the local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general

public.

5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of the Company.

Article 7 Procedures for handling the acceptance of improper benefits

Except for the various circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the Responsible Unit shall be notified, if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to their immediate supervisor and notify the Responsible Unit; When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the Responsible Unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel" as mentioned in the preceding paragraph, shall refer to one of the following circumstances:

1. Where the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. Where a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

Article 8 Prohibition of and handling procedure for facilitating payments

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provide or promise a facilitating payment under threat or intimidation, they shall keep a record of the process and report the matter to their immediate supervisor stating the facts, and shall also notify the Responsible Unit.

Upon receipt of the report under the preceding paragraph, the Responsible Unit shall take immediate action and undertake a review of relevant circumstances in the said matter in order to minimize the risk of recurrence. In case of discovering the involvement in alleged illegality, the Responsible Unit shall also immediately report to the relevant judicial agency.

Article 9 Procedures for handling political contributions and charitable donations or sponsorships

The director, supervisor, manager, employee, mandatary and person having substantial control of the Company, who directly or indirectly provide donations to political parties or organizations or individuals involved in political activities, shall comply with the Political Donations Act, and shall not seek business interests or advantages in transactions by means of such donations.

The Company shall provide charitable donations or sponsorships in accordance with the

Guidelines for Processing External Donations of the Company.

Article 10 No insider trading and Non-disclosure agreement

The personnel of the Company shall adhere to the provisions of the Securities and Exchange Act, and shall not take advantage of undisclosed information of which they have learned to engage in insider trading. The personnel shall also be prohibited from divulging undisclosed information of which they have learned to any other party, in order to prevent other parties from using such undisclosed information to engage in insider trading.

Other organizations or personnel outside the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract of and by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of which they have learned of the Company, and that they shall not use such information without the prior consent of the Company.

Article 11 Compliance and Announcement of policy of ethical management to outside parties

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events such as product launches and investor conferences held for outside parties, in order to make its suppliers, customers, and other business-related institutions and personnel be fully aware of its principles and rules with respect to ethical management.

Article 12 Recusal

When a Company director, supervisor, manager or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the agenda item of the meeting, that director, supervisor, manager or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse or a blood relative within the second degree of kinship of the director, or a company which has a controlling or subordinate relation with the director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

If in the course of conducting company business, any of the personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to his or her immediate supervisor, responsible unit and human resource department of the Company, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other

than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 13 Confidentiality

Each unit of the Company shall be responsible for executing the management, preservation and confidential operations of intellectual properties such as business secrets, trademarks, patents, and works of the Company each of the units involved.

The personnel of the Company shall properly comply with the relevant regulations concerning intellectual properties and shall not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

Article 14 Prohibition against engaging in acts of unfair competition

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and shall not fix prices, make rigged bids, establish restrictions on output or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 15 Prevention of damage caused by products or services to stakeholders

This Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Company to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Article 16 Ethical management evaluation prior to development of commercial relationships

Before developing a commercial relationship with another party, the Company shall review the qualifications and legality of the transaction counterparty and check whether there is Unethical Conduct involved pursuant to the relevant internal rules of the Company, and check whether the counterparty is a debarred or suspended supplier.

Article 17 Statement of ethical management policy to counterparties in commercial dealings

The personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterparty about the ethical management policy and related rules of the Company, and shall explicitly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 18 Avoidance of commercial dealings with unethical operators

The personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparties in commercial interactions that are involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty, blacklist it from any further business interaction and debar it in order to effectively implement the ethical management policy of the Company.

Article 19 Actions upon event of unethical conduct by others towards the Company

If the personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 20 Internal dissemination, establishment of a system for rewards, penalties, complaints, and related disciplinary measures

The Responsible Unit of the Company shall arrange on a regular basis for the chairman, president, or senior management to communicate the importance of ethic to its directors, employees, and mandataries.

If the personnel of this Corporation is in serious violation of ethical policies, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

Article 21 Enforcement

These Procedures and Guidelines as well as the guidelines for conduct shall be implemented after adoption by resolution of the Board of Directors, and shall be delivered to each independent director and reported to the Shareholders' Meeting; and the same procedure shall apply to any amendments hereto.

When these Procedures and Guidelines are submitted to the Board of Directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the Board of Directors meeting. An independent director who is unable to attend a board meeting in person to express his or her objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board of Directors meeting.

Management Presentation (Company Reports) No. 5

Report on partial amendments to the Rules of Procedures for Board of Directors Meeting (Please refer to Page 27 ~ 36 of the Annual Meeting Handbook)

The comparison table of the amendments for Rules of Procedure for
Board of Directors Meetings of
Taichung Commercial Bank Co., Ltd.

Clauses after the amendment	Existing clauses	Remark
<p>Article 10</p> <p><u>Where the Board of Directors meeting of the Bank is called by the chairman, the meeting shall be chaired by the chairman. However, where the first meeting of each term of the Board of Directors is called by the director who receives votes representing the largest portion of voting rights at the Shareholders' Meeting in which the directors are elected, the meeting shall be chaired by such a director with the right to call a meeting; If there are two or more directors so entitled to call the meeting, they shall elect one person by and from among themselves to chair the meeting.</u></p> <p><u>Where the Board of Directors meeting is called by a majority of directors on their own initiative in accordance with Paragraph 4 of Article 203 or Paragraph 3, Article 203-1 of the Company Act, the directors shall elect one person by and from among themselves to chair the meeting.</u></p>	<p>Article 10</p> <p>The Board of Directors meeting of the Bank <u>shall</u> be called and chaired by the Chairman. However, where the first meeting of each term of the Board of Directors is called by the director who receives votes representing the largest portion of voting rights at the Shareholders' Meeting in which the directors are elected, the meeting shall be chaired by such a director with the right to call a meeting; the remaining matters are handled <u>in accordance with the Article 203 of the Company Act.</u></p>	<ol style="list-style-type: none"> 1. The wording in Paragraph 1 is amended as appropriate. 2. In order to cooperate in Paragraph 4, Article 203 of the Company Act amended and promulgated on August 1, 2018, which stipulates that more than half of the elected directors may convene on their own the first meeting of each term of the Board of Directors, and Paragraph 3 of Article 203-1, which stipulates that more than half of the directors may convene the Board of Directors meetings on their own, it is hereby added Paragraph 2, which stipulates that when the Board of Directors meeting is convened by more than half of the directors on their own (including the first meeting of each term of the Board of Directors being convened by more than half of the elected directors on their own), such directors shall elect one person among themselves to serve as chairperson.

<p>When the Chairman is on leave or for any reason is unable to exercise the powers of the Chairman, the vice Chairman shall act on the behalf of the Chairman; or, if there is no vice Chairman or the vice Chairman is also on leave or for any reason is unable to act, the Chairman shall designate one managing director to act on behalf of the chairperson; or, if there is no managing director, the Chairman shall designate one director to act on behalf of the Chairman; or, if the Chairman does not make such a designation, the managing directors or directors shall elect one person by and from among themselves to act on behalf of the Chairman.</p>	<p>When the Chairman is on leave or for any reason is unable to exercise the powers of the Chairman, the vice Chairman shall act on the behalf of the Chairman; or, if there is no vice Chairman or the vice Chairman is also on leave or for any reason is unable to act, the Chairman shall designate one managing director to act on behalf of the chairperson; or, if there is no managing director, the Chairman shall designate one director to act on behalf of the Chairman; or, if the Chairman does not make such a designation, the managing directors or directors shall elect one person by and from among themselves to act on behalf of the Chairman.</p>	<p>3. The current Paragraph 2 is moved to Paragraph 3.</p>
<p>Article 16 If the director him/herself or the juristic person represented by the director is an interested party with respect to any agenda item, the director shall state the important aspects of the relationship involving such interests at the respective meeting. If the relationship is likely to prejudice the interests of the Company, the director shall not participate in the discussion or voting on that agenda item, and further, shall enter recusal during the discussion and voting on that item, and shall not act as the proxy for another director to exercise voting rights on that matter.</p>	<p>Article 16 If the director him/herself or the juristic person represented by the director is an interested party with respect to any agenda item, the director shall state the important aspects of the relationship involving such interests at the respective meeting. If the relationship is likely to prejudice the interests of the Company, the director shall not participate in the discussion or voting on that agenda item, and further, shall enter recusal during the discussion and voting on that item, and shall not act as the proxy for another director to exercise voting rights on that matter.</p>	<p>1. In order to cooperate in Paragraph 3, Article 206 of the Company Act amended and promulgated on August 1, 2018, it is hereby added Paragraph 2 stipulating that where the spouse, a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director has interests in the matter under discussion in the meeting, such director shall be deemed to have personal interests in such a matter.</p>

Where the spouse or a blood relative within the second degree of kinship of the director, or a company which has a controlling or subordinate relation with the director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

The provisions of Paragraph 2, Article 180 of the Company Act shall apply mutatis mutandis to Paragraph 4, Article 206 of the same Act with respect to resolutions of the Board of Directors when the director is prohibited from exercising voting rights pursuant to the preceding two paragraphs.

The provisions of Paragraph 2, Article 180 of the Company Act shall apply mutatis mutandis to Paragraph 3, Article 206 of the same Act with respect to resolutions of the Board of Directors when the director is prohibited from exercising voting rights pursuant to the preceding paragraphs.

2. The current Paragraph 2 is moved to Paragraph 3; and in order to cooperate in the amendment to the Company Act promulgated on August 1, 2018, in which Paragraph 3 of Article 206 is moved to Paragraph 4 thereof, it is hereby amended accordingly the numbering of the paragraph cited.

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

Amendment made by the 26th meeting for the 19th Temporary Board of Directors on Mar. 24, 2008.

Amendment made by the 4th meeting for the 20th Temporary Board of Directors on Mar. 31, 2009.

Amendment made by the 7th meeting for the 21st Board of Directors on Oct. 17, 2012.

Amendment made by the 8th meeting for the 22nd Board of Directors on May 6, 2015.

Amendment made by the 16th meeting for the 22nd Board of Directors on Feb. 3, 2016.

Amendment made by the 4th meeting for the 23rd Board of Directors on Sep. 7, 2017.

Amendment made by the 24th meeting for the 23rd Board of Directors on Feb. 25, 2020.

Article 1 In order to establish a sound board governance system of the Bank, optimize the supervisory function, and strengthen the management mechanism, these Rules are enacted in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and Paragraph 8, Article 26-3 of the Securities and Exchange Act (hereinafter referred to as the SE Act) for the purpose of compliance.

Article 2 The main agenda items, operational procedures, required content of meeting minutes, public announcements, and other matters required to be complied with shall be handled in accordance with the provisions of these Rules.

Article 3 The Board of Directors of the Bank shall meet at least quarterly.

The reasons for calling a board of directors meeting shall be notified to each director at least seven (7) days in advance. However, in case of emergency or upon the request of more than half of the directors, a meeting may be called on shorter notice.

The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.

Matters set out in the various subparagraphs of Paragraph 1 of Article 7, shall be specified in the notice of the reasons for calling the Board of Directors meeting, none of which may be raised by the questions and motions except in the case of an emergency or a legitimate reason.

Article 4 The Board of Directors meeting of the Bank shall be held at the location and during the business hours of the Company, or at a place and time convenient for the directors to attend and suitable for holding such a meeting.

Article 5 The Board of Directors of the Bank appoints the Office of the Board of Directors as the administration unit for handling matters of board meetings.

The Office of the Board of Directors shall prepare agenda items for the Board of Directors meeting and provide substantial pre-meeting materials, both of which shall be sent together with the notice of the meeting.

A director who is of the opinion that the pre-meeting materials provided are insufficient may request the Office of the Board of Directors to supplement the materials. If a director is of the opinion that materials concerning any motion are insufficient in content, the deliberation of such a proposal may be postponed by the resolution of the Board of Directors.

Article 6 Agenda items for regular Board of Directors meetings of the Bank shall include at least the following matters:

1. Management Presentation (Company Reports):

- (1) Minutes of the last meeting and execution status.
 - (2) Report on important financial matters.
 - (3) Report on internal audit matters.
 - (4) Report on other important matters.
2. Management Presentation (Company Reports):
 - (1) The matters reserved for discussion from the previous meeting.
 - (2) The matters for discussion at this meeting.
 3. Questions and motions

Article 7 The Bank shall submit the following matters to the Board of Directors for discussion:

1. The business plan of the Bank.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, are not required to be audited and attested by a certified public accountant (CPA).
3. The enactment of or amendment to the internal control system pursuant to Article 14-1 of the SE Act, and the assessment of the effectiveness of the internal control system.
4. The enactment of or amendment to, pursuant to Article 36-1 of the SE Act, the handling procedures for major financial or business actions, such as acquisition or disposal of assets, engagement in derivatives trading, making of loans to others, making of endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of the financial, accounting, risk management, regulatory compliance, and internal audit supervisors.
7. The donation to a related party or a major donation to a non-related party, provided that public-interest donations of disaster relief for major natural disasters may be submitted to the following Board of Directors meeting for retroactive recognition.
8. The standard of the performance evaluation and standard of remuneration for managers, and the structure and system of the remuneration for directors.
9. Matters that shall be approved by resolution at the Shareholders' Meeting or Board of Directors meeting under Article 14-3 of the SE Act, other laws and regulations, or the Articles of Incorporation; or significant matter as may be prescribed by the competent authority.

The term "related party" in Subparagraph 7 of the preceding paragraph shall refer to the related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; The term "major donation to a non-related party" shall refer to any individual donation, or cumulative donations within a 1-year period to a single recipient, reaching the amount of NTD100 million or more, or reaching the amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph shall refer to a period of 1 year calculated retroactively from the date on which the current Board of Directors meeting is convened. Amounts already submitted to and passed by a resolution of the Board of Directors shall be exempted from inclusion in the calculation.

For foreign companies whose stocks have no par value or a par value other than NTD10, the amount calculated at 5 percent of the paid-in capital in Paragraph 2 above shall be calculated instead at 2.5 percent of the shareholder equity.

In the case that the Bank has an independent director or directors, at least one independent director shall attend the Board of Directors meeting in person. In the case of a meeting concerning matters required to be submitted for a resolution by the Board of Directors under Paragraph 1, each independent director shall attend in person; If an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded clearly in the board meeting minutes; An independent director who intends to express an objection or reservation but is unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, provide a written opinion in advance, which shall be recorded clearly in the board meeting minutes.

Any of the following matters in relation to a resolution passed at the Board of Directors meeting shall be stated in the meeting minutes and be published on an information reporting website designated by the competent authority within two (2) days from the date of the Board of Directors meeting:

1. Where an independent director expresses an opinion of objection or reservation that has been included in records or stated in writing.
2. Where any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of the entire directors.

Article 8 Apart from matters referred to in Paragraph 1 of the preceding article, which are required to be submitted to the Board of Directors for discussion, during the adjournment of the Board of Directors, the Board of Managing Directors of the Bank shall exercise the powers of the Board of Directors in accordance with laws and regulations, Articles of Incorporation, resolutions of Shareholders' meeting, and resolutions of Board of Directors meetings. The Board of Directors meeting may be convened by the Chairman at any time, and pass the resolution with the presence of more than half of the managing directors, and the approval of more than half of the managing directors present at the meeting.

Article 9 When the Board of Directors meeting is held, an attendance book shall be made ready to be signed by directors attending the meeting and thereafter made available for future reference.

Directors shall attend Board of Directors meetings in person; If the attendance in person is not possible, they may, pursuant to the Articles of Incorporation of the Company, appoint another director to attend as their proxy; The attendance via video conference shall be deemed as attendance in person.

The director appointing another director to attend the Board of Directors meeting in his or her place shall in each case provide the attending director with a written proxy stating the scope of authorization with respect to the reasons for the meeting.

The proxy under Paragraph 2 above shall accept the authorization from one person only.

Article 10 Where the Board of Directors meeting of the Bank is called by the Chairman, the meeting shall be chaired by the Chairman. However, where the first meeting of each term of the Board of Directors is called by the director who receives votes representing the largest portion of voting rights at the Shareholders' Meeting in which the directors are elected, the meeting shall be chaired by such a director with the right to call a meeting; If there are two or more directors so entitled to call the meeting, they shall elect one person by and from among themselves to

chair the meeting.

Where the Board of Directors meeting is called by a majority of directors on their own initiative in accordance with Paragraph 4 of Article 203 or Paragraph 3, Article 203-1 of the Company Act, the directors shall elect one person by and from among themselves to chair the meeting.

When the chairman is on leave or for any reason is unable to exercise the powers of the Chairman, the vice Chairman shall act on the behalf of the Chairman; or, if there is no vice Chairman or the vice Chairman is also on leave or for any reason is unable to act, the Chairman shall designate one managing director to act on behalf of the chairperson; or, if there is no managing director, the Chairman shall designate one director to act on behalf of the Chairman; or, if the Chairman does not make such a designation, the managing directors or directors shall elect one person by and from among themselves to act on behalf of the Chairman.

Article 11 When holding the Board of Directors meeting, the Bank may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants. When necessary, the Bank may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements. However, they shall leave the meeting when the discussion or voting takes place.

Article 12 When the time for the meeting has arrived and more than half of the directors are present, the chairperson shall announce the start of the meeting at once.

When the time for the meeting has arrived and one half of the directors are not present, the chairperson may announce the postponement of the meeting, provided that only two postponements may be made. If the quorum is still not met after two such postponements, the chairperson may re-call the meeting following the procedures provided in Paragraph 2 of Article 3 hereof.

The term “the entire directors” as referred to in the preceding paragraph shall be calculated with the number of the directors then actually in office.

Article 13 The Board of Directors of the Bank shall conduct meetings following the order of the agenda procedure as scheduled in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The chairperson shall not forthwith announce the adjournment without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of the Board of Directors meeting, the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chairperson shall announce suspension of the meeting, in which case Paragraph 2 of the preceding article shall apply mutatis mutandis.

Article 14 When the chairperson is of the opinion that the matter set out in the motion of the Board of Directors meeting has been sufficiently discussed to a degree of being put to a vote, the chairperson may announce closing of the discussion and bring the motion to a vote.

When a motion comes to a vote at the Board of Directors meeting, the motion shall be deemed approved if no objection is raised by the entire directors present at the meeting upon the inquiry from the chairperson; If an objection is raised upon the inquiry from the chairperson, the motion shall then be brought to a vote. One of the voting methods set out in the following subparagraphs shall be elected by the chairperson:

1. Vote by raising hands.

2. Vote by roll call.
3. Vote by casting the ballot.
4. Vote by any other means chosen by the Company itself.

“The entire directors present at the meeting” referred to in the preceding paragraph shall not include the directors who are not allowed to exercise their voting rights in accordance with Paragraph 1 of Article 16 hereof.

Article 15 Except as otherwise stated in the SE Act or in the Company Act, a resolution on a motion at the Board of Directors meeting shall require the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

When there are amendments or substitutes to the same motion, the chairperson shall determine the order of voting in combination with the original motion. However, if one of the proposals has been passed, the other proposals shall be deemed rejected and no further voting shall be required. For motions to be adopted by voting, the scrutineer and ballot counting personnel shall be designated by the chairperson, provided that the scrutineer shall have the status of directors.

The results of the voting shall be reported on the spot and kept as the record.

If matters resolved by the Board of Directors belong to the material information prescribed by laws and regulations or by the Taiwan Stock Exchange Corporation, the Bank shall transmit the content to the Market Observation Post System within the time limit.

Article 16 If the director him/herself or the juristic person represented by the director is an interested party with respect to any agenda item, the director shall state the important aspects of the relationship involving such interests at the respective meeting. If the relationship is likely to prejudice the interests of the Company, the director shall not participate in the discussion or voting on that agenda item, and further, shall enter recusal during the discussion and voting on that item, and shall not act as the proxy for another director to exercise voting rights on that matter.

Where the spouse or a blood relative within the second degree of kinship of the director, or a company which has a controlling or subordinate relation with the director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

The provisions of Paragraph 2, Article 180 of the Company Act shall apply mutatis mutandis to Paragraph 4, Article 206 of the same Act with respect to resolutions of the Board of Directors when the director is prohibited from exercising voting rights pursuant to the preceding two paragraphs.

Article 17 The discussion in the Board of Directors meeting of the Bank shall be kept in the meeting minutes, which shall record correctly the following matters in detail:

1. Term (or year) as well as the time and place of the meeting.
2. Name of the chairperson.
3. Attendance status of directors at the meeting, specifying the names and number of the directors present, on leave, and absent.
4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of minutes taker.

6. Matters being reported.

7. Management Presentation (Company Reports):

The method of resolutions and the result of each motion; a summary of the comments made by directors, experts, and other persons; the name of the director who is an interested party as referred to in Paragraph 1 of the preceding article, an explanation on the important aspects of the relationship involving such interests, the reasons why the director is required or not required to enter recusal, and the status of such recusal; opinions expressing objections or reservations at the meeting that are included in records or stated in writing; and the opinion issued in writing by the independent director under Paragraph 5 of Article 7 hereof.

8. Questions and motions :

The name of the motion proposer; the method of resolutions and the result for each motion; a summary of the comments made by directors, experts, and other persons; the name of the director who is an interested party as referred to in Paragraph 1 of the preceding article, an explanation on the important aspects of the relationship involving such interests, the reasons why the director is required or not required to enter recusal, and the status of such recusal; and opinions expressing objections or reservations at the meeting that are included in records or stated in writing.

9. Other matters required to be recorded.

Any matter in relation to a resolution passed at the board of directors meeting, where an independent director expresses an objection or reservation that has been included in records or stated in writing, shall be stated in the meeting minutes and be published on an information reporting website designated by the competent authority.

The attendance book shall form a part of the minutes for each Board of Directors meeting and shall be well preserved during the existence of the Bank.

The minutes of the Board of Directors meeting shall bear the signature or seal of both the meeting chairperson and the minutes taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be well preserved as important company files during the existence of the Bank.

The production and distribution of the meeting minutes referred to in Paragraph 1 may be conducted in electronic form.

Article 18 The Bank shall record on audio or video tape the entire proceedings of the Board of Directors meeting, and preserve such recordings for at least five (5) years. Such preservation may be conducted in electronic form.

If a litigation arises in connection with a resolution of the Board of Directors meeting before the expiration of the preservation period referred to in the preceding paragraph, the relevant audio or video recordings kept as materials of proof shall continue to be preserved until the litigation is concluded.

Where the Board of Directors meeting is held via video conference, the audio-visual materials from the video conference shall form a part of the meeting minutes, which shall be well preserved during the existence of the Bank.

Article 19 The provisions of Article 2, Paragraph 2 of Article 3, Article 4 to Article 6, Article 9 and Article 11 to Article 18 shall apply mutatis mutandis to the procedure for the Board of Managing Directors of the Bank. However, if the Board of Managing Directors meeting is

convened on a regular basis within seven (7) days, the notice to each managing director may be made two (2) days in advance.

Article 20 The enactment of and amendments to these Rules of Procedure shall be approved by the Board of Directors of the Bank and submitted to the Shareholders' Meeting for report.

Management Presentation (Company Reports) No. 6

Report on the new construction progress of the new headquarter building and the implementation status of the financial budget

Explanation:

1. Construction progress of the new headquarter building:
 - (1) The Joint Contract for Construction Contracting was signed on March 29, 2019 with DACIN Construction Co., Ltd. and EARTH POWER Construction Co. Ltd.
 - (2) The commencement date of construction was registered on April 27, 2019, and the performance period shall start from the following day (April 28, 2019) of the commencement date of construction approved by the Bank for a period of 1,590 days, within which period the construction shall be completed.
 - (3) The members of the "Working Group" organized under the executive team of the new headquarter building started to reside in the site on June 3, 2019.
 - (4) The construction may only begin by the judgment of being "qualified" under (first stage) Category D hazardous workplace inspection pursuant to the letter No.: Lao-Chi-Chung-4-Tzu-1080406422 issued by the Occupational Safety and Health Administration of the Ministry of Labor on June 21, 2019.
 - (5) From April 27, 2019 to February 29, 2020, the actual implementation of the project was fully completed with 135 retaining piles (including 10 pump pits), and the first top-down steel beam construction was carried out on February 21, 2020 (a total of 31, expected to be completed on June 10, 2020), with the overall work scheduled being 2.7228% and the work performed being 2.7469%, and the current progress variation is + 0.0241%.
2. The implementation status of the financial budget of the new construction of the new headquarter building:
 - (1) To date (February 29, 2020), the design stage among the contracted works of planning, design, construction supervision, and technical services was completed and the payment was made in the amount of NTD216,324,250 (with the budget of NTD480 million). The progress of the new construction was 1.6464%, and the payment was made in the amount of NTD1,299,738,240 (including 10% advance payment) (with the budget of NTD11.368 billion).
 - (2) The impact of this major capital expenditure on the Bank 's financial business was included in the above-mentioned related expenditures as of December 31, 2019. The return on assets (ROA) and return on equity (ROE) of the Bank are 0.64% and 8.72% respectively in 2019, with earnings per share being NTD1.16, which makes no significant difference from the return on assets (ROA) being 0.60% in 2018, the return on equity (ROE) being 8.79% and the earnings per share being NTD1.12 after

retrospective adjustments in 2018. Therefore, the significant capital expenditure has no material impact on the financial business of the Bank as of the year 2019.

Proposals

Proposals No. 1

Proposal: The 2019 Business Report and Financial Statements are presented for proposal.

Explanation: The Board of Directors of the Bank has passed the Business Report, Financial Statements of individual and consolidated financial statements of the Bank covering 2019 (refer to Page 5 ~10 and Page 84 ~ 107 of this Annual Meeting Handbook).

Resolutions:

Proposals No. 2

Proposal: The 2019 Earnings Distribution Statement Proposal is presented for adoption.

Explanation:

1. The corporate net profit after tax of the Bank in 2019 amounted to NTD4,319,883,089.86. With the addition of gain or loss on disposal of equity instruments measured at fair value through OCI is NTD70,078,360, and the defined benefit plan reassessed value of negative NTD 117,888,705 in 2019, the Bank shall appropriate 30% or NTD1,281,621,824 as legal reserve under law, then set aside undistributed earnings at the beginning amounting to NTD30,133,166.19. The earnings that could be appropriated for distribution amounted to NTD3,020,584,087.05 and will be distributed as follows:
 - (I) Shareholder dividends – stock dividends (NTD0.52 per share):
 NTD1,928,594,150
 - (II) Shareholder dividends – cash dividend (NTD0.28 per share):
 NTD1,038,473,771
2. Taichung Commercial Bank 2019 Earnings Distribution Statement.
(Please refer to Page 42 of this Annual Meeting Handbook)

Resolutions:

Taichung Commercial Bank Co., Ltd.
Earnings Distribution Statement
2019

		Unit: NTD
Undistributed earnings - beginning	\$	30,133,166.19
Effect of retrospective application and retrospective restatement		0.00
Adjusted undistributed earnings - beginning		30,133,166.19
Current net profit after tax	4,319,883,089.86	
Disposal of equity instrument investments measured at fair value through OCI, cumulative gains and losses transferred directly to retained earnings	70,078,360.00	
Defined benefit plan remeasurement recognized to retained earnings	(117,888,705.00)	
The net profit after tax for the current period plus the items other than the net profit after tax for the current period are included in the amount of undistributed earnings for the current year		4,272,072,744.86
Legal reserve appropriated		(1,281,621,824.00)
Special reserve as required by law		0.00
Current distributable earnings		3,020,584,087.05
Distributions		
Shareholder dividends – stock (NTD0.52 per share)	1,928,594,150	
Shareholder dividends – cash (NTD0.28 per share)	1,038,473,771	2,967,067,921.00
Undistributed earnings - ending	\$	53,516,166.05

Discussions

Discussions No. 1

Proposal: Proposing to have new shares issued through capitalization of earnings in 2019, please proceed to discuss.

Explanation:

1. The Company for business needs plans to appropriate stock dividends of NTD1,928,594,150 from the 2019 distributable earnings with 192,859,415 shares issued at the ratio of 52 shares distributed per thousand shares at NTD10 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 Annual meeting of shareholders and the approval of the competent authority. Once approved, the Annual 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 Annual 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:

Discussions No. 2

Proposal: The matter of amendments to some provisions of the Rules of Procedure for the Shareholders' Meeting is submitted for discussion.

Explanations:

1. The provisions are amended based on the "Sample Template for XXX Co. Ltd. Rules of Procedure for Shareholders' Meeting" issued by the Taiwan Stock Exchange Corporation with the letter No.: Tai-Cheng-Chih-Li-Tzu-10800242211 on January 2, 2020.
2. The key points of the amendments are as follows:
 - (1) According to the letter No.: Ching-Shang-Tzu-10702417500 issued by the Ministry of Economic Affairs on August 6, 2018, which stipulates that where the agenda for calling the shareholders' meeting has stated clearly the general re-election of directors and supervisors, and the date of appointment, which date shall not be altered by means of questions and motions or otherwise at the same meeting after the re-election at the shareholders' meeting is completed. It is therefore added Paragraph 5 of Article 3.
 - (2) The Bank has adopted electronic voting. In order to implement the spirit of case-by-case voting and to include electronic methods among various channels for exercising the voting right in accordance with the regulations of the competent authority, the wordings of Paragraph 1 of Article 10 and Paragraph 2 of Article 13 are amended accordingly.
 - (3) In order to implement the spirit of case-by-case voting, Paragraph 2 of Article 15 is amended accordingly based on the recommendation of the Asian Corporate Governance Association.
 - (4) The remaining amendments to wordings and adjustments of the numbering of the paragraphs are to cooperate in the amendments to the Company Act.

3. The comparison table of the amendments and the amended provisions are attached hereto. (Please refer to page 48 ~ 57 of this handbook.)

Resolution:

The comparison table of the amendments and the amended provisions
for Rules of Procedure for Shareholder Meetings

Clauses after the amendment	Existing clauses	Remark
<p>Article 3 (Paragraphs 1-3 omitted) Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting, and the essential contents shall be explained. None of the above matters may be raised by a question and motion. <u>If the main content shall be posted by the Company on the website designated by the competent authority of securities or by the Company in accordance with laws and regulations, such a website shall be stated clearly in the notice.</u></p>	<p>Article 3 (Paragraphs 1-3 omitted) Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting, and the essential contents shall be explained. None of the above matters may be raised by a question and motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</p>	<p>1. The amendment to and adjustment of the relevant wording.</p>

Where the agenda for calling the Shareholders' Meeting has stated clearly the general re-election of directors, and the date of appointment, which date shall not be altered by means of questions and motions or otherwise at the same meeting after the re-election at the Shareholders' Meeting is completed.

Shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, where the motion proposed by the shareholder is for the purpose of urging the Company to promote public interest or the recommendation of fulfilling its social responsibilities, the Board of Directors may still include such a motion into the agenda. Unless any of the circumstances under Article 172-1, paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders.

Shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation ~~a written proposal~~ for discussion at a regular shareholders meeting. Such proposals, ~~however,~~ are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Unless any of the circumstances under Article 172-1, paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders.

2. According to the letter No.: Ching-Shang-Tzu-10702417500 issued by the Ministry of Economic Affairs on August 6, 2018, which stipulates that where the agenda for calling the shareholders' meeting has stated clearly the general re-election of directors and supervisors, and the date of appointment, which date shall not be altered by means of questions and motions or otherwise at the same meeting after the re-election at the shareholders' meeting is completed. It is therefore added Paragraph 5 of Article 3.

3. The numbering of the paragraph is amended to Paragraph 6, and the relevant wording is amended to cooperate in the new amendment to Paragraph 1 of Article 172-1 and addition of Paragraph 5 of the Company Act.

<p>Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal <u>in writing or by way of electronic transmission</u>, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.</p>	<p>Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.</p>	<p>4. The numbering of the paragraph is amended to Paragraph 7, and it is amended accordingly to cooperate in the amendment to Paragraph 2 of Article 172-1 of the Company Act.</p>
<p>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.</p>	<p>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.</p>	<p>5. The numbering of the paragraph is amended to Paragraph 8.</p>
<p>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.</p>	<p>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.</p>	<p>6. The numbering of the paragraph is amended to Paragraph 9.</p>

<p>Article 10 If the meeting of shareholders is convened by the Board, the agenda is scheduled by the Board; <u>and the relevant motions (including questions and motions and amendments to the original motions) shall all be voted by means of case-by-case.</u> 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. (Paragraphs 2-4 omitted)</p>	<p>Article 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. (Paragraphs 2-4 omitted)</p>	<p>The Company has adopted electronic voting. In order to implement the spirit of case-by-case voting, the wording of Paragraph 1 is amended accordingly.</p>
<p>Article 13 (Paragraph 1 omitted) When the Company convenes a shareholders' meeting, it <u>shall</u> adopt <u>electronic means</u> for the exercise of the voting rights, which <u>may also be exercised in writing</u>; 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 questions and motions and original proposal amendments of the meeting of shareholders, it is deemed as a waiver. (Paragraphs 3-8 omitted)</p>	<p>Article 13 (Paragraph 1 omitted) The Company's meeting of shareholders can be convened with the votes cast in <u>writing</u> or by <u>electronic means</u>. 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. (Paragraphs 3-8 omitted)</p>	<p>The Company has included electronic means among the various channels for exercising voting rights in accordance with the regulations of the competent authority, it is hereby amended Paragraph 2 hereof.</p>

<p>Article 15 (Paragraph 1 omitted) The minutes of meeting should be prepared in accordance with the year, month, date, place, name of the chairperson, the resolution method, and a summary of the deliberations and the results of the voting (including the statistical weight) to be stated therein. <u>Where the election of directors is proceeded, the ballot weight received by each candidate shall be disclosed, which shall be permanently reserved throughout the duration of the Company.</u></p>	<p>Article 15 (Paragraph 1 omitted) The minutes of meeting should be prepared in accordance with the year, month, date, place, name of the chairperson, the resolution method, and a summary of the deliberations and <u>its</u> results to be stated therein, which shall be permanently reserved throughout the duration of the Company.</p>	<p>In order to implement the spirit of voting on a case-by-case basis, Paragraph 2 is accordingly amended based on the recommendations of the Asian Corporate Governance Association.</p>
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Rules of Procedure for Shareholder Meetings (Draft)

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

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

Resolved in the Annual Meeting of Shareholders on June 28, 2019

Resolved in the Annual Meeting of Shareholders on --, 2020

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

Article 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).

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

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 election and dismissal compiled into electronic files and uploaded to the MOPS 30 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 21 days prior to the Annual Meeting of Shareholders or 15 days prior to the extraordinary meeting of shareholders. The Annual Meeting Handbooks and the supplementary information are made available to shareholders 15 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.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting, and the essential contents shall be explained. None of the above matters may be raised by a question and motion. If the main content shall be posted by the Company on the website designated by the competent authority of securities or by the Company in accordance with laws and regulations, such a website shall be stated clearly in the notice.

Where the agenda for calling the Shareholders’ Meeting has stated clearly the general re-election of directors, and the date of appointment, which date shall not be altered by means of questions and motions or otherwise at the same meeting after the re-election at the Shareholders’ Meeting is completed.

Shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation for discussion at a regular shareholders meeting. Such proposals are limited to

one item only, and no proposal containing more than one item will be included in the meeting agenda. However, where the motion proposed by the shareholder is for the purpose of urging the Company to promote public interest or the recommendation of fulfilling its social responsibilities, the Board of Directors may still include such a motion into the agenda. Unless any of the circumstances under Article 172-1, paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the list of proposals to be discussed at a regular meeting of shareholders.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (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.

Article 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.

Article 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.

Article 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, 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.

Article 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 managing directors to chair the meeting. If a managing 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 managing 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.

Article 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 Act, it should be reserved until the end of the proceedings.

Article 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 chairperson 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 chairperson 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 chairperson 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 Paragraph 1, Article 175 of the Company Act; 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 Act.

Article 10 If the meeting of shareholders is convened by the Board, the agenda is scheduled by the Board; and the relevant motions (including questions and motions and amendments to the original motions) shall all be voted by means of case-by-case. 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 chairperson may not have the meeting adjourned at his discretion before the proposals (including questions and 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 chairperson who believes that the proposal under discussion is ready for voting may at his discretion stop the discussion and call for a vote.

Article 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 chairperson 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 chairperson. 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 chairperson and the speaking shareholders. The chairperson 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 chairperson may reply to the speaking shareholders personally or by the designated personnel.

Article 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.

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

When the Company convenes a shareholders' Meeting, it shall adopt electronic means for the exercise of the voting rights, which may also be exercised in writing; 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 questions and 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 Act 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 chairperson'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 chairperson 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.

Chairperson 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.

Article 14 The election of directors 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 Act, it should be reserved until the end of the proceedings.

Article 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 chairperson, the resolution method, and a summary of the deliberations and the results of the voting (including the statistical weight) to be stated therein. Where the election of directors is proceeded, the ballot weight received by each candidate shall be disclosed, which shall be permanently reserved throughout the duration of the Company.

Article 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.

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

The chairperson 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 chairperson may stop shareholders who do not use the speaking device provided by the Company from speaking.

The chairperson 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.

Article 18 The chairperson may announce the meeting in recess. The chairperson 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 questions and 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 Act, resolve to have the meeting postponed or resumed in five days.

Article 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.

Discussions No. 3

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

Explanation:

1. The revised content in this matter is briefly described as follows:

- (1) In order to meet the needs of capital for the business development in the future and due to the expansion of operation scale, it is to increase the total authorized capital of the Bank. Therefore, it is hereby to revise the content of Article 5.
- (2) The rights and obligations of the preferred shares are revised, and therefore it is hereby to amend the contents of Subparagraph 1, Subparagraph 6, and Subparagraph 9 of Paragraph 1 of Article 5-1.
- (3) In order to cooperate in the abolition of the bearer stock system of the Company Act, there is no more need to distinguish between registered shares and bearer shares; In addition, according to the revised provision in Paragraph 1, Article 162 of the Company Act, the procedure for "issuing" shares shall be signed or sealed by three or more directors is revised to that the procedure for "printing" shares shall be signed or sealed by the director representing the company. Considering that the Company has no more printed physical stocks, the revised Article 162 of the Company Act is not applicable. Therefore, it is hereby to delete Paragraph 1 of Article 6.
- (4) The Bank established a securities subsidiary in 2013 and no longer operates the businesses of securities brokerage and futures exchange supporting services. Therefore, it is hereby to revise Article 11 on the business items.
- (5) Revisions of Article 21:
 - 1) For the purpose of flexibility in the practical operation, it is to adjust the rules for the seats of the Board of Directors.
 - 2) According to the provisions of the Securities and Exchange Act, the Bank has established an audit committee. Further according to the Regulations Governing the Exercise of

Powers by Audit Committees of Public Companies, “The audit committee shall be composed of the entire number of independent directors, and it shall not be fewer than three persons in number”. Therefore, it is hereby to revise the number of independent directors.

(6) Revisions of Article 22:

- 1) For the purpose of flexibility in the practical operation, it is adjusted that the Board of Directors may set up the Board of Managing Directors.
- 2) It is to add the method of selecting the chairman and vice chairman when there is no establishment of managing directors.
- 3) In order to cooperate in the preceding two additions, it is to revise the priority order of proxies when the chairman is on leave or is unable to exercise his or her power for some reason.

(7) In order to cooperate in the development of the Bank's business strategy, the upper limit of the appropriation ratio for directors' remunerations was revised to 2.5% after referring to the standard of the same trade. Therefore, it is hereby to revise the content of Article 35.

(8) It is to clearly define the scope of the distributable surplus, and to respond to the modification made by the competent authority in the abbreviation of the ratio of regulatory capital to risk-weighted assets. Therefore, it is hereby to revise the content of Article 36.

2. The comparison table of the amendments and Draft of Amendment is shown in the table below. (Please refer to Page 60~77 of this Annual Meeting Handbook)

Resolutions:

The Comparison table of the amendments for “Taichung Commercial Bank’s Corporate Charter” (Articles of Incorporation) (Draft)

	Clauses after the amendment	Original clause	Remark
Article 5	The Bank's authorized capital amounted to NTD61.5 billion with 6.15 billion shares issued at NTD10 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.	The Bank's authorized capital amounted to NTD43.2 billion with 4.32 billion shares issued at NTD10 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.	In order to meet the needs of capital for the business development in the future and due to the expansion of operation scale, it is to increase the total authorized capital of the Bank. Therefore, it is hereby to revise the content of the provision.
Article 5-1	<p>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 or make reversal for the legal reserve and special reserve as required by law. The remainder shall be distributed as the stock dividend to preferred shares of the year at the first priority.</p> <p>6. Holders of preferred shares issued by the Bank have the priority to distribution of residual assets over the holders of common stocks up to the amount of cash in the offering and its preferential order to receive indemnification is the same as that of shareholders of various preferred shares issued by the Bank. In case the competent authority ordered for a takeover of the Bank, discontinuation of operation for clearing, and liquidation, the priority of the holders of preferred shares is the same as the holders of common stocks.</p>	<p>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 or make reversal for the legal reserve and special reserve as required by law. The remainder is distributed as the stock dividend to preferred shares of the year at the first priority.</p> <p>6. Holders of preferred shares issued by the Bank have the priority to distribution of residual assets over the holders of common stocks up to the amount of cash in the offering. In case the competent authority ordered for a takeover of the Bank, discontinuation of operation for clearing, and liquidation, the priority of the holders of preferred shares is the same as the holders of common stocks.</p>	<p>The rights and obligations of the preferred shares are revised, and the wording and description are revised accordingly. Therefore, it is hereby to amend the contents of Subparagraph 1, Subparagraph 6, and Subparagraph 9 of Paragraph 1 hereof.</p>

	<p>9. There is no maturity date for preferred shares issued by the Bank and the holders of preferred shares are not entitled to claim for the redemption of the shares. The Bank may redeem the outstanding preferred shares in whole or in part from the day after the 5th anniversary of the offering of preferred shares under law or at the permission of the competent authority. Redemption will be made at the offering price. The preferred shares not being redeemed still be granted the rights and obligations as mentioned in preceding paragraphs. Where the Bank may determine to pay stock dividend in particular year, the payable dividend to the <u>deadline</u> of redemption shall be calculated on the exact number of outstanding days.</p>	<p>9. There is no maturity date for preferred shares issued by the Bank and the holders of preferred shares are not entitled to claim for the redemption of the shares. The Bank may redeem the outstanding preferred shares in whole or in part from the day after the 5th anniversary of the offering of preferred shares under law or at the permission of the competent authority. Redemption will be made at the offering price. The preferred shares not being redeemed still be granted the rights and obligations as mentioned in preceding paragraphs. Where the Bank may determine to pay stock dividend in particular year, the payable dividend to the <u>deadline</u> of redemption shall be calculated on the exact number of outstanding days.</p>	
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Article 6	The Bank may have new shares issued by a book-entry in accordance with the Company Act.	<p>The Bank's shares are ordered with the signature or seal of at least three directors affixed for lawful issuance.</p> <p>The Bank may have new shares issued by a book-entry in accordance with the Company Act.</p>	<p>It is to delete Paragraph 1, which is explained as follows:</p> <ol style="list-style-type: none"> 1. According to the provisions such as Article 166 of the Company Act, the abolition of the bearer stock system makes it no longer necessary to distinguish between registered stocks and bearer stocks. 2. According to the revised provision in Paragraph 1, Article 162 of the Company Act, that the procedure for "issuing" shares shall be signed or sealed by three or more directors is revised to that the procedure for "printing" shares shall be signed or sealed by the director representing the company. Considering that the Company has no more printed physical stocks, the revised Article 162 of the Company Act is not applicable.
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<p>Article 11</p>	<p>The Bank's business operation is H101021 Commerce banking. It is limited to the businesses authorized by the competent authorities referred to above.</p>	<p>The Bank's business operation is as follows:</p> <ol style="list-style-type: none"> 1. H101021 Commerce banking 2. H301011 Securities brokerage 3. H408011 Futures exchange supporting services <p>It is limited to the businesses authorized by the competent authorities referred to above.</p>	<p>The Bank established a securities subsidiary in 2013 and no longer operates the businesses of securities brokerage and futures exchange supporting services. Therefore, it is hereby to delete the business items set out in Subparagraph 2 and Subparagraph 3 of Paragraph 1 hereof.</p>
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<p>Article 21</p>	<p>The Bank’s Board is composed of 7~15 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 Act. The total stock shares of all directors shall comply with the requirements of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.”</p> <p>For the directors (including independent directors) of this Bank, the nomination system is adopted to have directors elected from the list of candidates.</p> <p>For the directors, the number of independent directors shall not be less than three seats, and one fifth of the director seats; also, 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.</p> <p>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”.</p>	<p>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 Act. The total ordered stock shares of all directors shall comply with the requirements of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.”</p> <p>For the directors (including independent directors) of this Bank, the nomination system is adopted to have directors elected from the list of candidates.</p> <p>For the directors, the number of independent directors shall not be less than two seats, and one fifth of the director seats; also, 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.</p> <p>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”.</p>	<ol style="list-style-type: none"> 1. For the purpose of flexibility in the practical operation, it is to adjust the number of seats of the Board of Directors from 9 to 15 persons to 7 to 15 persons. Therefore, it is hereby to revise the content of the provision. 2. According to the provisions of the Securities and Exchange Act, the Bank has established an audit committee. Further according to the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, “The audit committee shall be composed of the entire number of independent directors, and it shall not be fewer than three persons in number”. Therefore, it is hereby to revise that the number of independent directors shall not be fewer than three persons.
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<p>Article 22</p>	<p>The Board shall have 3~5 managing 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 managing directors, and shall not constitute less than one fifth of the managing directors. The vice chairman and managing director will be appointed, if necessary, by a resolution of the Board.</p> <p>Chairman, vice chairman and managing director will be elected among the managing directors in accordance with the methods described in the preceding paragraph.</p> <p><u>Where there is no establishment of managing directors, the chairman shall be elected by and from among the directors, with two-thirds or more of the directors present and the consent of more than half of the directors present at the meeting, and if necessary, one person may be elected as the vice chairman by and from among themselves.</u></p>	<p>The Board have 3~5 managing 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 managing directors, and shall not constitute less than one fifth of the managing directors. The vice chairman and managing director will be appointed, if necessary, by a resolution of the Board.</p> <p>Chairman, vice chairman and managing director will be elected among the managing 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/her powers for certain reasons, the chairman is to appoint one managing director to act on his/her behalf. If a representative is not appointed by the chairman, one of the managing directors is elected to chair the meeting.</p>	<ol style="list-style-type: none"> 1. For the purpose of flexibility in the practical operation, it is adjusted that the Board of Directors may set up the Board of Managing Directors. Therefore, it is hereby to revise the content of the provision. 2. It is to add the method of selecting the chairman and vice chairman when there is no establishment of managing directors. 3. In order to cooperate in the preceding two additions, it is to revise the priority order of proxies when the chairman is on leave or is unable to exercise his or her power for some reasons. Therefore, it is hereby to revise the content of the provision.
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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. If **there is no establishment of vice chairman** or the vice chairman is on leave or cannot exercise his or her powers due to some reason, the president shall appoint one managing director to act on his or her behalf; **if there is no establishment of managing directors, the chairman shall appoint one director to act on his or her behalf**; if the chairman does not appoint a proxy, the managing directors **or directors** shall elect one person by and from among themselves to act on the behalf of the chairman.

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 managing 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 managing directors.

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 managing 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 managing directors.

Article 35	<p>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 <u>2.5%</u> of the aforementioned amount as remuneration to the Directors. 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.</p>	<p>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 <u>1.5%</u> of the aforementioned amount as remuneration to the Directors. 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.</p>	<p>In order to cooperate in the development of the Bank's business strategy, the upper limit of the appropriation ratio for directors' remunerations was revised to 2.5% after referring to the standard of the same trade, so to increase the flexibility thereof.</p>
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<p>Article 36</p>	<p>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 or made reversal for special reserve, followed by the distribution of dividends of preferred shares. <u>For the balance</u>, pool up with accumulated undistributed earnings and the amount of reversal of special reserve as required by law. <u>If there are still earnings</u>, for the distribution of dividends and bonuses to the shareholders at the proposal of the Board and ratification of the General Meeting.</p> <p>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.</p> <p>If the regulatory capital requirements fail to reach the legal ratio, the earnings shall be allocated in accordance with the Banking Act of The Republic of China and the competent authority's requirements.</p>	<p>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 or made reversal for special reserve, followed by the distribution of dividends of preferred shares. <u>If there is still a balance</u>, 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.</p> <p>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.</p> <p>If the capital adequacy ratio fails to reach the legal ratio, the earnings shall be allocated in accordance with the Banking Act of The Republic of China and the competent authority's requirements.</p>	<ol style="list-style-type: none"> 1. It is to clearly define the scope of the distributable earnings. Therefore, it is hereby to revise the content of the provision. 2. According to the letter No.: Chin-Kuan-Yin-Fa- Tzu-1080274434 issued by the Financial Supervisory Commission on December 23, 2019, which revises the "Regulations Governing the Capital Adequacy and Capital Category of Banks" that the abbreviation of the ratio of regulatory capital to risk-weighted assets is modified as Regulatory Capital Requirements. Therefore, it is hereby to revise the wording and description hereof.
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Taichung Commercial Bank Co., Ltd.

Company Corporate Charter (Articles of Incorporation) (Draft)

Chapter 1 General rules

- Article 1 The Bank was organized and incorporated in accordance with The Banking Act of The Republic of China and the Company Corporate Charter (Articles of Incorporation), known as “Taichung Commercial Bank Co., Ltd.” (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 Shares

- Article 5 The Bank’s authorized capital amounted to NTD61.5 billion with 6.15 billion shares issued at NTD10 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 5-1 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 or make reversal for the legal reserve and special reserve as required by law. The remainder shall be distributed as the stock dividend to preferred shares 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 annual 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 discretionary in payment of stock dividend for preferred shares. If the Bank has no earnings in particular year and there is no payment of stock dividend for common stocks, or the earnings are insufficient for dividend payment, or the payment of dividend of preferred shares makes the capital adequacy ratio of the Bank fall below the minimum requirements under law or the competent authority, the Bank may resolve not to pay dividend for preferred shares. Holders of preferred shares shall not have any objection of 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. Further to the entitlement of dividend stated in Subparagraph 3, if the preferred shares offered are non-participating, the holders of preferred shares are not entitled to cash dividend or stock dividend for common stocks through for cash payment or capitalization of retained earnings and capital reserve.
6. Holders of preferred shares issued by the Bank have the priority to distribution of residual assets over the holders of common stocks up to the amount of cash in the offering **and its preferential order to receive indemnification is the same as that of shareholders of various preferred shares issued by the Bank.** In case the competent authority ordered for a takeover of the Bank, discontinuation of operation for clearing, and liquidation, the priority of the holders of preferred shares is the same as the holders of common stocks.
7. Holders of preferred shares are not entitled to vote and taking part in the election but could be elected as Directors, and are entitled to vote only in the Shareholders' Meeting of preferred shares and session of the Shareholders' Meeting related to the rights and obligations of the holders of preferred shares.
8. No conversion of the convertible preferred shares issued by the Bank within 1 year from the day of offering. The timing for conversion shall be determined by the Board as an integral part of the condition of offering under authorization. Holders of convertible preferred shares may apply for conversion of preferred shares in their holding to common stocks in whole or in part as stated in the conditions of offering at the ratio of 1 preferred share to 1 common stock (conversion ratio is 1:1). After the conversion of preferred shares to common stocks, the rights and obligations shall be the same as common stocks. The payment of dividend in the year of conversion of preferred shares shall be based on the exact number of outstanding days of the shares in proportion to the number of days in the year in the calculation. However, preferred shares converted to common stocks prior to the ex-right (dividend) day are not entitled to the payment of dividend for preferred shares in the year of payment and payment in subsequent years, but are entitled to the payment of dividend of common stocks from earnings and capital reserve.
9. There is no maturity date for preferred shares issued by the Bank and the holders of preferred shares are not entitled to claim for the redemption of the shares. The Bank may redeem the outstanding preferred shares in whole or in part from the day after the 5th anniversary of the offering of preferred shares under law or at the permission of the competent authority. Redemption will be made at the offering price. The preferred shares not being redeemed still be granted the rights and obligations as mentioned in preceding paragraphs. Where the Bank may determine to pay stock dividend in particular year, the payable dividend to the deadline of redemption shall be calculated on the exact number of outstanding days.
10. If the preferred shares issued by the Bank have a maturity date, it shall be no less than 5 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 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 6 The Bank may have new shares issued by a book-entry in accordance with the Company Act.
- Article 7 The Bank's dividend distribution is proposed by the Board for resolution in the meeting of shareholders, 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 for over one half of the shareholding during the stop-transferring period before the meeting of shareholders convened will be disqualified.

Chapter 3 Business operation

- Article 11 The Bank's business operation is H101021 Commerce banking.
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.

Where necessary, the meeting of the holders of preferred shares may be convened under the applicable legal rules.

- 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 Act, 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 third 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 chairperson and the method of the resolutions, the essentials of procedure and results, and the signature or seal of the chairperson. 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 Act, 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 7~15 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 Act. The total stock shares of all directors shall comply with the requirements of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.”

For the directors (including independent directors) of this Bank, the nomination system is

adopted to have directors elected from the list of candidates.

For the directors, the number of independent directors shall not be less than three seats, and one fifth of the director seats; also, 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 managing 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 Public Companies,” there must be at least one independent director among the managing directors, and shall not constitute less than one fifth of the managing directors. The vice chairman and managing director will be appointed, if necessary, by a resolution of the Board.

Chairman, vice chairman and managing director will be elected among the managing directors in accordance with the methods described in the preceding paragraph.

Where there is no establishment of managing directors, the chairman shall be elected by and from among the directors, with two-thirds or more of the directors present and the consent of more than half of the directors present at the meeting, and if necessary, one person may be elected as the vice chairman by and from among themselves.

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. If there is no establishment of vice chairman or the vice chairman is on leave or cannot exercise his or her powers due to some reason, the president shall appoint one managing director to act on his or her behalf; if there is no establishment of managing directors, the chairman shall appoint one director to act on his or her behalf; if the chairman does not appoint a proxy, the managing directors or directors shall elect one person by and from among themselves to act on the behalf of the chairman.

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 managing 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 managing directors.

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 Act; 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 Act, 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 third 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, managing 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, managing director 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 three 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 "Regulations Governing the Exercise of Powers by 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 Manager

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 Deputy Executive Vice President 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 2.5% of the aforementioned amount as remuneration to the Directors. 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 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 or made reversal for special reserve, followed by the distribution of dividends of preferred shares. For the balance, pool up with accumulated undistributed earnings and the amount of reversal of special reserve as required by law. If there are still earnings, 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 regulatory capital requirements fail to reach the legal ratio, the earnings shall be allocated in accordance with the Banking Act of The Republic of China 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 Act, the Banking Act of The Republic of China 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.
The 38th amendment was implemented on June 7, 2017.
The 39th amendment was implemented on June 5, 2018.
The 40th amendment was implemented on June 28, 2019.

Matter of Election

Matter of Election No. 1

Proposal: Election of 12 seats of directors (Including 4 seats of independent directors) on the 24th term of the Board of Directors

Explanation:

1. According to Article 21 and Article 29 of the Articles of Incorporation of the Bank and the resolution passed by the 25th meeting of the 23rd term of the Board of Directors on March 19, 2020, the number of board seats of the 24th term shall be 12 (including 4 seats of independent directors). The candidate nomination system shall be adopted by the Shareholders' Meeting from among the candidate list of directors. The term of office shall be three (3) years, from June 30, 2020 to June 29, 2023.
2. The List of Candidates for Directors, please refer to Page 80~81 of the Annual meeting handbook.
3. This matter was passed by a resolution of the 28th meeting of the 23rd term of Board of Directors on May 13, 2020.

Result of Election:

List of Candidates for Directors of 24th-term of Taichung Commercial Bank Co., Ltd.

Position	Name of Candidate	Name of Government and Juridical Person for	Education	Experience	Current Position	Shareholdings (Unit: share)
Director	Kuei-Fong Wang	None	MBA of NYU	VP, Corporate Financing Dept., BNP Paribas Hong Kong; Chairman, China Man-Made Fiber Corporation; Chairman, Pan Asia Chemical Corporation; Chairman, Taichung Bank Insurance Brokers Co., Ltd.; Vice Chairman, Taichung Commercial Bank Co., Ltd.	Chairman, Taichung Commercial Bank Co., Ltd.; Director, Chou Chin Industrial Co., Ltd.; Director, Ta Fa Investment Co., Ltd.; Director, China Man-Made Fiber Corporation; Supervisor, Hsu Tian Investment Co., Ltd.; Director, Pan Asia Chemical Corporation; Director, Tai Yi Investment Co., Ltd.; Director, Pan Asia Investment Co., Ltd.	414,553
Director	Shih-Yi Chiang	Hsu Tian Investment Co., Ltd.	MBA, University of Illinois at Urbana Champaign, USA	Executive Vice President, M&A Division, The Croesus Group (Private Equity Fund based in Singapore); Executive Vice President, Office of Representative, RAFFIA CAPITAL, INC. (Private Equity Fund based in Shinsei Bank, Limited, Japan)	Chairman, Taichung Bank Securities Investment Trust Co., Ltd.; Independent Director, Far Glory Life Insurance Corporation Ltd.	102,166,604
Director	Ming-Hsiung Huang	Hsu Tian Investment Co., Ltd.	Department of International Trade, Tamkang University	Chairman, Reliance Securities Investment Trust Co., Ltd.; Executive Vice President, Cosmos Bank Co., Ltd.	Managing Director, Taichung Commercial Bank Co., Ltd.; Director, Chou Chin Industrial Co., Ltd.; Vice Chairman, Taichung Bank Securities Investment Trust Co., Ltd.; Director, China Man-Made Fiber Corporation; Director, Jeou Chang Mold Co., Ltd.; Director, Greenworld Food Co., Ltd.	102,166,604
Director	Wei-Liang Lin	Hsu Tian Investment Co., Ltd.	Dept. of Accounting and Statistics, Tamkang University	President, Chang Hwa Bank Co., Ltd.	Managing Director, Taichung Commercial Bank Co., Ltd.; Chairman, Taichung Bank Leasing Corporation Limited, Independent Director, Chun Yuan Steel Industry Co., Ltd.	102,166,604
Director	Te-Wei Chia	Hsu Tian Investment Co., Ltd.	Dept. of Statistics, National Cheng Kung University	Senior Executive Vice President, Taichung Commercial Bank Co., Ltd.	Director and President of Taichung Commercial Bank Co., Ltd.	102,166,604
Director	Hsin-Ching Chang	Hsu Tian Investment Co., Ltd.	Master in Land Administration, National Chung Hsing University	Chief Auditor, Land Bank of Taiwan	Director, Taichung Commercial Bank Co., Ltd.; Supervisor, Taichung Bank Leasing Corporation Limited	102,166,604
Director	Shiow-Huey Yeh	Hsu Tian Investment Co., Ltd.	Doctor of Business Administration, Renmin University of China, Beijing; Master Program, Dept. of Accounting, National Chengchi University	Independent Director of Shin-Shin Department Store, President of Concords Securities Corp., Director of Mega Holdings Company	Director, Taichung Commercial Bank Co., Ltd.; Chairman of Taichung Commercial Bank Securities Co., Ltd.; Director of Eturn Co. Ltd.; Supervisor of Young Fast Optoelectronics Co., Ltd.	102,166,604
Director	Li-Tzu Lai	Hsu Tian Investment Co., Ltd.	Doctor of College of Finance, Feng Chia University	President, Taichung Bank Insurance Brokers Co., Ltd.; Branch Deputy Manager, Taichung Commercial Bank Co., Ltd	Chairman, Taichung Bank Insurance Brokers Co., Ltd.; Part-time Assistant Professor, Feng Chia University; Director, Cultural and Educational Foundation of Taichung Bank	102,166,604
Independent Director	Li-Woon Lim	None	Stanford University, Master of Business Administration Stanford University, Bachelor of Arts (with Distinction) in Economics	1. UBS AG—Managing Director 2. BANK OF AMERICA Merrill Lynch—Board of Directors, Merrill Lynch (Asia Pacific) Limited 3. BANK OF AMERICA Merrill Lynch—Managing Director, Head of Credit Products, Asia	Independent Managing Director, Taichung Commercial Bank Co., Ltd.	0

Position	Name of Candidate	Name of Government and Juridical Person for	Education	Experience	Current Position	Shareholdings (Unit: share)
			Stanford University, Master of Science in Electrical Engineering			
Independent Director	Hsin-Chang Tsai	None	Department of Finance and Banking, National Taiwan University; EMBA, National Taiwan University	Chief Financial Officer, South Asia, HTC; Chief Financial Officer (Executive Vice President of Management Dept.) Reorganized Company, Chou Chin Industrial Co., Ltd.	Independent Director, Taichung Commercial Bank Co., Ltd.; Director, NTT Ltd.	0
Independent Director	Chien-An Shih	None	MBA, Saginaw Valley State University, USA	President, Medium Business Bank of Taiwan; President, Chang Hwa Bank Co., Ltd.	Executive Director, PLN Food Co., Ltd.	0
Independent Director	Pi-Ta Chen	None	EMBA, National Central University; Dept. of Cooperative Economics, Tamkang University	Executive Vice President, Cosmos Bank Co., Ltd.	None	0

Questions and Motions

Appendix

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taichung Commercial Bank Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following were the descriptions of the key audit matter in the audit of the financial statements of the Bank for the year ended December 31, 2019:

Expected Credit Losses of Notes Discounted and Loans, Net

As described in Notes 13 and 29 to the financial statements, notes discounted and loans amounted to \$434,469,364 thousand, which accounted for 64% of total assets at December 31, 2019 and the expected credit losses of notes discounted and loans amounted to \$509,127 thousand, which accounted for 5% of total net revenue for the year ended December 31, 2019. Due to the large amount, such accounts have a significant effect on the financial statements of the Bank. As discussed in Note 5 to the financial statements,

the measurement of expected credit losses of notes discounted and loans involved various financial factors, such as probability of default and loss given default, which required compliance with relevant laws and regulations. Therefore, the expected credit loss of notes discounted and loans was identified as a key audit matter.

The relevant accounting policies, estimate, assumptions and other information are referred to in Notes 4, 5, 13 and 29 to the financial statements.

The main audit procedures performed for the expected credit losses of notes discounted and loans were as follows:

- We understood and tested the internal controls for the expected credit losses of notes discounted and loans of the Bank.
- We selected samples from schedule of expected credit losses of notes discounted and loans assessed by the Bank, and evaluated the value of collateral and feasibility of the expected credit losses.
- We understood and tested the key parameters (such as probability of default and loss given default) for the expected credit losses of notes discounted and loans assessed by the Bank to evaluate the reasonableness of expected credit losses in accordance with the current experience and economic situation in the Republic of China.
- We checked the Bank's compliance with relevant regulations issued by authorities on assessment of the expected credit losses.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wen-Yea Shyu and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2020

Notice to Readers

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

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

TAICHUNG COMMERCIAL BANK CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 10,256,669	1	\$ 14,971,054	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	33,876,974	5	31,768,897	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	24,017,638	4	26,136,939	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	30,947,973	5	28,197,495	4
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	108,124,373	16	100,462,761	15
SECURITIES PURCHASED UNDER RESELL AGREEMENTS	10,256,716	1	9,094,151	1
RECEIVABLES, NET	4,063,748	1	5,028,141	1
NOTES DISCOUNTED AND LOANS, NET	434,469,364	64	451,728,578	66
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	5,490,801	1	5,224,701	1
OTHER FINANCIAL ASSETS, NET	2,246	-	1,111	-
PROPERTIES AND EQUIPMENT, NET	10,619,585	2	9,368,329	1
RIGHT-OF-USE ASSETS, NET	680,152	-	-	-
INVESTMENT PROPERTIES, NET	18,103	-	22,660	-
INTANGIBLE ASSETS, NET	117,987	-	125,025	-
DEFERRED TAX ASSETS	739,372	-	732,826	-
OTHER ASSETS	<u>1,341,294</u>	<u>-</u>	<u>1,295,939</u>	<u>-</u>
TOTAL	<u>\$ 675,022,995</u>	<u>100</u>	<u>\$ 684,158,607</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 6,527,060	1	\$ 3,378,752	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	225,402	-	162,127	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	10,369,025	1	9,904,467	1
PAYABLES	4,902,015	1	11,342,864	2
CURRENT TAX LIABILITIES	276,191	-	296,788	-
DEPOSITS AND REMITTANCES	584,866,484	87	589,242,889	86
BANK DEBENTURES	14,000,000	2	20,000,000	3
OTHER FINANCIAL LIABILITIES	-	-	2,127	-
PROVISIONS	1,383,470	-	1,421,814	-
LEASE LIABILITIES	692,171	-	-	-
DEFERRED TAX LIABILITIES	111,021	-	111,021	-
OTHER LIABILITIES	<u>360,950</u>	<u>-</u>	<u>472,105</u>	<u>-</u>
Total liabilities	<u>623,713,789</u>	<u>92</u>	<u>636,334,954</u>	<u>93</u>
EQUITY				
Ordinary shares	37,088,349	6	35,255,084	5
Capital surplus	726,981	-	726,981	-
Retained earnings				
Legal reserve	8,188,237	1	6,985,726	1
Special reserve	150,243	-	110,159	-
Unappropriated earnings	4,302,204	1	4,093,133	1
Other equity	<u>853,192</u>	<u>-</u>	<u>652,570</u>	<u>-</u>
Total equity	<u>51,309,206</u>	<u>8</u>	<u>47,823,653</u>	<u>7</u>
TOTAL	<u>\$ 675,022,995</u>	<u>100</u>	<u>\$ 684,158,607</u>	<u>100</u>

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

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUE	\$ 12,827,343	115	\$ 12,453,151	117	3
INTEREST EXPENSE	<u>(4,925,783)</u>	<u>(44)</u>	<u>(4,462,015)</u>	<u>(42)</u>	10
NET INTEREST	7,901,560	71	7,991,136	75	(1)
NET INCOME AND LOSS OTHER THAN INTEREST					
Service fee income, net	1,925,674	18	1,792,954	17	7
Gains on financial assets and liabilities at fair value through profit or loss	412,975	4	146,351	1	182
Realized gains on financial assets at fair value through other comprehensive income	36,341	-	54,017	1	(33)
Foreign exchange gains, net	248,903	2	254,894	2	(2)
Reversal of (impairment losses) on assets	6,451	-	(17,488)	-	137
Share of profit of subsidiaries and associates for using the equity method	563,897	5	435,743	4	29
Net gain (loss) on disposal of property	998	-	(2,689)	-	137
Other non-interest gains, net	<u>14,525</u>	<u>-</u>	<u>20,105</u>	<u>-</u>	(28)
TOTAL NET REVENUE	<u>11,111,324</u>	<u>100</u>	<u>10,675,023</u>	<u>100</u>	4
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES	<u>(477,441)</u>	<u>(4)</u>	<u>(410,947)</u>	<u>(4)</u>	16

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expenses	\$ (3,406,053)	(31)	\$ (3,343,879)	(31)	2
Depreciation and amortization expenses	(363,440)	(3)	(235,924)	(2)	54
Other selling and administrative expenses	<u>(1,797,086)</u>	<u>(16)</u>	<u>(2,046,101)</u>	<u>(19)</u>	(12)
Total operating expenses	<u>(5,566,579)</u>	<u>(50)</u>	<u>(5,625,904)</u>	<u>(52)</u>	(1)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS					
	5,067,304	46	4,638,172	44	9
INCOME TAX EXPENSE	<u>(747,421)</u>	<u>(7)</u>	<u>(629,803)</u>	<u>(6)</u>	19
NET PROFIT FOR THE YEAR	<u>4,319,883</u>	<u>39</u>	<u>4,008,369</u>	<u>38</u>	8
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(147,657)	(1)	(69,552)	(1)	112
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	243,824	2	50,761	1	380
Share of the other comprehensive income of associates accounted for using the equity method	55,863	-	36,287	-	54
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>11,805</u>	<u>-</u>	<u>29,425</u>	<u>-</u>	(60)
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>163,835</u>	<u>1</u>	<u>46,921</u>	<u>-</u>	249

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on the translation of financial statements of foreign operations	\$ (28,707)	-	\$ 13,818	-	(308)
Share of the other comprehensive loss of associates accounted for using the equity method	(29,282)	-	(13,638)	-	115
Unrealized gains (losses) on investments in debt instruments designated as at fair value through other comprehensive income	50,117	-	(13,948)	-	459
Income tax relating to items that may be reclassified subsequently to profit (loss)	<u>(3,151)</u>	<u>-</u>	<u>-</u>	<u>-</u>	-
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(11,023)</u>	<u>-</u>	<u>(13,768)</u>	<u>-</u>	(20)
Other comprehensive income for the year, net of income tax	<u>152,812</u>	<u>1</u>	<u>33,153</u>	<u>-</u>	361
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,472,695</u>	<u>40</u>	<u>\$ 4,041,522</u>	<u>38</u>	11
EARNINGS PER SHARE					
Basic	<u>\$1.16</u>		<u>\$1.12</u>		
Diluted	<u>\$1.16</u>		<u>\$1.12</u>		

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

(Concluded)

TAICHUNG COMMERCIAL BANK CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2018	\$ 32,931,789	\$ 684,156	\$ 5,896,530	\$ 73,833	\$ 3,630,655	\$ (38,507)	\$ -	\$ 223,484	\$ 43,401,940
Effect of retrospective application and retrospective restatement	-	-	-	-	(80,676)	-	623,457	(223,484)	319,297
BALANCE AT JANUARY 1, 2018 AS RETROSPECTIVE	32,931,789	684,156	5,896,530	73,833	3,549,979	(38,507)	623,457	-	43,721,237
Appropriation of 2017 earnings									
Legal reserve	-	-	1,089,196	-	(1,089,196)	-	-	-	-
Special reserve	-	-	-	36,326	(36,326)	-	-	-	-
Cash dividends	-	-	-	-	(1,481,931)	-	-	-	(1,481,931)
Share dividends	823,295	-	-	-	(823,295)	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	4,008,369	-	-	-	4,008,369
Other comprehensive (loss) income for the year ended December 31, 2018, net of income tax	-	-	-	-	(29,117)	180	62,090	-	33,153
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	3,979,252	180	62,090	-	4,041,522
Issuance of ordinary shares for cash	1,500,000	30,000	-	-	-	-	-	-	1,530,000
Compensation costs of employee share options	-	12,825	-	-	-	-	-	-	12,825
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(5,350)	-	5,350	-	-
BALANCE AT DECEMBER 31, 2018	35,255,084	726,981	6,985,726	110,159	4,093,133	(38,327)	690,897	-	47,823,653
Appropriation of 2018 earnings									
Legal reserve	-	-	1,202,511	-	(1,202,511)	-	-	-	-
Special reserve	-	-	-	40,084	(40,084)	-	-	-	-
Cash dividends	-	-	-	-	(987,142)	-	-	-	(987,142)
Share dividends	1,833,265	-	-	-	(1,833,265)	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	4,319,883	-	-	-	4,319,883
Other comprehensive (loss) income for the year ended December 31, 2019, net of income tax	-	-	-	-	(117,889)	(57,989)	328,690	-	152,812
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	4,201,994	(57,989)	328,690	-	4,472,695
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	70,079	-	(70,079)	-	-
BALANCE AT DECEMBER 31, 2019	\$ 37,088,349	\$ 726,981	\$ 8,188,237	\$ 150,243	\$ 4,302,204	\$ (96,316)	\$ 949,508	\$ -	\$ 51,309,206

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

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,067,304	\$ 4,638,172
Adjustments for:		
Depreciation expenses	316,406	189,733
Amortization expenses	47,034	46,191
Bad-debt expenses and provision for losses on commitments and guarantees	477,441	410,947
Gains on financial assets and liabilities at fair value through profit or loss	(412,975)	(146,351)
(Gains) losses on disposal of properties and equipment	(998)	2,689
Interest expense	4,925,783	4,462,015
Interest revenue	(12,827,343)	(12,453,151)
Dividend income	(28,735)	(27,230)
Provision for losses on others	(12,000)	(2,437)
Compensation costs of employee share options	-	12,825
Share of profit of subsidiaries and associates	(563,897)	(435,743)
Gains on disposal of investments in debt instruments at fair value through other comprehensive income	(7,606)	(26,787)
(Reversal of) impairment losses on financial assets	(6,451)	17,488
Unrealized loss (gain) on foreign currency exchange	535,108	(356,756)
Gain on lease suspension	(1,131)	-
Total adjustment	<u>(7,559,364)</u>	<u>(8,306,567)</u>
Net changes in operating assets and liabilities		
Due from the central bank and call loans to other banks	132,740	(746,918)
Financial assets at fair value through profit or loss	3,107,856	5,834,931
Receivables	824,495	1,491,373
Notes discounted and loans	16,766,237	(22,586,332)
Other financial assets	837	38,085
Other assets	(23,626)	(24,203)
Due to the central Bank and other banks	3,148,308	(6,140,120)
Financial liabilities at fair value through profit or loss	(512,305)	(4,770)
Securities sold under repurchase agreements	464,558	5,596,657
Payables	(6,359,193)	(954,873)
Deposits and remittances	(4,376,405)	21,987,298
Other financial liabilities	(2,127)	(41,307)
Provision for employee benefits	(158,109)	(45,369)
Other liabilities	<u>(111,155)</u>	<u>136,994</u>
Changes in operating assets and liabilities	<u>12,902,111</u>	<u>4,541,446</u>
Cash generated from operations	10,410,051	873,051
Interest received	13,183,372	12,515,028
Dividend received	352,738	28,096
Interest paid	(5,007,439)	(4,360,020)
Income tax paid	<u>(765,910)</u>	<u>(623,696)</u>
Net cash generated from operating activities	<u>18,172,812</u>	<u>8,432,459</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (7,184,780)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,644,563	4,297,417
Purchase of financial assets at amortized cost	(753,231,971)	(761,952,805)
Proceeds from sale of financial assets at amortized cost	-	45,650
Proceeds from repayments sale of financial assets at amortized cost	744,915,247	746,586,250
Payments for properties and equipment	(1,436,689)	(265,369)
Proceeds from disposal of properties and equipment	1,691	967
(Increase) decrease in refundable deposits	(21,829)	87,287
Payments for intangible assets	<u>(40,066)</u>	<u>(55,611)</u>
Net cash used in investing activities	<u>(12,353,834)</u>	<u>(11,256,214)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of bank debentures	-	2,500,000
Repayment of bank debentures	(6,000,000)	-
Repayment of the principal portion of lease liabilities	(114,132)	-
Cash dividends distributed	(987,142)	(1,481,931)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>1,530,000</u>
Net cash (used in) generated from financing activities	<u>(7,101,274)</u>	<u>2,548,069</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(28,707)</u>	<u>13,818</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,311,003)	(261,868)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>38,549,470</u>	<u>38,811,338</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 37,238,467</u>	<u>\$ 38,549,470</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
RECONCILIATIONS OF THE AMOUNTS IN THE STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE BALANCE SHEETS AT DECEMBER 31, 2019 AND 2018		
Cash and cash equivalents in the balance sheets	\$ 10,256,669	\$ 14,971,054
Due from the central bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	16,725,082	14,484,265
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>10,256,716</u>	<u>9,094,151</u>
Cash and cash equivalents at the end of the year	<u>\$ 37,238,467</u>	<u>\$ 38,549,470</u>

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

(Concluded)



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taichung Commercial Bank Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taichung Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following were the descriptions of the key audit matters in the audit of the consolidated financial statements of the Group for the year ended December 31, 2019:

Expected Credit Losses of Notes Discounted and Loans, Net

As described in Notes 13 and 32 to the consolidated financial statements, notes discounted and loans amounted to \$435,398,334 thousand which accounted for 64% of total assets at December 31, 2019 and the expected credit losses of the notes discounted and loans amounted to \$509,127 thousand which accounted for 4% of total net revenue for the year ended December 31, 2019. Due to the large amount, such accounts have a significant effect on the consolidated financial statements of the Group. As discussed in Note 5 to the consolidated financial statements, the measurement of expected credit losses of notes discounted and loans involved various financial factors, such as probability of default and loss given default, which required compliance with relevant laws and regulations. Therefore, the expected credit loss of notes discounted and loans was identified as a key audit matter.

The relevant accounting policies, estimates, assumptions and other information are referred to in Notes 4, 5, 13 and 32 to the consolidated financial statements.

The main audit procedures performed for the expected credit losses of notes discounted and loans were as follows:

- We understood and tested the internal controls for the expected credit losses of notes discounted and loans of the Group.
- We selected samples from schedule of expected credit losses of notes discounted and loans assessed by the Group, and evaluated the value of collateral and feasibility of the expected credit losses.
- We understood and tested the key parameters (such as probability of default and loss given default) for the expected credit losses of notes discounted and loans assessed by the Group to evaluate the reasonableness of expected credit losses in accordance with the current experience and economic situation in the Republic of China.
- We checked the Group's compliance with relevant regulations issued by authorities on assessment of the expected credit losses.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wen-Yea Shyu and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2020

Notice to Readers

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

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

ASSETS	2019		2018	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 11,359,548	2	\$ 15,874,631	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	33,876,974	5	31,768,897	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	24,375,536	4	26,336,500	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	31,599,331	5	28,933,152	4
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	108,124,373	16	100,462,761	15
SECURITIES PURCHASED UNDER RESELL AGREEMENTS	10,256,716	1	9,294,168	1
RECEIVABLES, NET	12,819,623	2	12,780,910	2
CURRENT TAX ASSETS	3,279	-	35	-
NOTES DISCOUNTED AND LOANS, NET	435,398,334	64	452,594,552	66
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	156,788	-	153,423	-
RESTRICTED ASSETS, NET	419,393	-	447,036	-
OTHER FINANCIAL ASSETS, NET	2,246	-	1,111	-
PROPERTIES AND EQUIPMENT, NET	10,683,621	1	9,446,769	1
RIGHT-OF-USE ASSETS, NET	880,406	-	-	-
INVESTMENT PROPERTIES, NET	18,103	-	108,950	-
INTANGIBLE ASSETS, NET	153,125	-	163,172	-
DEFERRED TAX ASSETS	807,040	-	781,879	-
OTHER ASSETS	<u>1,754,486</u>	<u>-</u>	<u>1,684,157</u>	<u>-</u>
TOTAL	<u>\$ 682,688,922</u>	<u>100</u>	<u>\$ 690,832,103</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 6,527,060	1	\$ 3,378,752	1
FUNDS BORROWED FROM CENTRAL BANK AND OTHER BANKS	6,092,040	1	5,495,519	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	233,803	-	165,360	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	10,369,025	2	9,904,467	1
PAYABLES	5,988,117	1	12,254,764	2
CURRENT TAX LIABILITIES	385,113	-	380,869	-
DEPOSITS AND REMITTANCES	583,321,957	85	587,967,658	85
BANK DEBENTURES	14,000,000	2	20,000,000	3
OTHER FINANCIAL LIABILITIES	1,174,083	-	1,000,807	-
PROVISIONS	1,383,470	-	1,421,814	-
LEASE LIABILITIES	895,285	-	-	-
DEFERRED TAX LIABILITIES	111,021	-	111,021	-
OTHER LIABILITIES	<u>898,742</u>	<u>-</u>	<u>927,419</u>	<u>-</u>
Total liabilities	<u>631,379,716</u>	<u>92</u>	<u>643,008,450</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Ordinary shares	37,088,349	6	35,255,084	5
Capital surplus	726,981	-	726,981	-
Retained earnings				
Legal reserve	8,188,237	1	6,985,726	1
Special reserve	150,243	-	110,159	-
Unappropriated earnings	4,302,204	1	4,093,133	1
Other equity	<u>853,192</u>	<u>-</u>	<u>652,570</u>	<u>-</u>
Total equity attributable to owners of the Bank	<u>51,309,206</u>	<u>8</u>	<u>47,823,653</u>	<u>7</u>
Total equity	<u>51,309,206</u>	<u>8</u>	<u>47,823,653</u>	<u>7</u>
TOTAL	<u>\$ 682,688,922</u>	<u>100</u>	<u>\$ 690,832,103</u>	<u>100</u>

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUE	\$ 13,433,777	111	\$ 13,060,733	112	3
INTEREST EXPENSE	<u>(5,083,247)</u>	<u>(42)</u>	<u>(4,626,523)</u>	<u>(40)</u>	10
NET INTEREST	8,350,530	69	8,434,210	72	(1)
NET INCOME AND LOSS OTHER THAN INTEREST					
Service fee income, net	2,913,315	24	2,846,174	24	2
Gains on financial assets and liabilities at fair value through profit or loss	463,584	4	117,134	1	296
Realized gains on financial assets at fair value through other comprehensive income	51,834	-	77,048	1	(33)
Foreign exchange gains, net	238,528	2	232,895	2	2
Reversal of (impairment losses) on assets	6,451	-	(17,488)	-	137
Share of loss of associates for using the equity method	(3,002)	-	(6,716)	-	(55)
Net loss on disposal of property	(325)	-	(2,437)	-	(87)
Other non-interest gains, net	<u>74,713</u>	<u>1</u>	<u>8,604</u>	<u>-</u>	768
TOTAL NET REVENUE	<u>12,095,628</u>	<u>100</u>	<u>11,689,424</u>	<u>100</u>	3
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES	<u>(615,474)</u>	<u>(5)</u>	<u>(472,772)</u>	<u>(4)</u>	30

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefits expenses	\$ (3,833,009)	(32)	\$ (3,723,758)	(32)	3
Depreciation and amortization expenses	(480,979)	(4)	(273,401)	(2)	76
Other selling and administrative expenses	<u>(1,959,181)</u>	<u>(16)</u>	<u>(2,459,610)</u>	<u>(21)</u>	(20)
Total operating expenses	<u>(6,273,169)</u>	<u>(52)</u>	<u>(6,456,769)</u>	<u>(55)</u>	(3)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS					
	5,206,985	43	4,759,883	41	9
INCOME TAX EXPENSE	<u>(887,102)</u>	<u>(7)</u>	<u>(751,514)</u>	<u>(6)</u>	18
NET PROFIT FOR THE YEAR	<u>4,319,883</u>	<u>36</u>	<u>4,008,369</u>	<u>35</u>	8
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(147,657)	(1)	(69,552)	(1)	112
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	293,320	2	87,452	1	235
Share of the other comprehensive income (loss) of associates accounted for using the equity method	6,367	-	(404)	-	1,676
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>11,805</u>	<u>-</u>	<u>29,425</u>	<u>-</u>	(60)
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>163,835</u>	<u>1</u>	<u>46,921</u>	<u>-</u>	249

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TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on the translation of financial statements of foreign operations	\$ (57,989)	-	\$ 180	-	(32,316)
Unrealized gain (loss) on investments in debt instruments designated as at fair value through other comprehensive income	50,117	-	(13,948)	-	459
Income tax relating to items that may be reclassified subsequently to profit or (loss)	<u>(3,151)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Items that may be reclassified subsequently to profit or (loss), net of income tax	<u>(11,023)</u>	<u>-</u>	<u>(13,768)</u>	<u>-</u>	(20)
Other comprehensive income for the year, net of income tax	<u>152,812</u>	<u>1</u>	<u>33,153</u>	<u>-</u>	361
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,472,695</u>	<u>37</u>	<u>\$ 4,041,522</u>	<u>35</u>	11
EARNINGS PER SHARE					
Basic	<u>\$1.16</u>		<u>\$1.12</u>		
Diluted	<u>\$1.16</u>		<u>\$1.12</u>		

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

(Concluded)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on the Translation of Financial Statements of Foreign Operations	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2018	\$ 32,931,789	\$ 684,156	\$ 5,896,530	\$ 73,833	\$ 3,630,655	\$ (38,507)	\$ -	\$ 223,484	\$ 43,401,940
Effect of retrospective application and retrospective restatement	-	-	-	-	(80,676)	-	623,457	(223,484)	319,297
BALANCE AT JANUARY 1, 2018 AS RETROSPECTIVE	32,931,789	684,156	5,896,530	73,833	3,549,979	(38,507)	623,457	-	43,721,237
Appropriation of 2017 earnings									
Legal reserve	-	-	1,089,196	-	(1,089,196)	-	-	-	-
Special reserve	-	-	-	36,326	(36,326)	-	-	-	-
Cash dividends	-	-	-	-	(1,481,931)	-	-	-	(1,481,931)
Share dividends	823,295	-	-	-	(823,295)	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	4,008,369	-	-	-	4,008,369
Other comprehensive (loss) income for the year ended December 31, 2018, net of income tax	-	-	-	-	(29,117)	180	62,090	-	33,153
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	3,979,252	180	62,090	-	4,041,522
Issuance of ordinary shares for cash	1,500,000	30,000	-	-	-	-	-	-	1,530,000
Compensation costs of employee share options	-	12,825	-	-	-	-	-	-	12,825
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(5,350)	-	5,350	-	-
BALANCE AT DECEMBER 31, 2018	35,255,084	726,981	6,985,726	110,159	4,093,133	(38,327)	690,897	-	47,823,653
Appropriation of 2018 earnings									
Legal reserve	-	-	1,202,511	-	(1,202,511)	-	-	-	-
Special reserve	-	-	-	40,084	(40,084)	-	-	-	-
Cash dividends	-	-	-	-	(987,142)	-	-	-	(987,142)
Share dividends	1,833,265	-	-	-	(1,833,265)	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	4,319,883	-	-	-	4,319,883
Other comprehensive (loss) income for the year ended December 31, 2019, net of income tax	-	-	-	-	(117,889)	(57,989)	328,690	-	152,812
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	4,201,994	(57,989)	328,690	-	4,472,695
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	70,079	-	(70,079)	-	-
BALANCE AT DECEMBER 31, 2019	\$ 37,088,349	\$ 726,981	\$ 8,188,237	\$ 150,243	\$ 4,302,204	\$ (96,316)	\$ 949,508	\$ -	\$ 51,309,206

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,206,985	\$ 4,759,883
Adjustments for:		
Depreciation expenses	429,038	220,234
Amortization expenses	51,941	53,167
Bad-debt expenses and provision for losses on commitments and guarantees	615,474	472,772
Gains on financial assets and liabilities at fair value through profit or loss	(463,584)	(117,134)
Losses on disposal of properties and equipment	325	2,437
Interest expense	5,083,247	4,626,523
Interest revenue	(13,433,777)	(13,060,733)
Dividend income	(44,228)	(50,261)
Provision for losses on others	(12,000)	(2,437)
Compensation costs of employee share options	-	12,825
Share of loss of associates	3,002	6,716
Gains on disposal of investments in debt instruments at fair value through other comprehensive income	(7,606)	(26,787)
(Reversal of) impairment losses on financial assets	(6,451)	17,488
Unrealized loss (gain) on foreign currency exchange	531,607	(429,099)
Gain on lease suspension	(1,130)	-
Total adjustment	<u>(7,254,142)</u>	<u>(8,274,289)</u>
Net changes in operating assets and liabilities		
Due from the central bank and call loans to other banks	132,740	(746,918)
Financial assets at fair value through profit or loss	3,272,451	6,738,946
Receivables	(214,100)	1,079,969
Notes discounted and loans	16,703,241	(22,250,976)
Other financial assets	837	38,085
Other assets	(23,899)	(214,693)
Due to the central Bank and other banks	3,148,308	(6,140,120)
Financial liabilities at fair value through profit or loss	(779,460)	(889,768)
Securities sold under repurchase agreements	464,558	5,596,657
Payables	(6,177,109)	(1,190,405)
Deposits and remittances	(4,645,701)	21,872,878
Other financial liabilities	(2,127)	(41,307)
Provision for employee benefits	(158,109)	(45,369)
Other liabilities	<u>(42,306)</u>	<u>34,502</u>
Changes in operating assets and liabilities	<u>11,679,324</u>	<u>3,841,481</u>
Cash generated from operations	9,632,167	327,075
Interest received	13,791,954	13,120,974
Dividend received	44,228	50,261
Interest paid	(5,172,785)	(4,513,076)
Income tax paid	<u>(902,609)</u>	<u>(691,596)</u>
Net cash generated from operating activities	<u>17,392,955</u>	<u>8,293,638</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (7,224,112)	\$ (276,021)
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,817,690	4,297,417
Purchase of financial assets at amortized cost	(753,231,971)	(761,952,805)
Proceeds from sale of financial assets at amortized cost	-	45,650
Proceeds from repayments sale of financial assets at amortized cost	744,915,247	746,586,250
Payments for properties and equipment	(1,443,289)	(282,743)
Proceeds from disposal of properties and equipment	1,691	1,930
(Increase) decrease in refundable deposits	(25,894)	117,963
Payments for intangible assets	(41,350)	(56,112)
Payments for investment properties	<u>(15,000)</u>	<u>(63,790)</u>
Net cash used in investing activities	<u>(12,246,988)</u>	<u>(11,582,261)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from funds borrowed from central bank and other banks	596,521	374,579
Proceeds from (repayments of) commercial papers issued	175,403	(15,752)
Proceeds from issue of bank debentures	-	2,500,000
Repayments of issue of bank debentures	(6,000,000)	-
Proceeds from guarantee deposits received	13,629	166,548
Repayments of principal portion of lease liabilities	(198,107)	-
Cash dividends distributed	(987,142)	(1,481,931)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>1,530,000</u>
Net cash (used in) generated from financing activities	<u>(6,399,696)</u>	<u>3,073,444</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(57,989)</u>	<u>180</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,311,718)	(214,999)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>39,653,064</u>	<u>39,868,063</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 38,341,346</u>	<u>\$ 39,653,064</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	<u>December 31</u>	
	2019	2018
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2019 AND 2018		
Cash and cash equivalents in the consolidated balance sheets	\$ 11,359,548	\$ 15,874,631
Due from the central bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	16,725,082	14,484,265
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>10,256,716</u>	<u>9,294,168</u>
Cash and cash equivalents at the end of the year	<u>\$ 38,341,346</u>	<u>\$ 39,653,064</u>

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

.(Concluded)

Rules of Procedure for Shareholder Meetings

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

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

Resolved in the Annual Meeting of Shareholders on June 28, 2019

- Article 1 The rules for compliance are stipulated in accordance with Article 5 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” for establishing the Company’s excellent meeting of shareholders governance system, substantiating supervisory function, and enhancing management functions.
- Article 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).
- Article 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 election and dismissal compiled into electronic files and uploaded to the MOPS 30 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 21 days prior to the Annual Meeting of Shareholders or 15 days prior to the extraordinary meeting of shareholders. The Annual Meeting Handbooks and the supplementary information are made available to shareholders 15 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.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting, and the essential contents shall be explained. None of the above matters may be raised by a question and motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

Shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. Unless any of the circumstances under Article 172-1, paragraph 4 of the Company Act is satisfied, the board of directors of the Company shall include the proposal submitted by a shareholder in the list of proposals to be discussed

at a regular meeting of shareholders.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (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.

Article 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.

Article 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.

Article 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.

Article 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 managing directors to chair the meeting. If a managing 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 managing 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.

Article 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 Act, it should be reserved until the end of the proceedings.

Article 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 Paragraph 1, Article 175 of the Company Act; 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 Act.

Article 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 questions and motions) resolved in the two agendas referred to above. If the chairperson 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 chairperson with the majority votes of the attending shareholders to continuously chair the meeting.

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

Article 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 chairperson 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.

Article 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.

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

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 Act 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.

Article 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 Act, it should be reserved until the end of the proceedings.

Article 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 chairperson, the resolution method, and a summary of the deliberations and its results to be stated therein, which shall be permanently reserved throughout the duration of the Company.

Article 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.

Article 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.

Article 18 The chairperson 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 Act, resolve to have the meeting postponed or resumed in five days.

Article 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.

Taichung Commercial Bank Co., Ltd.

Company Corporate Charter (Articles of Incorporation)

Chapter 1 General rules

- Article 1 The Bank was organized and incorporated in accordance with The Banking Act of The Republic of China and the Company Corporate Charter (Articles of Incorporation), known as “Taichung Commercial Bank Co., Ltd.” (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 Shares

- Article 5 The Bank’s authorized capital amounted to NTD43.2 billion with 4.32 billion shares issued at NTD10 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 5-1 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 or make reversal for the legal reserve and special reserve as required by law. The remainder shall be distributed as the stock dividend to preferred shares 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 annual 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 discretionary in payment of stock dividend for preferred shares. If the Bank has no earnings in particular year and there is no payment of stock dividend for common stocks, or the earnings are insufficient for dividend payment, or the payment of dividend of preferred shares makes the capital adequacy ratio of the Bank fall below the minimum

requirements under law or the competent authority, the Bank may resolve not to pay dividend for preferred shares. Holders of preferred shares shall not have any objection of 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. Further to the entitlement of dividend stated in Subparagraph 3, if the preferred shares offered are non-participating, the holders of preferred shares are not entitled to cash dividend or stock dividend for common stocks through for cash payment or capitalization of retained earnings and capital reserve.
6. Holders of preferred shares issued by the Bank have the priority to distribution of residual assets over the holders of common stocks up to the amount of cash in the offering. In case the competent authority ordered for a takeover of the Bank, discontinuation of operation for clearing, and liquidation, the priority of the holders of preferred shares is the same as the holders of common stocks.
7. Holders of preferred shares are not entitled to vote and taking part in the election but could be elected as Directors, and are entitled to vote only in the Shareholders' Meeting of preferred shares and session of the Shareholders' Meeting related to the rights and obligations of the holders of preferred shares.
8. No conversion of the convertible preferred shares issued by the Bank within 1 year from the day of offering. The timing for conversion shall be determined by the Board as an integral part of the condition of offering under authorization. Holders of convertible preferred shares may apply for conversion of preferred shares in their holding to common stocks in whole or in part as stated in the conditions of offering at the ratio of 1 preferred share to 1 common stock (conversion ratio is 1:1). After the conversion of preferred shares to common stocks, the rights and obligations shall be the same as common stocks. The payment of dividend in the year of conversion of preferred shares shall be based on the exact number of outstanding days of the shares in proportion to the number of days in the year in the calculation. However, preferred shares converted to common stocks prior to the ex-right (dividend) day are not entitled to the payment of dividend for preferred shares in the year of payment and payment in subsequent years, but are entitled to the payment of dividend of common stocks from earnings and capital reserve.
9. There is no maturity date for preferred shares issued by the Bank and the holders of preferred shares are not entitled to claim for the redemption of the shares. The Bank may redeem the outstanding preferred shares in whole or in part from the day after the 5th anniversary of the offering of preferred shares under law or at the permission of the competent authority. Redemption will be made at the offering price. The preferred shares not being redeemed still be granted the rights and obligations as mentioned in preceding paragraphs. Where the Bank may determine to pay stock dividend in particular year, the payable dividend to the deadline of redemption shall be calculated on the exact number of outstanding days.
10. If the preferred shares issued by the Bank have a maturity date, it shall be no less than 5 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 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 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 Act.

Article 7 The Bank's dividend distribution is proposed by the Board for resolution in the meeting of shareholders, 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 for over one half of the shareholding during the stop-transferring period 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 Commerce banking
2. H301011 Securities brokerage
3. H408011 Futures exchange supporting services

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.

Where necessary, the meeting of the holders of preferred shares may be convened under the applicable legal rules.

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 Act, 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 third 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 chairperson and the method of the resolutions, the essentials of procedure and results, and the signature or seal of the chairperson. 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 Act, 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 Act. The total ordered stock shares of all directors shall comply with the requirements of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."

For the directors (including independent directors) of this Bank, the nomination system is adopted to have directors elected from the list of candidates.

For the directors, the number of independent directors shall not be less than two seats, and one fifth of the director seats; also, 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 managing 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 Public Companies," there must be at least one independent director among the managing directors, and shall not constitute less than one fifth of the managing directors. The vice chairman and managing director will be appointed, if necessary, by a resolution of the Board.

Chairman, vice chairman and managing director will be elected among the managing 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/her powers for certain reasons, the chairman is to appoint one managing director to act on his/her behalf. If a representative is not appointed by the chairman, one of the managing 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 managing 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 managing directors.

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 Act; 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 Act, 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 third 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, managing 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, managing director 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 three 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 “Regulations Governing the Exercise of Powers by 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 Manager

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 Deputy Executive Vice President 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. 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 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 or made reversal 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 of The Republic of China 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 Act, the Banking Act of The Republic of China 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.
The 38th amendment was implemented on June 7, 2017.
The 39th amendment was implemented on June 5, 2018.
The 40th amendment was implemented on June 28, 2019.

Procedures for Election of Directors of Taichung Commercial Bank Co., Ltd.

This regulation was set up in the 6th Extraordinary Meeting of Shareholders on Oct. 20, 1968.
The 1st amendment was made in the 11th Extraordinary Meeting of Shareholders on Oct. 26, 1980.
The 2nd amendment was made in the 13th Extraordinary Meeting of Shareholders on Oct. 4, 1986.
The 3rd amendment was made in the 14th Extraordinary Meeting of Shareholders on Oct. 4, 1989.
The 4th amendment was made in the 15th Extraordinary Meeting of Shareholders on Oct. 13, 1992.
The 5th amendment was made in the 41th Annual Meeting of Shareholders on June 5, 1993.
The 6th amendment was made in the 17th Extraordinary Meeting of Shareholders on Oct. 12, 1998.
The 7th amendment was made in the Annual Meeting of Shareholders on May 17, 2002.
The 8th amendment was made in the Annual Meeting of Shareholders on June 15, 2007.
The 9th amendment was made in the Annual Meeting of Shareholders on June 13, 2013.
The 10th amendment was made in an Annual Meeting of Shareholders on June 28, 2019.

Article 1 The election of directors of the Company shall be handled in accordance with the Guidelines, unless otherwise provided by laws, regulations, or the Articles of Incorporation.

Article 2 The composition of the board of directors of the Company shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. The standards shall include the following 2 dimensions:

1. Basic requirements and values: Gender, age, nationality, and culture, etc.
2. Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Risk management ability.
5. Crisis management ability.
6. Knowledge of the industry.
7. An international market perspective.
8. Leadership ability.
9. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Company shall consider adjusting its composition based on the results of performance evaluation.

Article 3 The qualifications and election for the independent directors of this Company shall comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Article 4 Elections of both directors in this Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected.

When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in the Company's articles of incorporation, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, an extraordinary shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 5 The single-named ballot cumulative voting system shall be used for election of the directors of the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 6 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 7 The number of directors will be as specified of the Company's articles of incorporation and resolution of the board of directors, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairman drawing lots on behalf of any person not in attendance.

Article 8 Before the election begins, the chair shall appoint the counting personnel and a number of scrutineers with shareholder status to perform the duties of vote monitoring. The ballot boxes shall be prepared by the board of directors and publicly checked by the scrutineers.

Article 9 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder,

the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each representative shall be entered.

Article 10 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 12 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 13 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

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	89,012,037 Shares	316,518,671 Shares	

Note: The stop transfer date is scheduled on May 2, 2020.

2. Directors shareholding list

Title	Name	Shareholdings registered in the registry of shareholders	Remarks
Chairman	Hsu Tian Investment Co., Ltd., Representative: Kuei-Fong Wang	102,166,604	
Managing Director	Hsu Tian Investment Co., Ltd., Representative: Ming-Hsiung Huang	102,166,604	
Independent managing director	Li-Woon Lim	0	
Independent director	Jin-Yi Lee	0	
Independent director	Hsin-Chang Tsai	0	
Director	Hsu Tian Investment Co., Ltd., Representative: Te-Wei Chia	102,166,604	
Director	Hsu Tian Investment Co., Ltd., Representative: Hsin-Ching Chang	102,166,604	
Director	Hsu Tian Investment Co., Ltd., Representative: Wei-Liang Lin	102,166,604	
Director	Hsu Tian Investment Co., Ltd., Representative: Lai-Hsiang Tsai	102,166,604	
Director	Hsu Tian Investment Co., Ltd., Representative: Shioh-Huey Yeh	102,166,604	
Director	Pan Asia Chemical Corporation: Representative: Ming-Shan Chuang	212,466,081	
Director	Ho Yang Management Consultant Co., Ltd., Representative: Chien-Hui Huang	1,885,986	