

# Articles of Association of Taiwan Business Bank Co., Ltd.

Established by the extraordinary general meeting on April 12, 1976

Approved by the Letter (65) Tai-cai-chien No. 15056 issued by the Ministry of Finance on May 8, 1976

The 1st amendment was made by the 3rd annual shareholders' meeting on September 19, 1978

Approved by the Letter (67) Tai-cai-chien No. 23084 issued by the Ministry of Finance on December 11, 1978

The 2nd amendment was made by the 4th annual shareholders' meeting on September 12, 1979

Approved by the Letter (68) Tai-cai-chien No. 24747 issued by the Ministry of Finance on December 24, 1979

The 3rd amendment was made by the 5th annual shareholders' meeting on October 8, 1980

Approved by the Letter (70) Tai-cai-rong No. 13472 issued by the Ministry of Finance on March 26, 1981

The 4th amendment was made by the 6th annual shareholders' meeting on October 14, 1981

Approved by the Letter (70) Tai-cai-rong No. 24142 issued by the Ministry of Finance on November 23, 1981

The 5th amendment was made by the 8th annual shareholders' meeting on September 13, 1983

Approved by the Letter (73) Tai-cai-rong No. 15728 issued by the Ministry of Finance on April 27, 1984

The 6th amendment was made by the 9th annual shareholders' meeting on September 24, 1984

Approved by the Letter (74) Tai-cai-rong No. 17496 issued by the Ministry of Finance on June 13, 1985

The 7th amendment was made by the 1st extraordinary shareholders' meeting in 1985 on June 5, 1985

Approved by the Letter (74) Tai-cai-rong No. 27088 issued by the Ministry of Finance on December 31, 1985

The 8th amendment was made by the 10th annual shareholders' meeting on September 24, 1985

Approved by the Letter Tai-cai-rong No. 7561189 issued by the Ministry of Finance on July 31, 1986

The 9th amendment was made by the 12th annual shareholders' meeting on September 24, 1987

Approved by the Letter Tai-cai-rong No. 770174351 issued by the Ministry of Finance on June 3, 1988

The 10th amendment was made by the 13th annual shareholders' meeting on October 17, 1988

Approved by the Letter Tai-cai-rong No. 780040823 issued by the Ministry of Finance on February 23, 1989

The 11th amendment was made by the 16th annual shareholders' meeting on October 19, 1991

Approved by the Letter Tai-cai-rong No. 810268921 issued by the Ministry of Finance on July 21, 1991

Approved by the Letter Tai-cai-rong No. 811214231 issued by the Ministry of Finance on October 8, 1992

Approved by the Letter Tai-cai-rong No. 810502770 issued by the Ministry of Finance on November 18, 1992

The 12th amendment was made by the 17th annual shareholders' meeting on December 5, 1992

Approved by the Letter Tai-cai-rong No. 821153565 issued by the Ministry of Finance on August 11, 1993

The 13th amendment was made by the 18th annual shareholders' meeting on November 29, 1993

Approved by the Letter Tai-cai-rong No. 832297402 issued by the Ministry of Finance on June 2, 1994

The 14th amendment was made by the 19th annual shareholders' meeting on October 15, 1994

Approved by the Letter Tai-cai-rong No. 8470900 issued by the Ministry of Finance on March 17, 1995

The 15th amendment was made by the 20th annual shareholders' meeting on November 25, 1995

Approved by the Letter Tai-cai-rong No. 85526951 issued by the Ministry of Finance on June 14, 1996

The 16th amendment was made by the 21st annual shareholders' meeting on November 16, 1996

Approved by the Letter Tai-cai-rong No. 86092674 issued by the Ministry of Finance on April 9, 1997

The 17th amendment was made by the 1st extraordinary shareholders' meeting in 1998 on May 12, 1998

The 18th amendment was made by the 24th annual shareholders' meeting in 2000 on June 3, 2000

The 19th amendment was made by the 25th annual shareholders' meeting in 2001 on May 18, 2001

Received and acknowledged through the Letter Tai-cai-rong No. 9022900 issued by the Ministry of Finance on June 12, 2001

The 20th amendment was made by the 26th annual shareholders' meeting in 2002 on May 24, 2002

Approved by the Letter Jing-shou-shang-zi No. 09101207880 issued by the Ministry of Economic Affairs on June 19, 2002

The 21st amendment was made by the 27th annual shareholders' meeting in 2003 on June 6, 2003

Approved by the Letter Jing-shou-shang-zi No. 09201255440 issued by the Ministry of Economic Affairs on August 25, 2003

The 22nd amendment was made by the 1st extraordinary shareholders' meeting in 2004 on February 6, 2004

The 23rd amendment was made by the 28th annual shareholders' meeting in 2004 on June 11, 2004

Approved by the Letter Jing-shou-shang-zi No. 093011111210 issued by the Ministry of Economic Affairs on July 2, 2004

The 24th amendment was made by the 1st extraordinary shareholders' meeting in 2005 on March 2, 2005

Approved by the Letter Jing-shou-shang-zi No. 09401118120 issued by the Ministry of Economic Affairs on June 30, 2005

The 25th amendment was made by the annual shareholders' meeting of the Bank in 2006 on June 9, 2006

Approved by the Letter Jing-shou-shang-zi No. 09501187220 issued by the Ministry of Economic Affairs on August 22, 2006

The 26th amendment was made by the annual shareholders' meeting of the Bank in 2008 on June 13, 2008

Approved by the Letter Jing-shou-shang-zi No. 09701181380 issued by the Ministry of Economic Affairs on July 21, 2008

The 27th amendment was made by the annual shareholders' meeting of the Bank in 2010 on June 23, 2010

Approved by the Letter Jing-shou-shang-zi No. 09901217300 issued by the Ministry of Economic Affairs on September 29, 2010

The 28th amendment was made by the annual shareholders' meeting of the Bank in 2011 on June 24, 2011

Approved by the Letter Jing-shou-shang-zi No. 10001151580 issued by the Ministry of Economic Affairs on July 12, 2011

The 29th amendment was made by the annual shareholders' meeting of the Bank in 2012 on May 25, 2012

Approved by the Letter Jing-shou-shang-zi No. 10101116160 issued by the Ministry of Economic Affairs on June 25, 2012

The 30th amendment was made by the annual shareholders' meeting of the Bank in 2013 on June 21, 2013

Approved by the Letter Jing-shou-shang-zi No. 10201129360 issued by the Ministry of Economic Affairs on July 8, 2013

The 31st amendment was made by the annual shareholders' meeting of the Bank in 2015 on June 26, 2015

Approved by the Letter Jing-shou-shang-zi No. 10601116160 issued by the Ministry of Economic Affairs on August 23, 2017  
The 32nd amendment was made by the annual shareholders' meeting of the Bank in 2016 on June 24, 2016  
Approved by the Letter Jing-shou-shang-zi No. 10501158980 issued by the Ministry of Economic Affairs on July 12, 2016  
The 33rd amendment was made by the annual shareholders' meeting of the Bank in 2017 on June 16, 2017  
The 34th amendment was made by the annual shareholders' meeting of the Bank in 2018 on June 29, 2018  
Approved by the Letter Jing-shou-shang-zi No. 10701087000 issued by the Ministry of Economic Affairs on July 18, 2018  
The 35th amendment was made by the annual shareholders' meeting of the Bank in 2019 on June 14, 2019  
Approved by the Letter Jing-shou-shang-zi No. 10801142640 issued by the Ministry of Economic Affairs on November 1, 2019  
The 36th amendment was made by the annual shareholders' meeting of the Bank in 2020 on May 29, 2020  
Approved by the Letter Jing-shou-shang-zi No. 10901098430 issued by the Ministry of Economic Affairs on June 11, 2020  
The 37th amendment was made by the annual shareholders' meeting of the Bank in 2021 on Jul 20, 2021  
Approved by the Letter Jing-shou-shang-zi No. 11001138190 issued by the Ministry of Economic Affairs on September 13, 2021  
The 38th amendment was made by the annual shareholders' meeting of the Bank in 2022 on Jun 17, 2022  
Approved by the Letter Jing-shou-shang-zi No. 11101115230 issued by the Ministry of Economic Affairs on Jul 18, 2022  
The 39th amendment was made by the annual shareholders' meeting of the Bank in 2023 on Jun 16, 2023  
Approved by the Letter Jing-shou-shang-zi No.11230146250 issued by the Ministry of Economic Affairs on Jul 27, 2023

## **Chapter I General**

- Article 1: The purpose of the Bank is to comply with the national fiscal policies, provide credits for the public and SMEs, and help SMEs improving their production facilities, financial structures, and ensure the healthy operations and management.
- Article 2: The Bank is incorporated in accordance with the Banking Act and the Company Act, a limited liability company named as TAIWAN BUSINESS BANK (or TBB) in English.
- Article 3: The headquarter of the Bank is in Taipei City and may establish subsidiaries at appropriate domestic or overseas locations based on the requirements of its business.
- Article 4: Except for otherwise required by the competent authority for securities, the Bank shall publish its announcements on newspapers or e-mail newsletter.

## **Chapter II Shares**

- Article 5: The total capital amount of the Bank is NT\$100 billion only, and has been divided into 10 billion shares with a nominal value of NT\$10 each. The Board is authorized to resolve and issue the un-issued shares in batches.
- Article 6: The Bank is exempted from printing any share certificate for the shares issued; however, the Bank shall register the issued shares with a centralized securities depository enterprise, and shall be handled according to the requirements of the enterprise.
- Article 7: Shareholders of the Bank shall complete and provide their signature specimen for the Bank or the shareholder service agent of the Bank for keeping, and shall do the same upon any changes thereto. The receipt of shareholder's bonus or exercising shareholder's rights in writing or written contact with the Bank shall use such signature as evidence.

Article 8: Transfer of share certificates shall not be set up as a defense against the Bank unless an application for such transfer was made to the Bank or the shareholder service agent of the Bank, and the name/title and residence/domicile of the transferee have been recorded in the shareholders' registrar.

The entries in the shareholders' registrar referred to in the preceding paragraph shall not be altered within 60 days prior to the convening date of an annual shareholders' meeting, or within 30 days prior to the convening date of an extraordinary shareholders' meeting, or within 5 days prior to the target date fixed for distribution of dividends, bonus or other benefits.

Article 9: Shareholder services of the Bank shall be carried out according to Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authorities.

Article 10: Application of transfer and change of name for shareholders, reissue or renewal of new share certificates and other shareholder service matters shall be subject to service charges.

### **Chapter III Scope of business**

Article 11: Scope of business of the Bank is as follow:

- I. H101081 Small and Medium Business Banking.
- II. H408011 Futures Exchange Supporting Services.
- III. H601011 Life Insurance Agency.
- IV. H601021 Property Insurance Agency

Article 11-1: Scope of business of the Bank is as follow:

- I. To accept deposits.
- II. To issue financial debts.
- III. To discount bills and notes and provide loans.
- IV. To invest in marketable securities.
- V. To handle domestic and foreign remittances.
- VI. To accept commercial drafts.
- VII. To issue domestic and overseas letter of credits.
- VIII. To guarantee the issuance of corporate bonds.
- IX. To guarantee domestic and foreign transactions.
- X. To act as collecting and paying agent.
- XI. To handle marketable securities agency business, trading, margin purchase and short sale businesses.
- XII. To handle operation of futures introducing broker business.
- XIII. To conduct warehousing, custody and proxy in relation to the businesses.
- XIV. To conduct safe deposit boxes rental business.

- XV. To engage in credit card business.
- XVI. To sell and trade gold bars, gold coins, and silver coins.
- XVII. To engage in credit activities and auxiliary activities approved by the competent authorities.
- XVIII. To engage in the short-term note agency business, trading, attesting, and underwriting business.
- XIX. To engage in public welfare lottery agency business authorized by the competent authorities.
- XX. To engage in bonds, beneficial securities, or asset-backed securities trading business.
- XXI. To engage in the life insurance agency business.
- XXII. To engage in the property insurance agency business.
- XXIII. To engage in other related business approved by the competent authorities.
- XXIV.

#### **Chapter IV Shareholders' meetings**

Article 12: Shareholders' meetings of the Bank are categorized into annual meetings and extraordinary meetings. Annual meetings shall be convened at least once a year, and it shall be convened by the Board according to the laws within 6 months after each accounting year. Except for otherwise required by the Company Act, extraordinary meetings shall be convened by the Board when necessary. Any or a plural number of shareholder(s) of who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the Board to call an extraordinary meeting of shareholders. Any or a plural number of shareholder(s) of who has (have) continuously held more than half (50%) of total issued shares for a period of three months may call upon an extraordinary meeting.

Article 13: A notice to convene an annual meeting of shareholders shall be given to each Shareholder no later than 30 days prior to the scheduled meeting date and notice to convene an extraordinary meeting of shareholders, a meeting notice shall be given to each shareholder no later than 15 days prior to the scheduled meeting date to notify shareholders regarding the date, venue, and reason for the meeting. The Bank may notify shareholders holding less than 1,000 shares for the convening notice of the shareholders' meeting by way of an announcement.

The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority. The Bank shall be subject to

prescriptions provided for by the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters.

Article 14: The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority. The Bank shall be subject to prescriptions provided for by the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters. Shareholders may present a power of attorney printed (signed or affixed seal) and issued by the Bank that sets out the scope of authorization, deliver to the Bank five days prior to the convening date of the shareholders' meeting to engage a proxy for attending the shareholders' meeting when the shareholder is unable to attend for other causes. One shareholder may only present one power of attorney to engage one proxy. Except for otherwise required by the Company Act, when one proxy is engaged by two or more shareholders in the preceding paragraph, the voting right of such proxy shall not exceed 3% voting rights of the number of total issued shares. In the case of exceeding 3%, the exceeding portion of voting rights will not be counted.

Article 15: Where a shareholders' meeting is convened by the Board, the meeting shall be chaired by the Chairman. When the Chairman is unable to present himself/herself, the Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves. Where a shareholders' meeting is convened by other conveners entitled for calling the meeting other than the Board, the meeting shall be chaired by the convener. Where there are two or more conveners, one of the conveners shall be elected among themselves.

Article 16: Resolved matters by the shareholders' meeting are as follow:

- I. To determine and amend the Articles of Association of the Bank.
- II. Appointment and removal of Directors.
- III. To examine the statistical forms and report prepared by the Board and the Audit Committee respectively. In order to conduct the examination, the shareholders' meeting may select and appoint inspectors as required.
- IV. To resolve the capital increase or reduction.
- V. To resolve on surplus earning distribution or loss appropriation.
- VI. To resolve on other significant matters.

Article 17: Except for otherwise required by the Company Act, the resolution may be adopted by half of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the total outstanding shares.

When the number of shareholders present does not constitute the quorum prescribed in the preceding paragraph, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those who presented. A notice of such tentative resolution shall be given to each of the shareholders, and reconvene a shareholders' meeting within one month.

In the aforesaid meeting of shareholders, if the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the first paragraph.

Article 18: A shareholder is entitled to one vote with each share held. However, the shares shall have no voting power under any of the circumstances prescribed in the second paragraph under Article 179 of the Company Act.

Article 19: A minute book shall be prepared for the discussions at shareholder' meetings, and the minute book shall be dispatched to all shareholders within 20 days from the meeting after being signed by or affixed seal by the Chairman.

The dispatch of the minute book in the previous paragraph may be carried out via electronic or announcement methods.

The minute book shall set out the year, month, date, name of the Chairman, resolution method, the summary of the discussion process, and its results.

The minute book shall be permanently preserved, the sign-in book (or sign-in) of the attending shareholders and the power of attorney for engaging proxies shall be kept for at least one year. However, if a shareholder institutes a suit under Article 189 of the Company Act, they shall be kept until the conclusion of the litigation.

## **Chapter V Board**

Article 20: The Bank has 15 Directors, of which, there shall be no less than 5 Independent Directors, and the Board shall not be established with less than one-third of the seat for Directors being taken.

The term of the Director shall be three years; however, where a

government and a corporate shareholder or its representative is elected as a Director, owing to the change of his/her functional duties, may be replaced by a person.

A candidate nomination system was adopted for the election of the Bank's Directors (including Independent Directors). Shareholders shall elect Directors from the relevant candidate list thereof.

The elections for both Independent Directors and non-Independent Directors are carried out at once, with the elected number of seats accounted for separately.

The professional qualification, shareholding, concurrent serving restrictions, nomination, and election method, as well as other matter to be complied with regarding independent Directors, shall be based on the relevant requirements from competent authorities.

The total number of shares held by all Directors shall comply with requirements from competent authorities.

The by-election for filling the vacancies of Directors and Independent Directors shall be based on the requirements under the Company Act and the Securities and Exchange Act. Regarding the term of Directors elected through a by-election and the replacement based on Paragraph 2 is limited to fulfilling the unexpired term of office of the predecessor.

Article 21: A Board meeting shall be attended by two-thirds of the Directors, and five Managing Directors shall be elected when receiving the consent from the majority of the attending Directors among themselves. Among the Managing Directors, there shall be at least one independent Director, and the one-fifth of the seats of the Managing Directors shall be taken by independent Directors. A Chairman shall be elected when receiving the consent from the majority of the attending Managing Directors among themselves at a meeting where two-third of Managing Director present. The Chairman shall be the chair of shareholders' meetings, Board meetings, and Managing Director meetings, internally; while represents the Bank, externally. When the Chairman is unable to present himself/herself when he/she is on leave or due to other causes, the Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves. The Board is authorized by the shareholders' meeting to determine the remuneration of Directors, which shall be discussed in

accordance with the general standards within the industry.

The remuneration of the Chairman shall be calculated by multiplying the remuneration of the President by 1.25.

Requirements in relation to the retiring employees of the Bank shall apply to the pension of the Chairman, which shall not be subject to age and year of experience.

The Bank may enter into liability insurance contracts with insurance companies for Directors and major employees with respect to liabilities resulting from performing their duties according to the law.

- Article 22: Functions of the Board of Directors are as follow:
- I. To determine significant regulations and rules.
  - II. To determine and review the overall operating strategies and significant policies.
  - III. To determine the business plan.
  - IV. To determine the internal control system.
  - V. To prepare for the capital increase or reduction.
  - VI. To determine the establishment, cancellation, or alteration of branches.
  - VII. To determine the significant contracts.
  - VIII. To determine budgets and discuss the final accounts.
  - IX. To determine the purchases and sales of real properties.
  - X. To determine investments in other companies.
  - XI. To prepare for surplus earning distribution or loss appropriation.
  - XII. To approve the significant businesses.
  - XIII. To determine the appointment and dismissal of major employees such as President, Vice President, Chief Auditor, and Unit Heads of the head office and branch offices.
  - XIV. Matters handed down by the Chairman.
  - XV. Other functions authorized according to the laws and regulations and the shareholders meeting.

Article 23: When investing in other companies, except for otherwise required by the Banking Act, the Bank shall not be subject to the limit of 40% of the Bank's paid-up capital regarding the total investments in other companies under Paragraph 2, Article 13 of the Company Act.

Article 24: The organization of the Board of the Bank shall be separately determined by the Board.

The Bank has an Auditing Department subordinated to the Board and has a Chief Auditor that manages the audit business of the entire Bank and regularly reports to the Board and the Audit Committee.



Article 25: A regular meeting of the Board shall be held every month in principle, and be held every two months at least. Shall there be an emergency, or if the majority of the Directors request so, an extraordinary meeting may be held. Except for otherwise required by the Company Act, all meetings shall be convened by the Chairman in writing and may send out the electronic notice upon receiving the consent from the counterparty.

The Board shall establish the "Rules of Procedures for Board Meeting" and submit to the shareholders' meeting, so as to improve the operating efficiency and decision-making abilities of the Board meeting.

To reinforce the corporate governance abilities, the Board may establish functional committees and the rules for exercising their functions shall be separately determined by the Board.

Article 26: For Board meetings, if a Director is unable to attend due to other causes, the Director may engage other Director as a proxy to attend on behalf of him/her; however, the Director shall present the power of attorney and set out the scope of authorization concerning the reason for convening the meeting.

The proxy in the previous paragraph may only be engaged by one Director.

Article 27: Regarding the resolution at a Board meeting, except for otherwise required by the Company Act, the resolution shall receive the consent from the majority of the attending Directors at the meeting attended by the majority of Directors.

Article 28: A minute book shall be prepared for the discussions at Board meetings, and the minute book shall be dispatched to all Directors within 20 days from the meeting after being signed by or affixed seal by the Chairman of the meeting and the recorder. The minute book shall set out the year, month, date, name of the Chairman, resolution method, the summary of the discussion process, and its results, and shall be permanently preserved throughout the existence of the Bank. The sign-in book of the attending Directors and the power of attorney for engaging proxies shall be permanently preserved throughout the existence of the Bank.

Article 29: The President, Executive Vice Presidents, Chief Auditor, and the managers of the departments and divisions at the headquarters shall be invited to Board meetings as observers with no voting rights.

Article 30: During the recess of the Board, the Managing Directors shall regularly exercise the power and authority of the Board in accordance with the laws and regulations, the Articles of

Association, and the resolutions adopted by the shareholders' meetings and the Board, and the Board meetings to be called from time to time by the Chairman; such meetings shall be chaired by the Chairman.

The scope of power and authority of the Board exercised by the Managing Board mentioned in the previous Paragraph refer to matters other than the significant matters required to be considered by the shareholders' meeting or submitted to the Board meeting for discussion according to the laws and articles of association or prescribed by the competent authority, and the determination of business scope other than the Bank's Articles of Association, overall operating strategies, significant policies, or significant risk management.

When the Chairman is unable to present himself/herself, the Chairman shall designate a Managing Director as the proxy. When there is no designation made, a Managing Director shall be elected among themselves.

Article 31: For a resolution at the Managing Directors meeting, except for otherwise required by the Company Act, the resolution shall receive the consent from the majority of the attending Managing Directors at the meeting attended by the majority of Managing Directors. The minute book shall be signed or affixed seal by the Chairman of the meeting and the recorder.

Article 32: For a Managing Directors meeting, the President, Executive Vice Presidents, Chief Auditor, and the managers of the departments and divisions at the headquarters shall be invited to attend, with no voting rights.

## **Chapter VI Audit Committee**

Article 33: The Bank has established an Audit Committee comprised of all Independent Directors and the term of the member shall be the same as the term of the independent Director. The number of members shall not be less than three persons, and at least one of them shall specialize in accounting or finance. The functions, rules of procedures, and other matters to be complied with for the Audit Committee shall be based on relevant laws and regulations as well as the "Regulations for the Audit Committee" of the Bank.

Article 34: (Deleted)

Article 35: (Deleted)

Article 36: (Deleted)

## **Chapter VII Managers**

Article 37: The Bank has one President, who follows the resolution of the Board meetings to manage the business, and several Executive Vice Presidents, who assist the President to manage affairs. Their appointment and removal shall be proposed by the Chairman and shall receive the consent from the majority of the attending Directors at a Board meeting attended by the majority of Directors.

Article 38: When the President is unable to perform its duties due to other causes, the Chairman shall appoint one person among the Executive Vice Presidents to perform its duties after being submitted to and approved by the Board.

## **Chapter VIII Accounting**

Article 39: The fiscal year of the Bank shall commence from January 1 and end on December 31 each year whereas the current fiscal year shall be given the title of the current calendar year of the Republic of China. Settlement shall be carried out based on the first half and the second half of each year. The account day for the first half shall be June 30 while the account day for the second half shall be December 31, and a final account shall be carried out at the end of the year.

Article 40: After the end of the accounting year, the Bank shall prepare the following statements and books, submit to the Audit Committee and the Board meeting for approval, and propose to the shareholders' meeting for ratification.

I. Operating Report.

II. Financial Statements.

III. Resolution for surplus earning distribution or loss appropriation.

Regarding the statements and books in the previous paragraph, within 15 days from receiving the approval of the annual shareholders' meeting, the statements and books shall be combined with the annual report and report to the competent authority and the central bank for future reference, respectively. The Bank shall also announce its financial statements and other items required by the competent authority on the circulating daily newspaper where the headquarter of the Bank locates or in the manner prescribed by the competent authority. However, for those complying with the requirements under Article 36 of the Securities Exchange Act shall be exempted from such announcements.

Article 41: Shall there be general final accounts surplus, the Bank shall allocate such surplus to taxation payment and accumulated losses

coverage first and then the remaining balances shall be utilized as follow:

- I. Allocate 1% to 6% as employee remuneration (accounted for as expenses).
- II. Allocate 0.6% as Director remuneration (accounted for as expenses).

Employee remuneration shall be provided in share certificates or cash, and such resolution shall receive the consent from the majority of attending Directors at a Board meeting attended by the two-thirds of the Directors, and report to the shareholders' meeting.

Article 42: Shall the Bank have any surplus after the final accounts of the year, after paying all taxes and making up for previous losses according to the law, the Bank shall allocate 30% as the legal reserve and provide for or reverse the special reserve according to other laws and regulations. After such, the Bank shall include the accumulated undistributed surplus from the previous years as the distributable surplus and appropriate 30% to 100% of said distributable surplus for the distribution of the dividends and bonuses to shareholders, which shall be submitted by the Board to the shareholders' meeting for resolution.

In order to continually expand the scale and improve the profitability of the Bank, based on the plan for our future capital budgeting, the Bank adopts the residual dividend policy to comply with the principle of distributing stock dividends for keeping the capital required, and the remaining portion may be distributed in cash dividends. However, the cash dividends shall not be lower than 10% of the total dividend distribution. Where the cash dividends distributed for per share is less than NT\$0.1, except for otherwise resolved by the shareholders' meeting, such dividends will not be distributed.

The Bank is prohibited from distributing cash surplus or buying back shares under the circumstances set out in Paragraph 1, Article 44-1 of the Banking Act.

Unless and until the accumulated legal capital reserve equals the Bank's paid-in capital, the maximum cash surplus which may be distributed shall not exceed 15% of the Bank's paid-in capital.

## **Chapter IX Appendices**

Article 43: The Board shall be authorized to institute the Organization Code, Gate Approval Along the Corporate Hierarchy, and other internal regulations of The Bank.

Article 44: Unaddressed matter in the Articles of Association shall be based on the requirements under the Banking Act, the Company Act, and other related laws and regulations.

Article 45: The Articles of Association was implemented upon receiving the approval from the shareholders' meeting, and shall do the same upon any amendment thereto.

