

**The Meeting Minutes of**  
**2018 Annual General Meeting for**  
**First Financial Holding Company (the “Company”)**  
**(Excerpt Translation)**

Date and Time: June 22, 2018 at 9:00 a.m.

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

Total outstanding shares of the Company: 12,216,393,291 shares

Total shareholders reside in China: 2,960,337 shares

Total outstanding shares eligibly for the meeting: 12,213,432,954 shares

Total shares represented by shareholders present: 9,034,049,815 shares

Percentage of share held by shareholders present: 73.97%

Attendees: Chao-Dong Chang(Attorney-at-law)  
Shu-Mei Chi(CPA)

Chairperson: Ray-Beam Dawn, the Chairperson of the Board of Directors

Recorder: Jung-Wen Tsai, Yueh-Yen Ning

1. Chairperson of the Meeting announced that the aggregate shareholding of shareholders present constituted a quorum so that the Meeting began.
2. Opening speech of the Chairperson (Omitted).

## Report Matters

### Proposal:

(i) President reported the business operation of the Company in 2017. (Detailed in Meeting Handbook, page 6-9.)

1. Shareholder (No. 4400806) asked about the Company's strategy, including the hot issue of consolidation between government-owned financial institutions initiated by FSC.
2. Shareholder (No. 4812033) spoke of several issues, including the planning of M&A, employee benefits, the chance of write-backs from Ching-Fu exposure.

Each issue was elaborated respectively by Chairperson, and President of First Bank.

(ii) Audit Committee reported the auditing process of 2017 financial statements. (Detailed in Meeting Handbook, page11.)

1. Shareholder (No. 0550051) asked several issues of Ching-Fu case disclosed from page 46 to page 49 of Company's Annual Report, including the penalty by FSC, total amount of bad-debt provisions and the estimated loss to shareholders, claims of related lawsuit, accounting of penalty, responsibility and punishment of related staffs, and the follow-up improvement of overseas legal compliance. The shareholder also concerned about the audit review report by PWC listed on page 40 of Bank's Annual Report.
2. Shareholder (No. 4514165) questioned about the Ching-Fu related issue, including accounting for penalty, investigation over Chairperson and Board of Directors and claim system in the future, and execution of internal audit. The shareholder also suggested to urge government to take responsibility if similar case happens in the future.
3. Shareholder (No. 4332669) also indicated the losses from Ching-Fu default was due to policy loan and suggested to be more cautious in this respect.
4. Shareholder (No. 4362415) spoke of several issues, including systematic investigation and punishment procedure post loan losses, flaws of internal control and follow-up improvement, profits from overseas branches, whether existing provisioning includes the Ching-Fu exposures shown on page 184 of Company's Annual Report, the appraisal method of investment property shown on page 187 of Company's Annual Report, the performances of subsidiaries, and employees' compensation. The shareholder also questioned several issues

related to Audit Committee, including the committee's comments on Ching-Fu case, and evaluation of portfolios for listed or non-listed companies' stocks shown on page 183 of Company's Annual Report.

Each issue was responded respectively by Chairperson, convener of Audit Committee, President of First Bank, Accountant, and Attorney.

(iii) Report of Acquisition of JV Stakeholding in First Life Insurance.

Explanation:

- A. This proposal was to conform to Article 7-2 and Article 29-6 of Business Mergers And Acquisitions Act.
  - B. The Company and Aviva International Holdings Limited ("Aviva") jointly set up First-Aviva Life ("FAL") in December 2007, which was later renamed as First Life Insurance. Aviva concluded not to recapitalize FAL and exit Taiwan market following its strategic review afterwards.
  - C. The Company entered the Share Purchase Agreement ("SPA") with Aviva to acquire its entire 110,250,000 shares in joint venture, FAL at the cost of symbolic US one dollar, after the proposal had been approved by the 3<sup>rd</sup> interim board meeting of the 5<sup>th</sup> term of the Board of Directors in October 2017.
  - D. This proposal was further approved by FSC in December 28, 2017 according to Article 36 of Financial Holding Company Act and Article 139-1-4 of Insurance Act. The Company has closed the transaction in January 19, 2018, and made First Life Insurance a wholly owned subsidiary. For long-term perspective, the Company maintained its strong faith on Taiwan life industry, and shall continue securing the operation at its insurance arm and ultimate commitment to its policyholders. In the future, the Company will allocate its resources with sustainable development in Taiwan life market.
1. Shareholder (no. 4432939) praised of the Group's performance, stock price, and dividends.
  2. Shareholder (No. 4362415) spoke of issues about First Life, including properties investment and future development plan.

Each issue was explained respectively by Chairperson.

(iv) Report of the distribution of employee's compensation and director's remuneration in 2017.

Explanation:

- A. This proposal was to conform to Article 34-1 of the Articles of Incorporation of Company, and has been approved by the 34<sup>th</sup> board meeting of the 5<sup>th</sup> term of the Board of Directors.
- B. The distribution was listed below:  
Net profit before tax which has not deducted employee's compensation and director's remuneration: NTD 15,598,022,751  
Employee's compensation distributed – Cash (0.0395%): NTD 6,161,219  
Director's remuneration distributed – Cash (0.88%): NTD 137,262,600
1. Shareholder (no. 4362415) asked about issues of actual number of directors and employees who received compensation and remuneration respectively, other bonus for employees, and the ratio gap between director's remuneration and employee's compensation.
  2. Shareholder (No. 4784485) questioned about the ratio gap between director's remuneration and employee's compensation and suggested to review the ratio of director's remuneration.

Each issue was replied respectively by Chairperson.

### **Recognition Matters**

- (i) Business Report and Consolidated Financial Statements for the Year 2017. (Detailed in Meeting Handbook, page 18-39.)

Explanation:

The Company's business operation report and consolidated financial statements for the year 2017 have been reviewed by Audit Committee and duly approved by the 34<sup>th</sup> meeting of the 5<sup>th</sup> term of Board of Directors as described in the Meeting Handbook (Detailed in page 11.). The consolidated financial statements have been audited by Chien-Hung Chou and Shu-Mei Chi, the certified public accountants in PricewaterhouseCoopers, and a report in connection therewith has been submitted by the President and Audit Committee of the Company. The business report and consolidated financial statements are hereby respectfully submitted for recognition.

Upon emcee's announcement and explanation of recognition matter, following shareholders made speeches.

1. Shareholder (No. 4400806) spoke of several issues, including talents recruiting and retaining, pension plan, Corporate Annuity plan, strategy over fin-tech, and facial identification application.
2. Shareholder (No. 4362415) inquired the root cause of bad debts, and the follow-up procedure to hedge the risk. The shareholder also spoke several other issues, including evaluation of investment on listed and non-listed companies' stocks, good timing for financial businesses, and outlook of urban renewal business.
3. Shareholder (No. 4332669) spoke of issues about business plan, legal compliance, and application of fin-tech.

Each issue was interpreted respectively by Chairperson, Head of Accounting Department of First Bank, President of First Securities, President of First Securities Investment Trust, President of First Life, President of First Financial Assets Management, and President of First Financial Management Consulting/First Venture Capital. Chairperson announced to rule the voting process.

**Resolution:**

Presenting by shareholders (present or proxy): 9,171,011,868 shares

Approved votes: 8,030,166,435 shares/87.56% (2,825,120,839 shares from E-voting)

Against votes: 6,064,969 shares/0.07% (1,732,462 shares from E-voting)

Abort votes: 1,134,780,464 shares/12.37% (1,127,675,113 shares from E-voting)

**RESOLVED**, that the Business Report and the Consolidated Financial Statements of 2017 be and hereby were approved as submitted.

- (ii) Distribution of 2017 Profits. (Detailed in Meeting Handbook, page 41.)

Explanation:

1. The after tax net income of the Company in 2017 is NT\$15,483,031,921. In accordance with the Articles of Incorporation of the Company and other applicable laws to retain 10% thereof in the amount of NT\$1,548,303,192 as the legal reserve, and after taking into account the adjusted accumulated profits NT\$4,315,580,812 of the Company, the total distributable profit of this year is NT\$18,250,309,541 and is proposed to be distributed as follows:
  - A. NT\$10,994,753,962 as cash dividends (NT\$0.9 per share).

- B. NT\$1,221,639,320 as stock dividends (10 new shares per 1,000 existing shares).
  - C. Year-end balance of accumulated profits is NT\$6,033,916,259.
2. The adjusted accumulated profits of NT\$4,315,580,812 as above sourced from the accumulated profits of NT\$4,761,400,448 at beginning of 2017, deduct the actuarial adjustments defined benefit plans of NT\$449,329,887 from other comprehensive income, and add the reversal of the special reserve provided for first-time adoption of IFRS by NT\$3,510,251.
  3. After the distribution of profit is approved by this Meeting, the Board of Directors is authorized both to set a record date for the distribution of cash dividends, and, after the capital increase of the Company is approved by the competent authorities, set a record date for the distribution of stock dividends.
  4. Cash dividends shall be calculated and rounded down to dollar in proportion to stakeholding. The total amount of odd fraction will be counted as other income of Company.
  5. If the number of the outstanding shares of the Company is subsequently changed due to any share buy-back by the Company, the transfer, conversion, cancellation of the shares or other circumstances resulting in the increase or decrease of the number of the outstanding shares, the Board of Directors then is authorized to adjust the distribution of dividends as appropriate.
  6. This proposal for the distribution of profits has been approved by the 35<sup>th</sup> board meeting of the 5<sup>th</sup> term of Board of Directors and duly reviewed by Audit Committee.

Upon emcee's announcement and explanation of recognition matter, following shareholder made speech.

Shareholder (No. 4728008) suggested to increase dividend payout of 2017.

This issue was responded by Chairperson. Chairperson then announced to rule the voting process.

**Resolution:**

Presenting by shareholders (present or proxy): 9,172,154,289 shares

Approved votes: 8,059,046,937 shares/87.86% (2,858,043,608 shares from E-voting)

Against votes: 9,411,182 shares/0.10% (1,709,502 shares from E-voting)

Abstain votes: 1,103,696,170 shares/12.04% (1,094,775,304 shares from E-voting)

**RESOLVED**, that the distribution of 2017 profits be and hereby were approved as proposed.

### **Discussion and Election Matters**

- (i) Please approve the Issuance of new shares via capitalization of profits of 2017.

Explanation:

1. In order to boost capital base and strengthen financial structure, it is proposed to appropriate NT\$ 1,221,639,320 from the 2017 distributable earnings as stock dividends pursuant to Article 240 of the Company Act. The par value of the shares to be issued is NT\$10 and the total number of the common shares to be issued is 122,163,932 shares and the total paid-in capital would reach NT\$123,385,572,230.
2. The Board of Directors is authorized to set the record date for the proposed capital increase after the approval of competent authority in connection therewith is granted. The distribution of the new shares should be made to the shareholders with no consideration at the ratio of 10 new shares for every 1,000 shares held by shareholders according to their respective shareholding as stated in shareholders' register book on the record date. Shareholders may, within five days from the record date for stock dividend, apply to the stock affairs agent of the Company to combine fractional shares into one share. Odd lots less than one share thus collected by the Company will be placed at its par value with specific parties as determined by the Chairperson under the authorization of the AGM.
3. The rights and obligations of the new shares to be issued under the proposed capital increase shall be the same as those of the existing shares of the Company.
4. The Board of Directors is authorized to make necessary amendment to the proposed capital increase if so instructed by the competent authority.
5. If the number of the outstanding shares of the Company is subsequently changed due to any share buy-back by the Company, the transfer, conversion, cancellation of the shares or other circumstances resulting in the increase or decrease of the number of the outstanding shares, the Board of Directors is authorized to adjust the distribution of dividends as appropriate.

6. This proposal has been approved by the 35<sup>th</sup> board meeting of the 5<sup>th</sup> term of Board of Directors and duly reviewed by Audit Committee.

Upon emcee's announcement and explanation of discussion matter, no shareholder raise opinion. Chairperson announced to rule the voting process.

**Resolution:**

Presenting by shareholders (present or proxy): 9,173,415,661 shares

Approved votes: 8,058,990,897 shares/87.85% (2,858,039,980 shares from E-voting)

Against votes: 9,690,777 shares/0.11% (1,989,097 shares from E-voting)

Abort votes: 1,104,733,987 shares/12.04% (1,094,499,337 shares from E-voting)

**RESOLVED**, that the capital increase from earnings in 2017 be and hereby were approved as proposed.

(ii) Election for Company's 6<sup>th</sup> term of board of directors and independent directors.

Explanation:

1. The term of office of the Company's 5<sup>th</sup> term of board of directors will expire on June 25, 2018. It is proposed to elect the 6<sup>th</sup> term of board of directors and independent directors at this year's (2018) annual general shareholders meeting.
2. Pursuant to Article 21 and Article 21-1 of the Articles of Incorporation of Company, the Company's Board of Directors is composed of 15 to 21 directors, elected by the shareholders meeting from among persons with disposing capacity in accordance with the Financial Holding Company Act and the Company Act. Starting from the Company's 5<sup>th</sup> term of board of directors, the election of directors and independent directors shall adopt the candidate nomination system, and the shareholders shall elect directors and independent directors from among the nominees listed in the roster of candidates. The number of independent directors shall not be less than two (2) and not less than one-fifth (1/5) of the total number of directors.
3. In consideration of the Company's scale of operations and development and in response to practical operational needs, it is proposed to elect 15 directors (including 3 independent directors) for the 6<sup>th</sup> term of board of directors. The term of office shall commence on June 26, 2018 and shall end on June 25, 2021.



4. Names of candidates for directors and independent directors are listed in the Meeting Handbook page 47~48, which was to conform to Article 192-1 of the Company Act and “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. The list has been examined and approved by the 35<sup>th</sup> board meeting of the 5<sup>th</sup> term of board of directors.

5. Please vote.

Upon emcee’s announcement and explanation of discussion and election matter, no further questions were raised. The Chairperson announced to rule the voting process.

After finishing the election, the Chairperson announced the results of the voting.

Elected independent directors of the 6<sup>th</sup> term are as follows:

#	ID Number	Name	Elected Votes (E-Voting)
1	J22123xxxx	Ms. Rachel J. Huang	2,471,363,937 (2,470,690,582)
2	J12041xxxx	Mr. Chun-Hung Lin	2,461,014,624 (2,460,402,624)
3	D12084xxxx	Mr. Yen-Liang Chen	2,460,042,212 (2,459,462,212)

Elected directors of the 6<sup>th</sup> term are as follows:

#	Shareholder ID	Name	Elected Votes (E-Voting)
1	1250015	Ministry of Finance Delegate: Mr. Ray-Beam Dawn	11,842,160,835 (3,136,568,443)
2	1250015	Ministry of Finance	10,808,888,164

#	Shareholder ID	Name	Elected Votes (E-Voting)
		Delegate: Mr. Chien-Hao Lin	(2,935,498,726)
3	1250015	Ministry of Finance Delegate: Ms. Meei-Ling Jeng	10,449,109,790 (3,082,192,024)
4	1250015	Ministry of Finance Delegate: Ms. Doris Wang	9,526,477,704 (2,896,611,955)
5	4562879	Global Vision Investment Co., Ltd	9,213,013,433 (2,058,479,452)
6	1250015	Ministry of Finance Delegate: Ms. Shing-Rong Lo	9,068,473,968 (2,894,871,626)
7	4675749	Golden Gate Investment Co., Ltd	9,000,804,269 (2,048,474,875)
8	1250015	Ministry of Finance Delegate: Ms. Li-Chiung Su	8,244,067,243 (2,893,243,505)
9	1250015	Ministry of Finance Delegate: Ms. Hung-Ju Chen	8,152,466,496 (2,887,253,094)
10	1250012	Bank of Taiwan Delegate: Ms. Chuan-Chuan Hsieh	8,152,466,496 (2,360,540,675)
11	1250015	Ministry of Finance Delegate: Ms. Shwu-Mei Shiue Chou	8,098,015,253 (2,913,943,160)
12	1250012	Bank of Taiwan Delegate: Ms. Sheryl C.Y. Huang	8,061,240,640 (2,346,825,816)

- (iii) Please approve the release of Non-Competition restriction on the 6<sup>th</sup> term Board of Directors.

Explanation:

1. According to Article 209-1 of the Company Act, Directors shall explain the major impact and seek approval from shareholders meeting with regard to their engagement with peers.
2. Please refer to Meeting Handbook page 50 as the explanation of the 6<sup>th</sup> term of Directors' engagement with peers, upon approving release of restrictions of competitive activities of Directors.
3. This proposal has been approved by the 35<sup>th</sup> board meeting of the 5<sup>th</sup> term of board of directors.

Upon emcee's announcement and explanation of discussion matter, no shareholder raise opinion. Chairperson announced to rule the voting process.

**Resolution:**

Presenting by shareholders (present or proxy): 8,256,991,405 shares

Approved votes: 6,964,874,012 shares/84.35% (2,680,406,994 shares from E-voting)

Against votes: 177,831,249 shares/2.15% (170,129,569 shares from E-voting)

Abort votes: 1,114,286,144 shares/13.50% (1,103,991,851 shares from E-voting)

**RESOLVED**, that the release of Non-Competition restriction on the 6<sup>th</sup> term Board of Directors be and hereby were approved as proposed.

**Extemporary motions:**

- (i) Shareholder (no. 4815679) asked of issues about any plan for risky project finance over offshore wind power and the year-on-year earnings growth.
- (ii) Shareholder (no. 0550051) concerned about issues of advisors sourcing from retired top managements, related S.O.P., and internal control.
- (iii) Shareholder (no. 4728008) urged management team to avoid reoccurrence like Ching-Fu syndication loan.

Each issue was responded respectively by Chairperson, and Accountant. Upon a motion duly made and second, the meeting was adjourned at 12:36 p.m.

Ray-Beam Dawn  
Chairperson of the meeting

Jung-Wen Tsai / Yueh-Yen Ning  
Recorder