

Stock No: 2812

 Taichung Commercial Bank Co., Ltd.

The 2021 Annual Meeting of Shareholders Annual Meeting Handbook

Time: 9:00 a.m. on May 28, 2021

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

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Taichung Commercial Bank Co., Ltd.

The 2021 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 2020 Business Reports
 - (2) Report on the review of 2020 Final Accounts by the Audit Committee and the communication situation with the internal audit supervisor and CPAs.
 - (3) The 2020 distribution of remuneration to employees and directors
 - (4) Report on the issuance of new shares of cash capital increase in 2020.
 - (5) Report on amendments to some provisions of the Rules of Procedure for Board of Directors Meeting of the Bank.
 - (6) Report on the new construction progress of the new head office building and the implementation status of the financial budget.
4. Proposals:
 - (1) The proposal of the 2020 Business Report and financial statements
 - (2) The proposal of the 2020 Earnings Distribution Statement
5. Discussions:
 - (1) Handling the issuance of new shares issued through capitalization of earnings in 2020.
 - (2) Amendments to partial provisions of the Company Corporate Charter (Articles of Incorporation)
 - (3) Amendments to partial provisions of the Regulations Governing Selection of Directors
 - (4) Amendments to partial provisions of the Rules of Procedure for Shareholders Meeting
6. Questions and Motions
7. 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 2020 Business Reports (Please refer to Pages 5~10 of the Annual Meeting Handbook)

The 2020 Business Report

1. Annual Business Results for 2020

(1) Domestic and international financial environment for 2020

The strength of global economic recovery was weakened due to the spread of the COVID-19 pandemic in 2020 worldwide. Although the prices of international crude oil and other raw materials have rebounded, global inflation remains moderately. To alleviate the impact of the pandemic, major economies have one after another adopted large-scale fiscal stimulus and easing monetary policies to support the demand for corporate working capital and maintain liquidity in the financial market. Although the advent of vaccines has encouraged global stock markets and gave a boost to market expectations about the optimistic economic outlook, the effectiveness and popularity of vaccines, the sustainability of economic support measures in various countries, and the situation development between the United States and China are all important factors affecting the prospects of the international economy.

However, as Taiwan has done exceptionally well in pandemic control, its economic recovery has gradually gained momentum. Since the second half of 2020, driven by the steady growth of merchandise exports, Taiwan's performance has exceeded expectations. The Directorate-General of Budget, Accounting and Statistics, Executive Yuan announced that our country's economic growth rate for the year 2020 was 3.11%, and its GDP per capita was US\$ 28,383, which was one of the few economies in the world that maintained positive growth. In addition, the overall score for the Monitoring Indicators in December 2020 was 34 points, making its signal turn to flash a yellow-red light indicating its leading economy, while the indicator continues to rise, reflecting the warming of the domestic economy. However, with the subsequent waves of outbreak of the COVID-19 pandemic, various countries have relaunched strict control measures, which may limit the pace of global economic recovery. Coupled with the uncertainty of the US-China trade and technology disputes, follow-up development still requires careful attention and appropriate response.

(2) Changes in the organization of the Bank

1. In order to cooperate in the Trust 2.0 "The Promotion Plan for Full Functions of Trust Services" launched by the Financial Supervisory Commission, the "Trust Management Section" subordinate to Trust Department was newly set up to enhance functions of the trust business.
2. In order to extend the international domain of the Bank, develop overseas markets, actively promote foreign exchange business, and expand trade finance business, the "International Operation Management Section" and "Marketing Section" subordinate to the International Banking Department have been newly set up.

(3) Implementation results of operational plan and operations strategy

1. Due to the effect of COVID-19 in 2020 as well as under severe challenges such as the impact of interest rate cuts by the Central Bank, spread compression and economic relief on asset quality, the Bank continued to grow steadily in the business. The net profit after tax in 2020 was NT\$ 4.026 billion, the after-tax earnings per share was NT\$ 1.03, and the return on equity was 7.41%. At the end of 2020, the non-performing loans ratio and coverage ratio were 0.21% and 644.76% respectively, and the asset quality continued to be optimized. Under the injection of cash capital increase and surplus, the capital structure continued to be strengthened. At the end of 2020, the capital adequacy ratio was 13.60%, the Tier 1 Capital ratio was 13.06%, and the common equity ratio was 11.03%.
2. In order to develop the top-down ethical corporate management as well as the concept, value

and behavior expectations of treating clients fairly, the Bank actively strengthened the functions of the Board of Directors, deepened corporate governance efficiency and information disclosure, attached great importance to regulatory compliance and established a preventive mechanism to be guided through daily supervision, so that the regulatory compliance and the awareness of consumer protection are deeply embedded in the DNA of colleagues.

3. In order to continue to respond to the government's new southbound policy and extend the overseas financial domain, the Penang Marketing Service Center and Sabah Marketing Service Center have been approved by the Financial Supervisory Commission and the Labuan Financial Services Authority of Malaysia. The establishment operations will be actively carried on in 2021 in the hope to further serve the local Taiwanese businessmen and deeply cultivate the Malaysian market so as to provide customers with more comprehensive and higher-quality transnational financial services.
4. In order to cooperate with the government in the "special law on repatriated offshore funds" as well as assisting Taiwanese businessmen in dealing with issues on the taxation of offshore funds and the distribution of surplus from reinvestment, the Bank launched the "foreign currency non-discretionary individually managed money trust" business on April 1, 2020 to strengthen the training of the wealth management team so as to provide customers with domestic and overseas asset allocation and capital planning.
5. Due to the impact of the pandemic, the Bank took the initiative to empathized and respond to the different needs of customers, employees and the general public by reducing loan interest rates coupled with the reduction and exemption of handling fees and other programs to fully cooperate with the government in its economic relief policy by providing individuals and enterprises with pandemic relief loans, adhering to the principles of leniency, expeditiousness and simplicity to accelerate the review procedures for such applications so as to assist customers in undergoing the difficulties together.
6. In order to implement sustainable finance in the three dimensions of environment, society, and governance (ESG), the Bank strongly supports youth entrepreneurship to go all out for economic development and focuses on youth strengthening; supports the 5+2 Industrial Transformation Plan and assists enterprises in moving towards the new economic model of sustainable development; actively supports green finance, promotes financing plans for photovoltaic power generation equipment, and coaches suppliers for being fully under management, and assists business operators in legally sustainable operation; In addition, for enterprises that value ESG concepts, their employees will be granted more preferential loan conditions so as to achieve a virtuous cycle of sustainable development of enterprises through industrial influence.
7. The Bank adheres to the "customer-oriented" business idea, and continues to improve digital financial services based on customer needs, such as actively cooperating in government policies, promoting Open Banking API and MyData, and improving the timeliness of various financial services applied for by customers; combining UI/UX to create a better and smoother service and user experience, and building a new generation of ATM service platform providing a convenient and intuitive operational process that is more closer to customers. In addition, in order to increase the proportion of domestic electronic payments, we actively introduced multiple payment channels and cooperated with GAMA PAY to link the Bank's deposit accounts for stored value services.
8. In order to improve procedural efficiency, the Bank was committed to developing FinTech technology introducing Robotic Process Automation (RPA), and completed the first

application construction of the “Financial and Taxation Data Retrieval System”, which can effectively save manpower and operating costs and invest the saved costs in personnel training, financial innovation and refining on digital capabilities.

(4) Achievements and affirmations

"We Do Our Best For You" is our Bank's corporate brand spirit. We serve with professional functions and care, cooperating with the government as well to give impetus to various important policies, continue to explore various business opportunities, shoulder and implement the core concept of “service, product, professionalism, customer, and charity” endowed by the financial industry. With the concerted efforts of all our colleagues of one mind, we have won recognition from all walks of life, and the awards received are as follows:

1. The Bank was ranked top 6%-20% among the listed companies by the 6th (2019) Corporate Governance Evaluation of the Taiwan Stock Exchange Corporation, and was recognized by being incorporated as a constituent of the “Corporate Governance (CG) 100 Index” by Taiwan Index Plus Corporation.
2. The Bank received the “Program to Incentivize Lending by Domestic Banks to Enterprises in Target Countries of the New Southbound Policy - Phase 3 for Target Countries - Excellent Performance Bank Award.” given by the Financial Supervisory Commission.
3. The Bank received the “Golden Security Award” given by the Joint Credit Information Center to the outstanding institution in the implementation of credit information security control (having won the same award for 6 consecutive years from 2015 to 2020).
4. The Bank received the “Best Potential Award” and “Best Sustainable Management Award” by the Excellent Bank Evaluation.
5. The Bank received the “Best Customer Recommendation” and “Best Charity Promotion” awards given by the Wealth Magazine – Wealth Management Awards.
6. The Bank received the “Bronze Award” for the report made in the Taiwan Corporate Sustainability Forum (TCSA) given by Taiwan Institute for Sustainable Energy.
7. The Bank received the Sports Promoter Award – “Sponsorship Award Gold Class” and “Sponsorship Award Long-Term Sponsorship Award” given by the Ministry of Education.

(5) Financial Income and Expenditure and Profitability Analysis

Indicators	2020
Net profit before tax	NT\$4.664 billion
Net profit after tax	NT\$4.026 billion
After-tax earnings per share (EPS)	NT\$1.03
Capital adequacy ratio (BIS)	13.60%
Return on Equity (ROE)	7.41%

(6) Annual budget performance for 2020

1. The average balance of deposits in New Taiwan Dollar and foreign currency in 2020 was NT\$ 627.903 billion, an increase of NT\$ 42.896 billion or at the growth rate of 8.33% over the same period last year.
2. The average balance of loans in New Taiwan Dollar and foreign currency in 2020 was NT\$ 460.088 billion, an increase of NT\$ 18.996 billion or at the growth rate of 4.30% over the same period last year.

3. The business undertaking in foreign exchange was US\$ 20.657 billion in 2020, an increase of US\$ 3.485 billion or at the growth rate of 20.29% over the same period last year.

(7) Research and development status

In response to the advent of the financial ecosphere, the Bank actively develops digital finance and regularly convenes “financial technology development strategy meetings” to enable more financial innovations to continue to be realized, and discusses digital finance development strategies as well as the developmental direction of various projects to provide customers with innovative and diversified financial services so as to create a people-oriented digital finance.

The development blueprint of the Bank’s digital finance is based on “user experience-oriented service”, and is developing towards the dual-track development of “optimization of physical branches” and “new type of digital banking”, combined with cooperative partners (TSP third-party operators or different businesses) to operate O2O (online to offline) or OMO (online merge offline) with the Open Banking mechanism.

2. Information on the Most Recent Credit Rating

Rating Agency	Date of Rating	Credit Rating		
		Long Term	Short Term	Outlook
Fitch Ratings (Taiwan Company)	May 12, 2020	A-(tw)	F1(tw)	Stable

3. Summary of the Annual Business Plan for 2021

(1) Management principle and important management policy

1. It is to implement a top-down corporate culture of treating customer fairly, continue to strengthen corporate governance and protection capabilities for information security, link the concept of intellectual wealth to the overall operating structure, and accelerate the digitalization of anti-money laundering operations so as to implement the financial supervision system.
2. In order to enhance operational endurance and innovative actions, it is to introduce agile development to create the new normal of organizational culture, gradually integrate the three major dimensions of ESG into daily operations, and practice the sustainable symbiosis of corporate social responsibility and the natural environment.
3. It is to continue to implement highly rigorous monitoring and attention to the capital adequacy ratio, and strengthen the capital structure through the two major policies of “making good use of risk mitigation” and “increasing the value of capital employed”. In addition, we will prudently monitor changes in credit risk, increase the intensity of review and early warning management, and accelerate the clearance of non-performing loans with a view to stabilizing and improving the quality of assets.
4. It is to be based on customer needs as the core and technology as an accelerator to optimize financial service processes, focus on various application scenarios, develop diversified payment services, integrate online and offline channels, integrate them into daily life, and create a better financial experience.
5. It is to deepen various core and niche businesses and product innovation capabilities, and pursue development with equal emphasis on profitability and quality in order to enhance overall competitiveness. In order to develop diversified income sources, it is to increase the proportion of fee income and make good use of financial investment operations so as to maintain steady growth in profits.

6. It is to grasp business opportunities during the global transfer of industry chains, continue to integrate cross-business sales platforms, and enhance the development momentum of trade and finance business. In order to be in line with government policies, we will gradually expand into the new southbound overseas markets, provide customers with professional, convenient, high-quality and complete financial services, and stabilize the operating foundation for overseas development.
7. Through the group operation mechanism and perfection of the professional team of financial consultants, with professional consultancy coupled with a diversified layout, it is to provide financial hedging, financial investment, financial planning and other operating tools as well as the most appropriate investment advice so as to meet financial expectations of customers.
8. In order to implement inclusive finance, to meet the needs of customers in all aspects of life, and in response to the trend of aging and declining birthrates, we integrate various financial products and provide customers with one-stop high-quality financial services so as to develop a diversified trust market.

(2) Expected Operational Goals

Item	Goals by the end of 2021
Deposits (including foreign currencies)	NT\$634.216 billion
Lending (including foreign currencies)	NT\$472.416 billion
Foreign Exchanges Operations	Annual amount US\$ 18 billion

4. Strategy for the Future Development

Faced with the treacherous global economy and uncertain risks in the financial market, as well as the critical stage of the continuous opening of domestic online only banking business, the Bank regards market reform as an aid to move forward. Taking into account risk management and control as well as asset quality and in adherence to the principle of “stable operation, friendly innovation and sustainable development”, ESG is integrated into every detail, in the direction of the five targets of optimizing financial supervision, strengthening business fitness, improving organizational resilience, accelerating digital transformation, and implementing inclusive finance. We continue to innovate products and services, motivate diversified profits, and create sustainable value.

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

In recent years, the Central Bank and the Financial Supervisory Commission have continued to revise the policies of the state-run banks on risk control, cyber security, internal control (including anti-money laundering), FinTech, opening up overseas markets and so on in order to assist the banking system in developing and expanding its market eternally from the control of its structure internally with the good financial structure and risk control capabilities. Due to the outbreak of the COVID-19 pandemic in 2020, the world has encountered a great deal of unfavorable factors, including the global economic downturn and violent financial market fluctuations, prompting domestic and foreign central banks to cut interest rates and ease monetary policies in order to reduce the impact of the pandemic on economic activities and investment markets, which leads further to compressing important incomes of the banking industry. Coupled with the international US-China technology war, the recurring tension in the geopolitical situation, and the interfering factor of the US election, they all add much uncertainty to the future. While the economy is under impact of the COVID-19 pandemic, the banking industry plays an important role in providing financial relief to help companies go through the difficulties and maintain the stability of the industrial economy. In order to encourage banks to invest in relief and stimulus

measures, the Financial Supervisory Commission has released several benefit policies, coupled with credit risks being guaranteed by the government aiming to increase the willingness of the banking industry to cooperate in the relief measure. Nevertheless, with the continuous increase in the amount of relief applications, the banking industry is also facing a lot of pressure, including the maintenance of its own profits and asset quality. Although the pandemic has caused damage to the industrial economy and people's lives, it has not completely negatively affected the banking industry. The outbreak has caused a sharp increase in consumer demands for zero-touch digital financial services, which unexpectedly catalyzes the development of digital financial services. In the meantime, the Financial Supervisory Commission has also announced the "FinTech Development Route Map" as the basis for the impetus in the next three years. As the government has a clearer development blueprint, the banking industry should improve its own competitiveness, and provide more diversified digital financial services as well so as to grasp new business opportunities in the future.

6. Vision

In welcoming the new year of 2021, despite facing numerous uncertainties, the Bank will continue to uphold the brand spirit of "We Do Our Best for You" on the basis of compliance with laws and regulations, performance management, information security and risk management taken into consideration. In addition to providing services of better quality as well as pursuing profits and continuous growth, with the three main axes of a happy enterprise, a shared society and a sustainable earth, we create higher value for shareholders, establish a fair and friendly working environment for employees, and fulfill properly social and civic responsibilities for the earth, and practice being "the first line of our country, the most expected by the society and the most entrusted by customers" as our goal and vision.

Wishing all shareholders to continue enjoying your good health, abundant fortune

President Te-Wei Chia Chairman Kuei-Fong Wang

Management Presentation (Company Reports) No. 2

Report on the review of 2020 Final Accounts by the Audit Committee and the communication situation with the internal audit supervisor and CPAs. (Please refer to Page 12~13 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 2020 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:

2021 Shareholders' annual meeting, Taichung Commercial Bank Co. Ltd.

Chairman of Audit Committee
Chien-An Shih

February 24, 2021

Communication Situation Between Audit Committee and the Internal Audit Supervisor and CPAs

1. Communication policy between the Audit Committee and the internal audit supervisor and CPAs.

- (1) The Audit Committee and the internal audit supervisor hold at least one symposium a year to communicate on the issues such as the internal audit opinions regarding the Company and its subsidiaries, which communication is also recorded; in case of matters of major incidental abnormality, they may convene meetings at any time.
- (2) The Audit Committee and CPAs meet at least twice a year to communicate on the review status of The Company's financial report or other accounting issues; in case of matters of major incidental abnormality, they may convene meetings at any time.

2. 2020 Communication matters and results

Date	Communication Method	Communication Target	Communication Matters	Result
Feb. 24, 2020	Audit Committee	Chief Auditor of this Company	Report on the audit work for the fourth quarter of 2019	Acknowledged
	Meeting	CPA of this Company	General description of 2019 audit	Acknowledged
May 7, 2020	Audit Committee	Chief Auditor of this Company	Report on the audit work for the first quarter of 2020	Acknowledged
Aug. 5, 2020	Audit Committee	Chief Auditor of this Company	Report on the audit work for the second quarter of 2020	Acknowledged
	Meeting	CPA of this Company	General description for the second quarter of 2020 audit	Acknowledged
Nov. 5, 2020	Audit Committee	Chief Auditor of this Company	Report on the audit work for the third quarter of 2020	Acknowledged
	Symposium	Chief Auditor and Auditors of this Company	Symposium held on matters related to the internal control system.	Acknowledged
Dec. 16, 2020	Audit Committee	Chief Auditor of this Company	Formulation of 2021 internal audit plan of the Company.	Submitted to the Board of Directors for deliberation.

Management Presentation (Company Reports) No. 3

The 2020 distribution of remuneration to employees and directors

Explanation:

1. 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 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".

2. As audited, the Bank did not appropriate remuneration to the employees and the Directors and income tax expense in 2020. The earnings in this year amounted to NT\$4,796,662,953.
3. The upper limit of the appropriation ratio for the director remuneration stipulated in the original provisions of Article 35 of Company's Articles of Incorporation was 1.5%. In order to be in line with the development of the Company's business strategy, the General Shareholders' Meeting held on June 30, 2020 approved the revision of Article 35 of the Company's Articles of Incorporation on the upper limit of the appropriation ratio for the director remuneration to be no more

than 2.5%. It is hereby to distribute the director remuneration based on the said upper limit ratio according to the number of days applicable to the Articles of Incorporation, which is proposed to be distributed at 1.5% of the profit for the current year from January 1 to June 29, 2020, that is in the amount of NT\$35,581,803; proposed to be distributed within 2.5% of the profit for the current year from June 30 to December 31, 2020, that is in the amount of NT\$60,613,569. The total distribution amount for the 2020 director remuneration is in the amount of NT\$96,195,372, which is at 2.01% calculated in the average distribution rate.

4. It is proposed to distribute 0.75% of the profit for the current year in 2020 which is at the average distribution rate of 2.01% for the employee remuneration and director remuneration, in the amount of NT\$ 35,974,972 and NT\$ 96,195,372 respectively, and all of such distribution will be paid in cash.

Management Presentation (Company Reports) No. 4

Report on the issuance of new shares of cash capital increase in 2020. (Please refer to Pages 17~18 of the Annual Meeting Handbook)

Taichung Commercial Bank

Report on 2020 Cash Capital Increase for Issuance of Common Stocks

The Company issued 250,000,000 common stocks by cash capital increase in 2020, which became effective by filing with the Financial Supervisory Commission with the approval letter numbered: Chin- Kuan-Cheng-Fa-Tzu-1090359541 dated October 13, 2020.

1. Distribution of shares:

The 1st meeting of the 24th term of the Board of Directors held on July 9, 2020 adopted a resolution to issue a total of 250,000,000 common stocks by a cash capital increase. According to Article 267 of the Company Act, 15% thereof which is 37,500,000 shares are to be reserved for the Company's employees for subscription; to appropriate 10% of this issuance, totaling 25,000,000 shares, to be sold by public subscription in accordance with Article 28-1 of the Securities and Exchange Act; and the remaining 75% thereof, totaling 187,500,000 shares, shall be subscribed by the original shareholders based on the shareholding ratio specified in the shareholder register on the subscription record date. If the shareholding of the original shareholder is insufficient to subscribe for a new share based on the proportion, shareholders may subscribe jointly or subscribe by one person among themselves. If the subscribed share is less than one share and the original shareholders and employees waive their rights to subscription, the chairman is authorized to contact a specific person to subscribe for such part.

2. Determination of the issuance price:

The issuance price is determined by the resolution adopted at the 4th meeting of the 24th term Board of Directors on October 19, 2020. The issuance price per share is set at NT\$ 10.2. According to Paragraph 1, Article 6 of the "Self-Disciplinary Rules for Offering and Issuance of Securities by Member Issuers Guided by Taiwan Securities Association", and the price fixed shall not be lower than 70% of the average share price calculated based on the simple arithmetic average of the closing price of common stocks by choosing one of the previous first, third, or fifth business day after deducting ex-rights of free allotment (or ex-rights of capital deductions) and ex-dividends. The ex-rights trading date in this case is November 3, 2020, and the previous fifth business day on October 27, 2020 is the record date for the issuance price. The Bank hereby sets the issuance price at NT\$ 10.2 per share in accordance with the foregoing rules.

3. Subscription status:

In this case, the share subscription payments were collected in full on December 17, 2020, and such shares were listed for trading on December 22, 2020.

4. Items, progress and benefits of the fund utilization plan:

(1) Items for the use of the funds:

This cash capital increase is to replenish working capital so as to meet various loan requirements, strengthen the Bank's financial structure, and increase the capital adequacy ratio.

(2) Progress for the use of the funds:

The offering was completed in the fourth quarter of 2020 and the funds are used to replenish working capital so as to meet various loan requirements.

(3) Benefits for the use of the funds:

This cash capital increase is used to replenish working capital and improve capital soundness, increase the Company's own capital adequacy ratio, Tier 1 Capital Ratio and the common equity ratio, which greatly strengthen and enhance the Company's capital structure.

Management Presentation (Company Reports) No.5

Report on amendments to some provisions of the Rules of Procedure for Board of Directors Meeting of the Bank.
(Please refer to Pages 20~26 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 7 The Bank shall submit the following matters to the Board of Directors for discussion:</p> <ol style="list-style-type: none"> 1. The business plan of the Bank. 2. Annual and <u>the financial report for the second quarter required to be audited and attested by a CPA.</u> <p>(The following articles: omitted)</p>	<p>Article 7 The Bank shall submit the following matters to the Board of Directors for discussion:</p> <ol style="list-style-type: none"> 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). <p>(The following articles: omitted)</p>	<p>It is to adjust Subparagraph 2 of Paragraph 1 in order to be in line with the amendment to Article 14-5 of the Securities Exchange Act.</p>

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.

Amendment made by the 2nd meeting for the 24th Board of Directors on Aug. 6, 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. Discussions:
 - (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 **the financial report for the second quarter required to be audited and attested by a 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 NT\$100 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 Directs shall be exempted from inclusion in the calculation.

For foreign companies whose stocks have no par value or a par value other than NT\$10,

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. Management Presentation (Company Reports).
7. Discussions:

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 head office building and the implementation status of the financial budget

Explanation:

1. The new construction progress of the new head office building:
 - (1) The Bank signed the supplementary agreement to the construction contract with Dacin Construction Co., Ltd. and Earth Power Construction Co., Ltd. on January 8, 2021. The overall construction period was changed to 1,500 calendar days, and the total contract price was changed to NT\$ 11,155,943,713.
 - (2) From April 27, 2019 to February 20, 2021, the parts of the construction actually completed are the installation of all steel structures in the tower crane area, sections 1 and 2 of the steel structure manufacturing (18 sections in total), and about 80% of the excavation work completed on the B1 floor. The overall scheduled progress came to 8.3364%; the actual progress was 9.3685%; and the current difference in the progress is +1.0321%.
2. The implementation status of the financial budget of the new construction of the new head office building:
 - (1) To date (February 20, 2021), 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 NT\$230,718,500 (with the budget of NT\$480 million). The progress of the new construction was 7.3521%, and the payment was made in the

amount of NT\$3,052,862,640 (including 10% advance payment) (with the budget of NT\$11.368 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, 2020. The return on assets (ROA) and return on equity (ROE) of the Bank are 0.57% and 7.41% respectively in 2020, with earnings per share being NT\$1.03, which makes no significant difference from the return on assets (ROA) being 0.64% in 2019, the return on equity (ROE) being 8.72% and the earnings per share being NT\$1.11 after retrospective adjustments in 2019. Therefore, the significant capital expenditure has no material impact on the financial business of the Bank as of the year 2020.

Proposals

Proposals No. 1

Proposal: The 2020 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 2020 (Please refer to Pages 5~10 and Pages 65~88 of the Annual Meeting Handbook)

Resolutions:

Proposals No. 2

Proposal: The 2020 Earnings Distribution Statement Proposal is presented for adoption.

Explanation:

1. The corporate net profit after tax of the Bank in 2020 amounted to NT\$4,025,533,093.53. With the addition of gain or loss on disposal of equity instruments measured at fair value through OCI is NT\$26,058,653 and the defined benefit plan reassessed value of reduction NT\$27,761,276 in 2020, the Bank shall appropriate 30% or NT\$1,207,149,142 as legal reserve under law, in response to the development of FinTech, the expenditures for employee transfer of jobs or relocation as well as the costs for the education and training were in the amount of NT\$ 565,070, which was on reversal within the range of the special surplus reserve balance set aside from the earnings of 2016 through 2018; then set aside undistributed earnings at the beginning amounting to NT\$53,516,166.05. The earnings that could be appropriated for distribution amounted to NT\$2,870,762,564.58 and will be distributed as follows:
 - (1) Shareholder dividends – stock dividends
(NT\$0.45 per share): NT\$1,868,262,450
 - (2) Shareholder dividends – cash dividend
(NT\$0.24 per share): NT\$ 996,406,635
2. Taichung Commercial Bank 2020 Earnings Distribution Statement. (Please refer to Page 32 of the Annual Meeting Handbook)

Resolutions:

Taichung Commercial Bank Co., Ltd.
Earnings Distribution Statement
2020

Unit: NT\$

Undistributed earnings - beginning		53,516,166.05
Current net profit after tax	4,025,533,093.53	
Disposal of equity instrument investments measured at fair value through OCI, cumulative gains and losses transferred directly to retained earnings	26,058,653.00	
Defined benefit plan remeasurement recognized to retained earnings	(27,761,276.00)	
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		4,023,830,470.53
Legal reserve appropriated		(1,207,149,142.00)
Special reserve appropriated		0.00
Reversal for special reserve as required by law		565,070.00
Current distributable earnings		2,870,762,564.58
Distributions		
Shareholder dividends – stock (NT\$0.45 per share)	(1,868,262,450)	
Shareholder dividends – cash (NT\$0.24 per share)	(996,406,635)	(2,864,669,085.00)
Undistributed earnings - ending	\$	6,093,479.58

Discussions

Discussions No. 1

Proposal: Handling the issuance of new shares issued through capitalization of earnings in 2020, please proceed to discuss.

Explanation:

1. The Company for business needs plans to appropriate stock dividends of NT\$1,868,262,450 from the 2020 distributable earnings with 186,826,245 shares issued at the ratio of 45 shares distributed per thousand shares at NT\$10 par.
2. The earnings distribution is calculated in accordance with the shareholders and their respective shareholding ratio in the register of shareholders. Fractional share distribution is to be consolidated by shareholders and registered with the Company's Stock Department for stock consolidation within five days from the record date. Fractional share that is not consolidated or remains a fractional share after consolidation should be paid with an equivalent cash amount (rounded up to the dollar). Fractional shares will be purchased by persons arranged by the Chairman as authorized by the Board. In the event that the total number of outstanding shares in circulation and the shareholders' dividend ratio are affected as a result of the company's issuing new shares or financial bonds conversion through capitalization, employee's exercising warrants, repurchasing shares of the Company or transferring treasury shares to employees and canceling treasury shares, it is proposed to authorize the Board of Directors in the meeting

of shareholders to arrange the necessary adjustments.

3. The capitalization of retained earnings into new shares is pending on the final approval of the 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: Amendments to partial provisions of the Company Corporate Charter (Articles of Incorporation), please proceed to discuss.

Explanation:

1. The key points of the amendments are as follows:
 - (1) In order to clarify the target of the remuneration payment to the Board of Directors, it is to revise the content of the provisions in Paragraph 1, Article 27-1 taken into consideration the practice of the industry.
 - (2) It is to revise as necessary the content of the provisions in Paragraph 3 of Article 27-1 in accordance with the provisions of Article 16 of the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers”.
2. The comparison table of the amendments and the amended provisions are attached hereto. (Please refer to Pages 37~46 of the Annual Meeting Handbook)

Resolutions:

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

Clauses after the amendment	Existing clauses	Remark
<p>Article 27-1 The Board of Directors is authorized to have the remuneration to the chairman, vice chairman, standing managing director, <u>managing directors</u>, independent directors <u>and directors</u> 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 <u>should</u> 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.</p>	<p>Article 27-1 The Board of Directors is authorized to have the remuneration to the chairman, vice chairman, standing 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.</p>	<ol style="list-style-type: none"> 1. In order to clarify the target of the remuneration payment to the Board of Directors, it is to revise the content of the provisions in Paragraph 1, Article 27-1 taken into consideration the practice of the industry. 2. In addition, it is to revise as necessary the wording in Paragraph 3 of Article 27-1 in accordance with the provisions of Article 16 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers stating that “A TWSE listed company shall take out directors and supervisors liability insurance with respect to liabilities resulting from exercising their duties during their term of office.”

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 NT\$61.5 billion with 6.15 billion shares issued at NT\$10 par, in which, the Board is authorized to have the unissued shares issued by installments.
- Preferred stocks 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 stocks 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 stocks of the year at the first priority.
 2. Dividends for preferred stocks shall be set at no more than 8% per annum.
 3. Dividends for preferred stocks 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 stocks. 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 stocks 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 stocks. Holders of preferred stocks shall not have any objection of such decision. If the preferred stocks 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 stocks offered are non-participating, the holders of preferred stocks 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 stocks 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 stocks 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 stocks is the same as the holders of common stocks.
7. Holders of preferred stocks 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 stocks and session of the Shareholders' Meeting related to the rights and obligations of the holders of preferred stocks.
8. No conversion of the convertible preferred stocks 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 stocks may apply for conversion of preferred stocks in their holding to common stocks in whole or in part as stated in the conditions of offering at the ratio of 1 preferred stock to 1 common stock (conversion ratio is 1:1). After the conversion of preferred stocks 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 stocks 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 stocks converted to common stocks prior to the ex-right (dividend) day are not entitled to the payment of dividend for preferred stocks 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 stocks issued by the Bank and the holders of preferred stocks are not entitled to claim for the redemption of the shares. The Bank may redeem the outstanding preferred stocks in whole or in part from the day after the 5th anniversary of the offering of preferred stocks under law or at the permission of the competent authority. Redemption will be made at the offering price. The preferred stocks 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 stocks issued by the Bank have a maturity date, it shall be no less than 5 years. Holders of preferred stocks 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 stocks (in the ratio of 1:1), or redeem by another means as permitted by law. If the Bank cannot redeem the preferred stocks in whole or in part at maturity

under objective factors or force majeure, the rights inherent to the preferred stocks 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 stocks 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 stocks 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 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 standing managing director will be appointed, if necessary, by a resolution of the Board.

Chairman, vice chairman and standing 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 chairman 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, standing managing director, **managing directors**, independent directors **and 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 **should** 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 stocks. 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 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.
The 41st amendment was implemented on June 30, 2020.
The 42nd amendment was implemented on -- 2021.

Discussions No. 3

Proposal: Amendments to partial provisions of the Regulations Governing Election of Directors, please proceed to discuss.

Explanation:

1. The provisions are amended based on the Official issued by the Taiwan Stock Exchange Corporation with the letter No.: Tai-Cheng-Chih-Li-Tzu-10900094681 on June 3, 2020.
2. The comparison table of the amendments and the amended provisions are attached hereto. (Please refer to Pages 48~53 of the Annual Meeting Handbook)

Resolutions:

The Comparison table of the amendments for Procedures for Election of Directors

Clauses after the amendment	Existing clauses	Remark
<p>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.</p> <p style="text-align: center;">Paragraph 2 (omitted)</p> <p>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, 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.</p>	<p>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.</p> <p style="text-align: center;">Paragraph 2 (omitted)</p> <p>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.</p>	<ol style="list-style-type: none"> 1. It is hereby to revise Paragraph 1 in response to the amendment to Article 192-1 of the Company Act to simplify the operational procedure for the nomination of directors. 2. Due to the expansion of the scope of mandatory independent directors, listed companies are all required to set up independent directors. It is hereby to adjust the content of Paragraph 3. (Letter numbered: Chin-Kuan-Cheng-Fa-Tzu-1070345233 dated December 19, 2018).
	<p>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</p>	<p>In response to the decree issued by the Financial Supervisory Commission with Decree numbered: Chin-Kuan-Cheng-Chao-Tzu-1080311451 dated April 25, 2019, stating that the election of directors and supervisors of TWSE and TPEX listed</p>

Clauses after the amendment	Existing clauses	Remark
	<p>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.</p>	<p>companies shall adopt a candidate nomination system starting from 2021. Shareholders shall select the directors from the list of candidates thereof. As the name, academic background and experience as well as other information of each candidate can be known from the list of candidates prior to the shareholders meeting is held, the method of identifying the shareholder status from the shareholder account number or ID card number is unnecessary. It is hereby to delete this article.</p>
<p>Article 9 A ballot is invalid under any of the following circumstances: 1. The ballot was not prepared by the <u>person having the convening right.</u> 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 do not match <u>director's candidate roster.</u> 5. Other words or marks are entered in addition to the number of voting rights allotted.</p>	<p><u>Article 10</u> A ballot is invalid under any of the following circumstances: 1. The ballot was not prepared by the <u>board of directors.</u> 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 (name) or shareholder account number (or identity card number) and the number of voting rights allotted.</p>	<p>1. In response to the deletion of Article 9, the numbering of this article is hereby adjusted. 2. It is hereby to revise Subparagraph 1 of this article in accordance with Article 173 of the Company Act, stipulating that shareholders may, under specific circumstances (for example, when the Board of Directors fails to give notice of the convening), report to the competent authority for permission to convene the meeting by themselves. 3. In response to the decree issued by the Financial Supervisory Commission with Decree numbered: Chin-Kuan-Cheng-Chao-Tzu-1080311451 dated April 25, 2019, stating that the election of directors and supervisors of TWSE and TPEX listed</p>

Clauses after the amendment	Existing clauses	Remark
	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.	companies shall adopt a candidate nomination system starting from 2021. Shareholders shall select the directors from the list of candidates thereof, and it is hereby to adjust Subparagraphs 4 and 5 of this article, and to delete Subparagraph 6.
<u>Article 10</u> Omitted	<u>Article 11</u> Omitted	In response to the deletion of Article 9, the numbering of this article is hereby adjusted.
<u>Article 11</u> Omitted	<u>Article 12</u> Omitted	In response to the deletion of Article 9, the numbering of this article is hereby adjusted.
<u>Article 12</u> Omitted	<u>Article 13</u> Omitted	In response to the deletion of Article 9, the numbering of this article is hereby adjusted.

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

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.

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 an extraordinary 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, 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 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the **person having the convening right**.
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 do not match **director's candidate roster**.
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 10 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 11 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 12 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

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.
The 11st amendment was made in an Annual Meeting of Shareholders on --- 2021.

Discussions No. 4

Proposal: Amendments to partial provisions of the Rules of Procedure for Shareholders Meeting, please proceed to discuss.

Explanation:

1. The provisions are amended based on the Official issued by the Taiwan Stock Exchange Corporation with the letter No.: Tai-Cheng-Chih-Li-Tzu-11000014461 on January 28, 2021.
2. The contents of the amendments are as follows:
 - (1) It is to adjust the announcement method in Article 3 in response to the aforementioned revised content.
 - (2) In order to improve corporate governance and safeguard the rights and interests of shareholders, the contents of Article 9 and Article 14 are hereby revised, and the numbering of the paragraphs are adjusted for the remaining part thereof.
3. The comparison table of the amendments and the amended provisions are attached hereto. (Please refer to Pages 55~62 of the Annual Meeting Handbook)

Resolutions:

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. 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.</p> <p>(The following articles: omitted)</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. 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.</p> <p>(The following articles: omitted)</p>	<p>It is to adjust the method of announcement in response to the provision of the regulations.</p>

Clauses after the amendment	Existing clauses	Remark
<p>Article 9</p> <p>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.</p> <p>The chairperson shall call the meeting to order at the meeting time. <u>At the same time, the chairperson will announce the relevant information such as the number of non-voting rights and the number of shares presented.</u></p> <p>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.</p> <p>(Paragraphs 4-5: omitted)</p>	<p>Article 9</p> <p>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.</p> <p>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.</p> <p>(Paragraphs 3-4: omitted)</p>	<p>1. In order to improve corporate governance and safeguard the rights and interests of shareholders, it is hereby to revise the content of Paragraph 2.</p> <p>2. Adjustment of numbering of the paragraphs.</p>
<p>Article 14</p> <p>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, <u>including the list of the directors-elect and the number of voting rights won, as well as the list of unselected directors and the number of voting rights obtained.</u></p> <p>(Paragraph 2: omitted)</p>	<p>Article 14</p> <p>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.</p> <p>(Paragraph 2: omitted)</p>	<p>In order to improve corporate governance and safeguard the rights and interests of shareholders, it is hereby to revise the content of Paragraph 1.</p>

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 June 30, 2020

Resolved in the Annual Meeting of Shareholders on - 2021

- 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.

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. **At the same time, the chairperson will announce the relevant information such as the number of non-voting rights and the number of shares presented.**

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, **including the list of the directors-elect and the number of voting rights won, as well as the list of unselected directors and the number of voting rights obtained.**

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.

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020:

Expected Credit Losses of Notes Discounted and Loans, Net

As described in Notes 13 and 30 to the financial statements, notes discounted and loans amounted to \$455,442,354 thousand, which accounted for 63% of total assets at December 31, 2020 and the expected credit losses of notes discounted and loans amounted to \$298,742 thousand, which accounted for 3% of total net revenue for the year ended December 31, 2020. Due to the large amount, such accounts have a significant effect on the financial statements of the Bank. In addition, 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 30 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 11,216,775	2	\$ 10,256,669	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	40,371,218	6	33,876,974	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	30,141,869	4	24,017,638	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	40,088,916	5	30,947,973	5
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	112,624,454	15	108,124,373	16
SECURITIES PURCHASED UNDER RESALE AGREEMENT	12,773,121	2	10,256,716	1
RECEIVABLES, NET	3,545,783	-	4,063,748	1
NOTES DISCOUNTED AND LOANS, NET	455,442,354	63	434,469,364	64
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	5,440,017	1	5,490,801	1
OTHER FINANCIAL ASSETS, NET	2,246	-	2,246	-
PROPERTIES AND EQUIPMENT, NET	12,276,706	2	10,619,585	2
RIGHT-OF-USE ASSETS, NET	831,231	-	680,152	-
INVESTMENT PROPERTIES, NET	18,014	-	18,103	-
INTANGIBLE ASSETS, NET	162,028	-	117,987	-
DEFERRED TAX ASSETS	712,389	-	739,372	-
OTHER ASSETS	<u>2,029,183</u>	-	<u>1,341,294</u>	-
TOTAL	<u>\$ 727,676,304</u>	<u>100</u>	<u>\$ 675,022,995</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 7,037,338	1	\$ 6,527,060	1
FUNDS BORROWED FROM CENTRAL BANK AND OTHER BANKS	2,167,280	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	739,143	-	225,402	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	2,300,077	-	10,369,025	1
PAYABLES	5,228,706	1	4,902,015	1
CURRENT TAX LIABILITIES	121,429	-	276,191	-
DEPOSITS AND REMITTANCES	638,273,838	88	584,866,484	87
BANK DEBENTURES	11,500,000	2	14,000,000	2
OTHER FINANCIAL LIABILITIES	107,246	-	-	-
PROVISIONS	1,424,492	-	1,383,470	-
LEASE LIABILITIES	853,806	-	692,171	-
DEFERRED TAX LIABILITIES	111,021	-	111,021	-
OTHER LIABILITIES	<u>490,175</u>	-	<u>360,950</u>	-
Total liabilities	<u>670,354,551</u>	<u>92</u>	<u>623,713,789</u>	<u>92</u>
EQUITY				
Ordinary shares	41,516,943	6	37,088,349	6
Capital surplus	803,606	-	726,981	-
Retained earnings				
Legal reserve	9,469,859	1	8,188,237	1
Special reserve	150,243	-	150,243	-
Unappropriated earnings	4,077,345	1	4,302,204	1
Other equity	<u>1,303,757</u>	-	<u>853,192</u>	-
Total equity	<u>57,321,753</u>	<u>8</u>	<u>51,309,206</u>	<u>8</u>
TOTAL	<u>\$ 727,676,304</u>	<u>100</u>	<u>\$ 675,022,995</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE	\$ 11,545,960	108	\$ 12,827,343	115	(10)
INTEREST EXPENSE	<u>(3,697,723)</u>	<u>(35)</u>	<u>(4,925,783)</u>	<u>(44)</u>	(25)
NET INTEREST	7,848,237	73	7,901,560	71	(1)
NET INCOME AND LOSS OTHER THAN INTEREST					
Service fee income, net	2,116,592	20	1,925,674	18	10
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(92,252)	(1)	412,975	4	(122)
Realized gains on financial assets at fair value through other comprehensive income	155,318	1	36,341	-	327
Foreign exchange gains, net	283,659	3	248,903	2	14
Reversal of (impairment losses) on assets	(8,068)	-	6,451	-	(225)
Share of profit of subsidiaries and associates for using the equity method	409,567	4	563,897	5	(27)
Other non-interest gains, net	<u>15,667</u>	<u>-</u>	<u>15,523</u>	<u>-</u>	1
TOTAL NET REVENUE	<u>10,728,720</u>	<u>100</u>	<u>11,111,324</u>	<u>100</u>	(3)
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES	<u>(366,410)</u>	<u>(3)</u>	<u>(477,441)</u>	<u>(4)</u>	(23)

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expenses	\$ (3,501,089)	(32)	\$ (3,406,053)	(31)	3
Depreciation and amortization expenses	(407,337)	(4)	(363,440)	(3)	12
Other selling and administrative expenses	<u>(1,789,391)</u>	<u>(17)</u>	<u>(1,797,086)</u>	<u>(16)</u>	-
Total operating expenses	<u>(5,697,817)</u>	<u>(53)</u>	<u>(5,566,579)</u>	<u>(50)</u>	2
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS					
	4,664,493	44	5,067,304	46	(8)
INCOME TAX EXPENSE	<u>(638,960)</u>	<u>(6)</u>	<u>(747,421)</u>	<u>(7)</u>	(15)
NET PROFIT FOR THE YEAR	<u>4,025,533</u>	<u>38</u>	<u>4,319,883</u>	<u>39</u>	(7)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(34,806)	-	(147,657)	(1)	(76)
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	212,001	2	243,824	2	(13)
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	28,286	-	55,863	-	(49)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>819</u>	<u>-</u>	<u>11,805</u>	<u>-</u>	(93)
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>206,300</u>	<u>2</u>	<u>163,835</u>	<u>1</u>	26

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		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	\$ (23,328)	-	\$ (28,707)	-	(19)
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	(1,466)	-	(29,282)	-	(95)
Unrealized gains on investments in debt instruments designated as at fair value through other comprehensive income	264,206	2	50,117	-	427
Income tax relating to items that may be reclassified subsequently to profit (loss)	<u>3,151</u>	<u>-</u>	<u>(3,151)</u>	<u>-</u>	200
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>242,563</u>	<u>2</u>	<u>(11,023)</u>	<u>-</u>	2,301
Other comprehensive income for the year, net of income tax	<u>448,863</u>	<u>4</u>	<u>152,812</u>	<u>1</u>	194
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,474,396</u>	<u>42</u>	<u>\$ 4,472,695</u>	<u>40</u>	-
EARNINGS PER SHARE					
Basic	<u>\$1.03</u>		<u>\$1.11</u>		
Diluted	<u>\$1.03</u>		<u>\$1.11</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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2019	\$ 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
Appropriation of 2019 earnings								
Legal reserve	-	-	1,281,622	-	(1,281,622)	-	-	-
Cash dividends	-	-	-	-	(1,038,474)	-	-	(1,038,474)
Share dividends	1,928,594	-	-	-	(1,928,594)	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	4,025,533	-	-	4,025,533
Other comprehensive (loss) income for the year ended December 31, 2020, net of income tax	-	-	-	-	(27,761)	(24,794)	501,418	448,863
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	3,997,772	(24,794)	501,418	4,474,396
Issuance of ordinary shares for cash	2,500,000	50,000	-	-	-	-	-	2,550,000
Issuance of ordinary shares under employee share options	-	26,625	-	-	-	-	-	26,625
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	26,059	-	(26,059)	-
BALANCE AT DECEMBER 31, 2020	\$ 41,516,943	\$ 803,606	\$ 9,469,859	\$ 150,243	\$ 4,077,345	\$ (121,110)	\$ 1,424,867	\$ 57,321,753

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,664,493	\$ 5,067,304
Adjustments for:		
Depreciation expense	353,537	316,406
Amortization expense	53,800	47,034
Provision for bad debts expense, commitments and guarantees liabilities	366,410	477,441
Loss (gain) on financial assets and liabilities at fair value through profit or loss	92,252	(412,975)
Losses (gains) on disposal of properties and equipment	120	(998)
Interest expense	3,697,723	4,925,783
Interest revenue	(11,545,960)	(12,827,343)
Dividend income	(72,140)	(28,735)
Net changes in provision for losses on others	446	(12,000)
Compensation costs of employee share options	26,625	-
Share of profit of subsidiaries and associates	(409,567)	(563,897)
Gains on disposal of investments in debt instruments at fair value through other comprehensive income	(83,178)	(7,606)
(Reversal of) impairment losses on financial assets	8,068	(6,451)
Unrealized loss on foreign currency exchange	1,279,863	535,108
Gain on lease suspension	(1,143)	(1,131)
Total adjustment	<u>(6,233,144)</u>	<u>(7,559,364)</u>
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(1,452,847)	132,740
Financial assets at fair value through profit or loss	(5,211,325)	3,107,856
Receivables	357,123	824,495
Notes discounted and loans	(21,217,414)	16,766,237
Other financial assets	740	837
Other assets	635	(23,626)
Due to the Central Bank and other banks	510,278	3,148,308
Financial liabilities at fair value through profit or loss	(491,417)	(512,305)
Securities sold under repurchase agreements	(8,068,948)	464,558
Payables	464,016	(6,359,193)
Deposits and remittances	53,407,354	(4,376,405)
Other financial liabilities	107,246	(2,127)
Provision for employee benefits	(79,296)	(158,109)
Other liabilities	<u>129,225</u>	<u>(111,155)</u>
Changes in operating assets and liabilities	<u>18,455,370</u>	<u>12,902,111</u>
Cash generated from operations	16,886,719	10,410,051
Interest received	11,912,914	13,183,372
Dividend received	559,198	352,738
Interest paid	(3,821,404)	(5,007,439)
Income tax paid	<u>(762,769)</u>	<u>(765,910)</u>
Net cash generated from operating activities	<u>24,774,658</u>	<u>18,172,812</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (15,159,499)	\$ (7,184,780)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6,422,235	4,644,563
Purchase of financial assets at amortized cost	(793,961,984)	(753,231,971)
Proceeds from repayments sale of financial assets at amortized cost	787,997,560	744,915,247
Payments for properties and equipment	(1,850,995)	(1,436,689)
Proceeds from disposal of properties and equipment	-	1,691
Increase in refundable deposits	(613,024)	(21,829)
Payments for intangible assets	<u>(97,992)</u>	<u>(40,066)</u>
Net cash used in investing activities	<u>(17,263,699)</u>	<u>(12,353,834)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing from Central Bank and other banks	2,167,280	-
Repayment of bank debentures	(2,500,000)	(6,000,000)
Repayment of the principal portion of lease liabilities	(148,529)	(114,132)
Cash dividends distributed	(1,038,474)	(987,142)
Proceeds from issuance of ordinary shares	<u>2,550,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>1,030,277</u>	<u>(7,101,274)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(23,328)</u>	<u>(28,707)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,517,908	(1,311,003)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>37,238,467</u>	<u>38,549,470</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 45,756,375</u>	<u>\$ 37,238,467</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
RECONCILIATIONS OF THE AMOUNTS IN THE STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE BALANCE SHEETS AT DECEMBER 31, 2020 AND 2019		
Cash and cash equivalents in the balance sheets	\$ 11,216,775	\$ 10,256,669
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”	21,766,479	16,725,082
Securities purchased under resale agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>12,773,121</u>	<u>10,256,716</u>
Cash and cash equivalents at the end of the year	<u>\$ 45,756,375</u>	<u>\$ 37,238,467</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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020:

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 \$456,541,322 thousand which accounted for 62% of total assets at December 31, 2020 and the expected credit losses of the notes discounted and loans amounted to \$298,742 thousand which accounted for 3% of total net revenue for the year ended December 31, 2020. Due to the large amount, such accounts have a significant effect on the consolidated financial statements of the Group. In addition, 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, 2020 and 2019 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

ASSETS	2020		2019	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 11,709,619	2	\$ 11,359,548	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS	40,371,218	5	33,876,974	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	30,867,825	4	24,375,536	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	41,009,840	6	31,599,331	5
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	112,624,454	15	108,124,373	16
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	12,773,121	2	10,256,716	1
RECEIVABLES, NET	13,483,664	2	12,819,623	2
CURRENT TAX ASSETS	3,279	-	3,279	-
NOTES DISCOUNTED AND LOANS, NET	456,541,322	62	435,398,334	64
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	163,148	-	156,788	-
RESTRICTED ASSETS, NET	439,283	-	419,393	-
OTHER FINANCIAL ASSETS, NET	2,246	-	2,246	-
PROPERTIES AND EQUIPMENT, NET	12,332,669	2	10,683,621	1
RIGHT-OF-USE ASSETS, NET	978,218	-	880,406	-
INVESTMENT PROPERTIES, NET	18,014	-	18,103	-
INTANGIBLE ASSETS, NET	213,470	-	153,125	-
DEFERRED TAX ASSETS	795,104	-	807,040	-
OTHER ASSETS	<u>2,443,527</u>	-	<u>1,754,486</u>	-
TOTAL	<u>\$ 736,770,021</u>	<u>100</u>	<u>\$ 682,688,922</u>	<u>100</u>
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS	\$ 7,037,338	1	\$ 6,527,060	1
FUNDS BORROWED FROM CENTRAL BANK AND OTHER BANKS	8,510,652	1	6,092,040	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	785,819	-	233,803	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	2,300,077	-	10,369,025	2
PAYABLES	7,349,384	1	5,988,117	1
CURRENT TAX LIABILITIES	162,112	-	385,113	-
DEPOSITS AND REMITTANCES	636,589,468	87	583,321,957	85
BANK DEBENTURES	11,500,000	2	14,000,000	2
OTHER FINANCIAL LIABILITIES	1,695,813	-	1,174,083	-
PROVISIONS	1,424,492	-	1,383,470	-
LEASE LIABILITIES	1,006,781	-	895,285	-
DEFERRED TAX LIABILITIES	111,021	-	111,021	-
OTHER LIABILITIES	<u>975,311</u>	-	<u>898,742</u>	-
Total liabilities	<u>679,448,268</u>	<u>92</u>	<u>631,379,716</u>	<u>92</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Ordinary shares	41,516,943	6	37,088,349	6
Capital surplus	803,606	-	726,981	-
Retained earnings				
Legal reserve	9,469,859	1	8,188,237	1
Special reserve	150,243	-	150,243	-
Unappropriated earnings	4,077,345	1	4,302,204	1
Other equity	<u>1,303,757</u>	-	<u>853,192</u>	-
Total equity attributable to owners of the Bank	<u>57,321,753</u>	<u>8</u>	<u>51,309,206</u>	<u>8</u>
Total equity	<u>57,321,753</u>	<u>8</u>	<u>51,309,206</u>	<u>8</u>
TOTAL	<u>\$ 736,770,021</u>	<u>100</u>	<u>\$ 682,688,922</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST REVENUE	\$ 12,129,429	104	\$ 13,433,777	111	(10)
INTEREST EXPENSE	<u>(3,850,336)</u>	<u>(33)</u>	<u>(5,083,247)</u>	<u>(42)</u>	(24)
NET INTEREST	<u>8,279,093</u>	<u>71</u>	<u>8,350,530</u>	<u>69</u>	(1)
NET INCOME AND LOSS OTHER THAN INTEREST					
Service fee income, net	2,905,903	25	2,913,315	24	-
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(26,390)	-	463,584	4	(106)
Realized gains on financial assets at fair value through other comprehensive income	171,098	1	51,834	-	230
Foreign exchange gains, net	311,605	3	238,528	2	31
Reversal of (impairment losses) on assets	(8,068)	-	6,451	-	(225)
Share of loss of associates for using the equity method	(3,294)	-	(3,002)	-	10
Other non-interest gains, net	<u>13,795</u>	<u>-</u>	<u>74,388</u>	<u>1</u>	(81)
TOTAL NET REVENUE	<u>11,643,742</u>	<u>100</u>	<u>12,095,628</u>	<u>100</u>	(4)
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES	<u>(519,032)</u>	<u>(4)</u>	<u>(615,474)</u>	<u>(5)</u>	(16)

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefits expenses	\$ (3,970,323)	(34)	\$ (3,833,009)	(32)	4
Depreciation and amortization expenses	(490,795)	(4)	(480,979)	(4)	2
Other selling and administrative expenses	<u>(1,905,162)</u>	<u>(17)</u>	<u>(1,959,181)</u>	<u>(16)</u>	(3)
Total operating expenses	<u>(6,366,280)</u>	<u>(55)</u>	<u>(6,273,169)</u>	<u>(52)</u>	1
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS					
	4,758,430	41	5,206,985	43	(9)
INCOME TAX EXPENSE	<u>(732,897)</u>	<u>(7)</u>	<u>(887,102)</u>	<u>(7)</u>	(17)
NET PROFIT FOR THE YEAR	<u>4,025,533</u>	<u>34</u>	<u>4,319,883</u>	<u>36</u>	(7)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(34,806)	-	(147,657)	(1)	(76)
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	230,633	2	293,320	2	(21)
Share of the other comprehensive income of associates accounted for using the equity method	9,654	-	6,367	-	52
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>819</u>	<u>-</u>	<u>11,805</u>	<u>-</u>	(93)
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>206,300</u>	<u>2</u>	<u>163,835</u>	<u>1</u>	26

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		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	\$ (24,794)	-	\$ (57,989)	-	(57)
Unrealized gain on investments in debt instruments designated as at fair value through other comprehensive income	264,206	2	50,117	-	427
Income tax relating to items that may be reclassified subsequently to profit or (loss)	<u>3,151</u>	<u>-</u>	<u>(3,151)</u>	<u>-</u>	200
Items that may be reclassified subsequently to profit or (loss), net of income tax	<u>242,563</u>	<u>2</u>	<u>(11,023)</u>	<u>-</u>	2,301
Other comprehensive income for the year, net of income tax	<u>448,863</u>	<u>4</u>	<u>152,812</u>	<u>1</u>	194
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,474,396</u>	<u>38</u>	<u>\$ 4,472,695</u>	<u>37</u>	-
EARNINGS PER SHARE					
Basic	<u>\$ 1.03</u>		<u>\$ 1.11</u>		
Diluted	<u>\$ 1.03</u>		<u>\$ 1.11</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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Bank					Other Equity		Total Equity
	Capital Stock Ordinary Shares	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
			Legal Reserve	Special Reserve				
BALANCE AT JANUARY 1, 2019	\$ 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
Appropriation of 2019 earnings								
Legal reserve	-	-	1,281,622	-	(1,281,622)	-	-	-
Cash dividends	-	-	-	-	(1,038,474)	-	-	(1,038,474)
Share dividends	1,928,594	-	-	-	(1,928,594)	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	4,025,533	-	-	4,025,533
Other comprehensive (loss) income for the year ended December 31, 2020, net of income tax	-	-	-	-	(27,761)	(24,794)	501,418	448,863
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	3,997,772	(24,794)	501,418	4,474,396
Issuance of ordinary shares for cash	2,500,000	50,000	-	-	-	-	-	2,550,000
Issuance of ordinary shares under employee share options	-	26,625	-	-	-	-	-	26,625
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	26,059	-	(26,059)	-
BALANCE AT DECEMBER 31, 2020	<u>\$ 41,516,943</u>	<u>\$ 803,606</u>	<u>\$ 9,469,859</u>	<u>\$ 150,243</u>	<u>\$ 4,077,345</u>	<u>\$ (121,110)</u>	<u>\$ 1,424,867</u>	<u>\$ 57,321,753</u>

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,758,430	\$ 5,206,985
Adjustments for:		
Depreciation expense	432,361	429,038
Amortization expense	58,434	51,941
Provision for bad debts expense, commitments and guarantees liabilities	519,032	615,474
Loss (gain) on financial assets and liabilities at fair value through profit or loss	26,390	(463,584)
(Gain) loss on disposal of properties and equipment	(8)	325
Interest expense	3,850,336	5,083,247
Interest revenue	(12,129,429)	(13,433,777)
Dividend income	(87,920)	(44,228)
Net changes in provision for gains (losses) on others	446	(12,000)
Compensation cost of employee share options	26,625	-
Share of loss of associates	3,294	3,002
Gains on disposal of investments in debt instruments at fair value through other comprehensive income	(83,178)	(7,606)
(Reversal of) impairment losses on financial assets	8,068	(6,451)
Unrealized loss on foreign currency exchange	1,280,144	531,607
Gain on lease suspension	(1,184)	(1,130)
Total adjustment	<u>(6,096,589)</u>	<u>(7,254,142)</u>
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(1,452,847)	132,740
Financial assets at fair value through profit or loss	(5,670,776)	3,272,451
Receivables	(977,517)	(214,100)
Notes discounted and loans	(21,387,413)	16,703,241
Other financial assets	740	837
Other assets	(114,402)	(23,899)
Due to the Central Bank and other banks	510,278	3,148,308
Financial liabilities at fair value through profit or loss	(295,887)	(779,460)
Securities sold under repurchase agreements	(8,068,948)	464,558
Payables	1,498,838	(6,177,109)
Deposits and remittances	53,267,511	(4,645,701)
Other financial liabilities	107,246	(2,127)
Provision for employee benefits	(79,296)	(158,109)
Other liabilities	91,485	(42,306)
Changes in operating assets and liabilities	<u>17,429,012</u>	<u>11,679,324</u>
Cash generated from operations	16,090,853	9,632,167
Interest received	12,496,942	13,791,954
Dividends received	87,920	44,228
Interest paid	(3,974,263)	(5,172,785)
Income tax paid	<u>(939,992)</u>	<u>(902,609)</u>
Net cash generated from operating activities	<u>23,761,460</u>	<u>17,392,955</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (15,491,073)	\$ (7,224,112)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6,502,875	4,817,690
Purchase of financial assets at amortized cost	(793,961,984)	(753,231,971)
Proceeds from repayments of financial assets at amortized cost	787,997,560	744,915,247
Payments for properties and equipment	(1,871,092)	(1,443,289)
Proceeds from disposal of properties and equipment	779	1,691
Increase in refundable deposits	(526,986)	(25,894)
Payments for intangible assets	(105,285)	(41,350)
Payments for investment properties	<u>-</u>	<u>(15,000)</u>
Net cash used in investing activities	<u>(17,455,206)</u>	<u>(12,246,988)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from Central Bank and other banks	2,418,612	596,521
Proceeds from commercial papers issued	414,484	175,403
Repayments of bank debentures	(2,500,000)	(6,000,000)
(Refund of) proceeds from guarantee deposits received	(14,916)	13,629
Repayments of principal portion of lease liabilities	(203,293)	(198,107)
Cash dividends distributed	(1,038,474)	(987,142)
Proceeds from issuance of ordinary shares	<u>2,550,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>1,626,413</u>	<u>(6,399,696)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(24,794)</u>	<u>(57,989)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,907,873	(1,311,718)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>38,341,346</u>	<u>39,653,064</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 46,249,219</u>	<u>\$ 38,341,346</u>

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	<u>December 31</u>	
	2020	2019
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2020 AND 2019		
Cash and cash equivalents in the consolidated balance sheets	\$ 11,709,619	\$ 11,359,548
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”	21,766,479	16,725,082
Securities purchased under resale agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>12,773,121</u>	<u>10,256,716</u>
Cash and cash equivalents at the end of the year	<u>\$ 46,249,219</u>	<u>\$ 38,341,346</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
 Resolved in the Annual Meeting of Shareholders on June 30, 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 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.

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 NT\$61.5 billion with 6.15 billion shares issued at NT\$10 par, in which, the Board is authorized to have the unissued shares issued by installments.
- Preferred shares may be offered within the total amount of shares as mentioned in the previous paragraph.
- Article 5-1 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 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 standing managing director will be appointed, if necessary, by a resolution of the Board.

Chairman, vice chairman and standing 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, standing 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 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.
The 41st amendment was implemented on June 30, 2020.

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	99,640,663 Shares	133,101,361 Shares	

Note: The stop transfer date is scheduled on March 30, 2021.

2. Directors shareholding list

Title	Name	Shareholdings registered in the registry of shareholders	Remarks
Chairman	Kuei-Fong Wang	457,066	
Managing Director	Hsu Tian Investment Co., Ltd., Representative: Ming-Hsiung Huang	132,644,295	
Managing Director	Hsu Tian Investment Co., Ltd., Representative: Wei-Liang Lin	132,644,295	
Independent managing director	Chien-An Shih	0	
Independent director	Li-Woon Lim	0	
Independent director	Hsin-Chang Tsai	0	
Independent director	Pi-Ta Chen	0	
Director	Hsu Tian Investment Co., Ltd., Representative: Te-Wei Chia	132,644,295	
Director	Hsu Tian Investment Co., Ltd., Representative: Shiow-Huey Yeh	132,644,295	
Director	Hsu Tian Investment Co., Ltd., Representative: Hsin-Ching Chang	132,644,295	
Director	Hsu Tian Investment Co., Ltd., Representative: Shih-Yi Chiang	132,644,295	
Director	Hsu Tian Investment Co., Ltd., Representative: Li-Tzu Lai	132,644,295	