

Stock Code: 2885



元大金融控股股份有限公司  
Yuanta Financial Holding Co., Ltd.

# Handbook for the 2024 Annual Shareholders Meeting

Time and Date: 9:00 a.m., Friday, June 7, 2024

Place: No.15, Ln. 168, Xingshan Rd., Neihu Dist.,  
Taipei, Taiwan, R.O.C.

(Multi-functional Assembly Hall)

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Yuanta Financial Holding Co., Ltd.  
2024 Annual Shareholders Meeting Procedure

- I. Meeting called to order
- II. Chairperson remarks
- III. Company reports
- IV. Proposals
- V. Discussion
- VI. Extemporary Motions
- VII. Adjournment



# Yuanta Financial Holding Co., Ltd.

## 2024 Annual Shareholders Meeting Agenda

Time and Date: 9:00 a.m., Friday, June 7, 2024

Place: No.15, Ln. 168, Xingshan Rd., Neihu Dist.,

Taipei, Taiwan, R.O.C. (Multi-functional Assembly Hall)

Method of Meeting: Physical Shareholders Meeting

### I. Chairperson Remarks

### II. Company Reports

(I) The Company's 2023 Business Report

(II) The Audit Committee's Review of the 2023 Business Report, Financial Statements, and Earnings Distribution Plan, and Audit Committee's Communication with the Head of Internal Audit

(III) The Company's Distribution of Remuneration for Employees and Directors of the Board in 2023

(IV) The Reasons for the Issuance of the Company's Unsecured Ordinary Corporate Bonds and the Related Matters

(V) Awareness-Raising of the Laws and Regulations Related to the Holding of More Than a Certain Percentage of the Total Number of Outstanding Voting Shares of a Financial Holding Company by the Same Person or the Same Concerned Person

### III. Proposals

(I) Adoption of the 2023 Business Report and Financial Statements

(II) Adoption of the Proposal for the Distribution of 2023 Earnings

IV. Discussion

(I) The Company's Issuing of New Shares from Converting Earnings to Increase Capital in 2023

(II) Amendments to the Articles of Incorporation of Yuanta Financial Holding Co., Ltd.

V. Extemporary Motions

VI. Adjournment

## Company Reports (I)

Motion: The Company's 2023 Business Report  
(Proposed by the Board of Directors)

# Business Report

## I. Domestic and International Financial Environment

Recalling 2023, the global economic condition was adversely affected by unfavorable factors, such as monetary policies and geopolitics. Major economies, such as Europe and the United States, adopted significant lift rates to suppress inflation. The cumulative effects produced therefor resulted in sluggish end users' needs and a domestic manufacturing industry slowdown globally. Besides, due to the post-epidemic recovery in Mainland China being less than expected, the spread of the real estate debt crisis, and the ongoing Russia–Ukraine War and the Israel–Hamas conflict, the uncertainty of global economic outlook has been increasing. According to the latest forecast released by S&P Global in January 2024, the global economic growth rate was 2.7% in 2023. The economy in Taiwan was affected by the global political and economic conditions. Given the terminal market's weak demand, certain manufacturers needed to prolong their inventory adjustments. As a result, Taiwan's export momentum became sluggish and private investment tended to be conservative instead. Notwithstanding, given the stable private consumption momentum after the pandemic, domestic demand became the driving force to support economic growth. Based on the latest announcement by the Directorate-General of Budget, Accounting and Statistics (DGBAS), Executive Yuan in January 2024, the economic growth rate of Taiwan in 2023 was estimated as 1.40%.

Looking forward to 2024, global economy is still affected by uncertain factors, such as undecided interest rate cut schedule, spreading geopolitical conflicts, the tense relationship between the US and China, and the restructuring of global supply chains. S&P Global estimated in February 2024 that the global economic growth rate would be 2.5% in 2024. In terms of the economy in Taiwan, private consumption is growing mildly, manufacturers' inventory adjustment is coming to an end, and the terminal market is gradually recovering. Meanwhile, the constantly expanding emerging technology applications are expected to improve the growth momentum of exports and investment activities. According to the forecast released by the DGBAS in November 2023, the economic growth rate of Taiwan is expected to be 3.35% in 2024.

In terms of the financial market, the inflation and accelerated lift rates resulted in significant market volatility in 2023. Since the Taiwan Stock Exchange (TWSE)/Taipei Exchange (TPEX)-listed companies performed steadily as a whole, the average daily turnover of TAIEX attained NT\$359.025 billion in 2023, a year-on-year (YoY) of 17.65%, which drove the brokerage service revenue growth of Yuanta Securities to earn a profit of NT\$13.793 billion in 2023. Yuanta Securities Investment Trust (YSIT) precisely understands investors' preferences, and the stocks and ETFs offered by it both hit new records in scale. The Yuanta Japan Leaders Equity Fund, launched by YSIT in July 2023, immediately set a record as the largest Japan stock fund in Taiwan, propelling the growth of YSIT's earnings by 39.90%, reaching NT\$2.547 billion, a historical high in 2023. Meanwhile, benefiting from the strength in lift rates and the top market share of customers'

margin deposit, the profit sought by Yuanta Futures also grew significantly, by 61.76%, achieving NT\$1.853 billion. For the banking industry, increased lending resulted in the stable growth of net interest income. The recovering wealth management services drove the net income from service charges. In addition, benefiting from the increasing interest spread between Taiwan and the US, financial transactions performed remarkably. The profit sought by Yuanta Bank increased by 18.78% from the same period of last year, making NT\$8.657 billion. For the life insurance industry, the stock market has recovered from the previous year. Notwithstanding, the bond market was still affected by high yield rates and thereby minimized room for realizing capital gains. Moreover, the hedging cost remained high. As a result, the life insurance industry was generally underperforming. Through flexible asset-liability management and the exchange gain from the appreciation of the US dollar, Yuanta Life maintained a solid profit of NT\$2.019 billion.

In 2024, the financial market is still facing many challenges, including the slowdown of global economic growth, the uncertainty of the monetary policies of the central banks in Europe and the US, and the ambiguity of Taiwan's export recovery, which will make the performance of Taiwan's stock market crammed with challenges. Although the cycle of interest rate rises has come to an end, with interest rates still relatively high and corporate capital costs high, it may impact the momentum of bank lending. For the life insurance industry, the recurring yield is expected to benefit from high interest rates. However, high hedging costs might be a concern for earnings. In conclusion, the financial market is still full of multiple uncertain factors in 2024. Yuanta Financial Holding Company (FHC) will consistently uphold its strict risk control and management policy, and assess the circumstances and seize market opportunities to continue to create record performance.

## **II. Changes in Company Organization**

The most significant changes in Yuanta FHC's organization in 2023 are as follows:

In order to improve and perfect the risk management mechanism, the Board of Directors resolved on March 15, 2023 to approve the transformation of the Risk Management Committee into a functional committee subordinated to the Board of Directors, with the directors of Yuanta FHC with professional backgrounds in risk management directly participating in supervising and directing the risk management policies, so as to enhance the functions of the Board of Directors.

In the future, Yuanta FHC will continue to adjust the capital structures of its subsidiaries in line with business development needs and strengthen the entire Yuanta Group's competitiveness through organizational restructuring. In order to create operational synergies, Yuanta FHC has adopted a joint channel strategy, setting up offices for securities and banking operation in the same location. As of the end of December 2023, 57 securities branches and 55 bank branches were operating from the same location, creating maximum synergy by integrating resources of Yuanta FHC.

### III. Business Achievements

Recalling 2023, the world encountered the impact posed by geopolitics, high interest rates, and global economy slowdown, thereby causing the significant volatility of markets. Nevertheless, Yuanta FHC continued to adopt a cautious and stable approach in dealing with external changes, and adjusted its orientation in a timely manner. The net income after tax was NT\$26.566 billion, with an earnings per share (EPS) after tax of NT\$2.09 in 2023, ranking the fifth place among fourteen TWSE-listed financial holding companies.

While developing the financial business thoroughly and creating profit, Yuanta FHC has also integrated ESG (environment, society and corporate governance) into its corporate culture and business strategies to establish a sustainable business management and service model. Yuanta FHC has been selected by the “DJSI World Index” of the Dow Jones Sustainability Index (DJSI), and “DJSI Emerging Markets Index” for five consecutive years. Yuanta FHC was once again ranked number one (No. 1) in the S&P Global Corporate Sustainability Assessment (CSA) in the group of FBN Diversified Financial Services and Capital Markets. At the same time, Yuanta FHC has been selected by FTSE4Good Emerging Index for seven consecutive years and has passed all ESG reviews for socially responsible investment, placing as a benchmarking enterprise in Taiwan’s financial industry stably.

As a member of the Coalition of Movers and Shakers for Sustainable Finance of Taiwan’s Financial Supervisory Commission (FSC), Yuanta FHC has committed to take more proactive actions in the five major areas of Green Procurement, Funding and Engagement, Information Disclosure, Assistance and Promotion, and International Outreach. At the same time, Yuanta FHC and the Securities and Futures Institute (SFI) jointly acted as the convenor of the “Empowerment and Licensing Workgroup” of the FSC’s net-zero promotion platform, and made concerted efforts to promote and cultivate sustainable financial talents.

In 2023, Yuanta FHC won recognition from multiple external organizations for its ESG practices. For example, Yuanta FHC has made the Climate Change A List on the CDP (Carbon Disclosure Project), a global environmental indicator, for four consecutive years and has been in the “Leadership Level” for six consecutive years. Yuanta FHC was awarded the Silver Award of the National Enterprise Environmental Protection Award for its proactive efforts to reduce emissions. The Group also completed 100% verification of the five ISO management guidelines on the environmental aspect (ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas (GHG) Inventory Verification, ISO 14046 Water Footprint Inventory, ISO 50001 Energy Management System, and ISO 20400 Sustainable Procurement). Yuanta FHC’s construction of a sustainable supply chain was recognized by the Executive Yuan for twelve consecutive years for its outstanding performance in green procurement. Yuanta FHC received the “Best Company to Work for in Asia” award from *HR Asia* for four consecutive years, a leading Asian human resources magazine, for its promotion of the comprehensive employee care and career development system. Yuanta FHC promoted a gender-friendly workplace and was selected by the “Bloomberg Gender-Equality Index (GEI)” for five consecutive years. Moreover, Yuanta FHC

has been continuously recognized as one of the “Top 100 Enterprises for Excellence in Corporate Social Responsibility (CSR)” by *CommonWealth Magazine*, won the role model award of the “2023 CSR Awards – ESG Integrated Performance-Financial Insurance Industry” from *Global Views Monthly*, Financial Holdings CSR Premium Award from *Wealth Magazine*, and was selected for the “Taiwan Top 100 Sustainable Model Enterprise Award (Service Industry Group)” by Taiwan Corporate Sustainability Awards (TCSA).

For corporate governance, Yuanta FHC ranked in the top 5% of the TWSE-listed companies in the ninth Corporate Governance Evaluation organized by TWSE. Yuanta FHC also received the Best Chief Executive Officer, Best Chief Financial Officer, Corporate Social Responsibility, Best Investor Relations Manager, Best Investor Relations, and Best Environmental Responsibility awards from *Corporate Governance Asia*. Furthermore, Yuanta FHC passed the Taiwan Corporate Governance Association’s “CG6013 (2021) Corporate Governance Framework Assessment Certificate with Distinguished Honor” jointly with its subsidiaries including Yuanta Securities and Yuanta Bank, and continued its practices in improving stakeholders’ interests and rights, functions of the Board of Directors, corporate governance culture, and sustainable development and governance.

The business achievements of Yuanta FHC’s subsidiaries are as follows:

Yuanta Securities had 149 branches and brokerage department as of the end of December 2023, with a brokerage market share of around 12.75% in 2023, growing by 7.5% from 2022 and maintaining the leading position in the industry. In recent years, Yuanta Securities has continuously developed multiple businesses domestically and overseas, driven by an enterprising culture of pursuing innovation and teamwork, and received recognition from domestic and international professional financial magazines, totaling 63 awards for the year, including the “Best Securities Brokerage in Taiwan” award for sixteen consecutive years and the “Best Overall Sales Services in Taiwan” for ten consecutive years from *Asiamoney*, and securities-related awards by various international institutions such as *The Asset*. Honors from Taiwan’s competent authorities include the “Promotion of Innovation Award – Securities Underwriter: Capital Markets Contribution Award,” “Partnership Award – Securities Underwriters,” and “No. 1 for Taiwan ETF Total Contribution Award” from TWSE; “Futures Proprietary Trading Volume Diamond Award” and “Market-Making Performance Diamond Award” from Taiwan Futures Exchange (TAIFEX); and “No. 1 for E-TPEX Award,” “No. 1 for Maximum Value Creation Warrant Award,” and “No. 1 for Value Excellence Warrant Issuer Award” from TPEX. Meanwhile, Yuanta FHC also received the “Wealth Management Award (*Wealth Magazine*),” “Consumers Financial Brand Award (*Wealth Magazine*),” and the National Brand Yushan Award’s “Outstanding Enterprise” and “Outstanding Products – ‘Small Capital Investment’ Ecosystem and Smart Customer Service ‘Mr. Yuan’” awards. In particular, the “Small Capital Investment” Ecosystem even won the National First Prize. All these awards have demonstrated that Yuanta Securities’ proactive efforts in developing business as well as fulfilling customers’ rights and interests have been greatly affirmed.

Yuanta Bank continued asset expansion and high-quality customer focus in 2023. Yuanta Bank focused on large corporate clients and high-quality personal accounts as the main customer segments in its lending business, and strengthened the new-case momentum of its credit business, steadily expanding the scale of its various businesses. By the end of 2023, its asset scale amounted to NT\$1.83 trillion, growing by 7.14% from the previous year. In the wealth management business, fee income and assets under management (AUM) continued to grow, and Yuanta Bank has obtained the Wealth Management 2.0 license, which will deepen its services to high-asset customers. In terms of customer management, Yuanta Bank continued to promote data-driven decision-making. By analyzing customers' business history and data, Yuanta Bank can provide customers with integrated cross-product marketing solutions through precise and focused investment of marketing resources. Yuanta Bank also launched thematic marketing campaigns targeting different customer segments to achieve customer acquisition and retention goals, as well as to deepen customers' relationship and loyalty with Yuanta Bank. Based on the blueprint of the United Nations Sustainable Development Goals (SDGs), Yuanta Bank integrates the concept of sustainable management (ESG) into its corporate culture and business strategies, and promotes sustainable behavior in the five major areas of corporate governance, customer rights, employee care, environmental sustainability, and social welfare. In 2023, Yuanta Bank ranked in the top 20% of 34 industry peers in the FSC's inaugural Sustainable Finance Evaluation, demonstrating Yuanta Bank's commitment to sustainability. Yuanta Bank will continue to practice green finance and sustainable development in accordance with its set goals.

Under Yuanta FHC's overall growth and development strategy of "solidification of cores and driving of growth," Yuanta Life continued to strengthen the marketing of protection-type and long-term paying products through the integration of Group resources, in order to respond to the direction of the competent authorities. In 2023, the share of premiums for protection-type and long-term paying products reached 89%, demonstrating that Yuanta Life has been steadily expanding the scale of its business of protection-type and long-term paying products in pursuit of Yuanta Life's core value of "Insurance Protection, Sustainable Business, and Society's Well-being." Yuanta Life turned its loss to profit in 2018 and the interest spread also turned positive in 2020. Yuanta Life's net income after tax in 2023 amounted to NT\$2.019 billion, the second highest ever, and its capital adequacy ratio was 469% and net worth ratio was 7.3%, which are in line with Yuanta Life's principle of maintaining a high standard of capital adequacy ratio and net worth ratio. Yuanta Life also ensured financial stability and sustained profitable growth to enhance its contribution and significance to the Group.

Yuanta Securities Investment Trust's AUM amounted to NT\$1,487.5 billion as of the end of 2023, growing by NT\$522 billion from 2022, i.e. a YoY growth by 54%. The AUM growth rate has attained more than 20% for three consecutive years. The net income after tax was NT\$2.547 billion, a YoY growth by 39.9%, and EPS NT\$11.22, in 2023. Since Yuanta Securities Investment Trust was incorporated, it has adhered to the management philosophy stressing "Stability, Integrity, Service, and Innovation" and "Devoted Entirely to Managing Your Wealth," and has been dedicated to engaging in the diversified investment and



wealth management areas as the investment trust company with the largest publicly offered fund scale and market share. The publicly offered funds amounted to NT\$1,453.6 billion, with the market share reaching 21.5%, and were affirmed by more than 2.877 million beneficiaries, stably occupying the first place in the market. Yuanta Securities Investment Trust owns the strongest and largest-scale research team dedicated to helping investors gain access to international trends and related financial products in a timely manner and also providing diversified investment solutions, in order to satisfy investors' wealth management and retirement needs. In past years, Yuanta Securities Investment Trust's domestic/overseas funds have pursued stable performance and growth rate. Yuanta Securities Investment Trust also won multiple awards and patents from domestic/overseas professional organizations, with respect to the three indicators including product, brand, and talent, establishing a leading position in the industry.

In 2023, Yuanta Futures adhered to strict risk management principles and continued to promote the core business and grow steadily. In terms of business performance, Yuanta Futures' domestic futures brokerage market share was 22.58%, options brokerage market share 15.55%, and foreign futures market share 26.77%. Yuanta Futures' overall business performance led the industry. In terms of financial performance, Yuanta Futures generated a net income after tax of NT\$1.853 billion, ranking the first place among fourteen professional futures firms, a new high historically, with an EPS after tax of NT\$6.39 and a rate of return (ROE) after tax of 13.53%, in 2023, demonstrating its excellent business performance. Yuanta Futures actively strengthened various business indicators, continued to penetrate the Asian financial market, and earned recognition from domestic/international competent authorities and professional financial organizations for its performance in various areas. For example, it has been included in the "Top 5% of TWSE/TPEX-listed Companies" of the Corporate Governance Evaluation by TWSE for nine consecutive years. Yuanta Futures also won "Outstanding Financial Innovation," "Outstanding Risk Management," "Outstanding Green Finance – Futures Industry," and "Outstanding Futures Talent" from the seventeenth Golden Goblets Awards given by SFI, "Futures Diamond Award" from TAIEX, and the "Best Futures Firm of the Year" from *The Asset*. Furthermore, it was recognized with multiple honors in the performance of ESG, such as the "CSR Sustainable Citizenship Award – Little Giant Award" from *CommonWealth Magazine* for six consecutive years, the TCSA, and *The Asset* ESG Corporate Platinum Award. It was granted the long-term credit rating "AA-(tw)," with the "stable" outlook by Fitch Ratings. In the future, Yuanta Futures will continue to develop business at home and abroad, optimize all indicators, and move towards becoming an international futures dealer in Asia.

In implementing their respective 2023 business plans, our subsidiaries posted the following results:

Item		Total assets (NT\$1,000)	Net income (NT\$1,000)	EPS (NT\$)
Yuanta Securities	2023	498,423,232	13,793,474	2.09
	2022	430,070,051	12,051,504	1.83
Yuanta Bank	2023	1,834,464,451	8,657,463	1.17

Item		Total assets (NT\$1,000)	Net income (NT\$1,000)	EPS (NT\$)
Yuanta Bank	2022	1,712,135,805	7,288,388	0.99
Yuanta Life	2023	433,372,854	2,018,960	0.85
	2022	415,054,660	1,376,517	0.58
Yuanta Securities Investment Trust	2023	7,659,524	2,547,106	11.22
	2022	7,157,085	1,820,634	8.02
Yuanta Futures	2023	110,060,069	1,852,719	6.39
	2022	109,878,680	1,145,348	3.95
Yuanta Venture Capital	2023	3,281,118	361,007	1.33
	2022	2,913,675	(197,272)	(0.73)
Yuanta Asset Management	2023	4,186,698	147,022	0.44
	2022	4,121,624	126,379	0.38
Yuanta Securities Investment Consulting	2023	301,856	3,981	0.40
	2022	307,872	10,850	1.09

#### IV. Credit Ratings' Dates and Results

Domestic and international credit rating organizations have recognized Yuanta FHC's stable asset quality and business achievements. Taiwan Ratings confirmed on January 25, 2024 that Yuanta FHC's outlook should remain "stable," reflecting that the Yuanta Group has a strong capital level on a consolidated basis and is in a leading position in the relevant securities markets in Taiwan. Fitch Ratings confirmed on November 8, 2023 that Yuanta FHC's outlook should remain as "stable," recognizing Yuanta Group's stable position in the domestic market. Yuanta Group's continued expansion of its domestic banking services, overseas retail brokerage services, and wealth management services further improved its profit quality and financing profile through diversification.

Yuanta FHC's most recent credit rating results are summarized below:

Rating category	Rating agency	Credit rating		Outlook	Effective date
		Long-term	Short-term		
International rating	Fitch Ratings	BBB+	F2	Stable	2023/11/8
Domestic rating	Fitch Ratings	AA-(tw)	F1+(tw)	Stable	2023/11/8

Rating category	Rating agency	Credit rating		Outlook	Effective date
		Long-term	Short-term		
Domestic rating	Taiwan Ratings	twAA-	twA-1+	Stable	2024/1/25

## V. Future Development Strategies of Yuanta FHC

Yuanta FHC has always aimed to grow stably and upgrade shareholders' value. Looking back on the development history in recent years, the integration and voluntary growth, exercise of the consolidated effects of merger and acquisition (M&A) and consolidation, integration of the securities businesses overseas and efforts used in growing the business of various business entities, have driven the significant increase in the entire business scale. As a result, Yuanta FHC owning the five major profit engines, including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust, and Yuanta Futures, was incorporated. Meanwhile, the differentiated services and products drove the mutual growth of the Yuanta Group's five major business entities.

Looking forward to the post-pandemic era, Yuanta FHC will control risks carefully and continue to adopt the overall growth and development strategy valuing "solidification of cores and driving of growth," with emphasis on "focusing on Taiwan's capital market" and "expanding overseas profit engines." Under the balance of the three core philosophies of "stable profitability," "risk control and management," and "sustainable development," Yuanta FHC operates businesses, markets, and customer segments with growth potential, leveraging the growth benefits of the Yuanta Group's cross-industry and cross-border integration to effectively stabilize and improve earnings levels, and steadily progresses towards the two goals of "Best Financial Services Provider in Asia Pacific" and "International Benchmark Enterprise for Sustainability."

The development strategies of the Yuanta Group for 2024 are summarized as follows:

- (I) Yuanta Securities: Solidify core competitive advantages and promote financial products with Yuanta's characteristics.

Yuanta Securities continues to solidify its core businesses and actively expands wealth management and other innovative businesses. It analyzes its customers' different attributes and needs, and conducts differentiation and segmentation of its operations. Yuanta Securities also vigorously invests in the development of customer experience-centered digital financial services, while at the same time strengthening information security and customer rights protection.

Yuanta Securities' proprietary trading adopts prudent investment and aggressive market-making strategies. It continues to research and develop various new trading strategies and trading systems, improves the research and development of self-made financial products, and also executes

appropriate hedging policies at the same time. The investment banking business provides customers with complete services and responds to the competent authorities' policies proactively.

For overseas subsidiaries, Yuanta Securities will strive to enhance profit contribution and optimize profit structure, and reduce the dependence of each subsidiary on a single business or a specific customer. Depending on its overseas subsidiaries, Yuanta Securities will also adopt various strategies, such as improving customer structure, enhancing institutional customer services, and optimizing digital platforms, in order to increase the market share of the brokerage business and diversify profit sources, and to move towards becoming a regional securities institution in Asia.

- (II) Yuanta Bank: Strengthen and adjust the income structure and improve the efficiency of capital utilization.

Yuanta Bank will adhere to risk control and management and maintain excellent asset quality, and also improve the momentum of deposit/loan and wealth management services. By adjusting the structure of assets and liabilities, it aims to improve the overall profitability. In terms of deposit services, Yuanta Bank will focus on strengthening of the operation of demand deposits. Through the implementation of the demand deposit program and the branch deepening program, the corporate banking business and branch channels will be able to enhance the connection with customers and increase their willingness to make deposits with Yuanta Bank. For lending services, the corporate banking team will continue to work closely with large corporations and participate in high-quality syndicated loans, as well as strengthen post-loan management. At the same time, by striving for high-interest rate cases, it expects to achieve simultaneous growth in price and volume. In the case of retail banking, the expansion of the telemarketing team, the establishment of regional centers, and the strengthening of cooperation with existing partners, such as land registration agents and car dealers, will boost the momentum of the housing, credit, and auto loan businesses. In terms of financial investments, Yuanta Bank will maintain flexibility in investment operations and select investment targets prudently, taking into account liquidity risk, credit risk, and yield.

For wealth management services, Yuanta Bank will expand the manpower of the business team, optimize the sales and reward systems, improve wealth management specialists' capacity and professionalism, and set up a new private banking department, in order to focus on serving high-asset customers. For the overseas development, Yuanta Bank will focus on improvement of the business performance of its existing branches and subsidiaries, and adjust business strategies from time to time, subject to changes in the business environments in various countries.

- (III) Yuanta Life: Continue the business direction of "digital transformation," "earnings preservation," "diversification," and "connecting 25;" the product development continues to focus on the two main axes of "US dollar-denominated traditional products" and "investment-linked products;" and actively strengthen the operation of the core channels.

Yuanta Life continues to focus its product development on the needs of various customer segments, and in response to the aging trend and interest rate environment, it has adopted traditional and investment-linked as the two main axes of product development. Meanwhile, it continues to develop the insurance products that satisfy the needs of retirement life, retirement medical treatment, and retirement care, in order to enrich the product lines and optimize the coverage to meet various insurance needs. Through different sales channels such as financial services, insurance brokers and agents, and salespersons, Yuanta Life reaches out to every corner to help customers and their families build a complete protection and financial plan. In addition to delivering the core values of Yuanta Life – “Insurance Protection, Sustainable Business, and Society’s Well-being” – to its customers, Yuanta Life also helps itself achieve long-term financial and business goals.

In terms of channels, with the development direction of focusing on the market demand of target customer segments and core channel operations, Yuanta Life will promote differentiated product services to meet the needs of different channel customer segments, optimize the process of the service chain, and enhance the sales experience of the channels. Yuanta Life will also integrate the Group’s resources to deepen the relationship between customers and cooperative channels and to increase the level of contribution. Meanwhile, in response to the digital transformation wave and post-pandemic era, it exercises the insurance technology proactively to promote various digital services and optimize channel digital services, including remote insurance underwriting and implementation of AI smart customer services in the service process. Yuanta Life also actively participates in the Life Insurance Association’s policy passbook services and claims alliance chain re-evolution functions to achieve the three major goals of providing zero-contact services, energy saving and carbon reduction, and achieving financial inclusion in the post-pandemic era.

(IV) Yuanta Securities Investment Trust: Stable growth in asset management scale with innovative and diversified product lines.

Yuanta Securities Investment Trust’s (YSIT) business objective is to achieve stable growth in the size of AUM and profitability. With “Global Perspective, Leading in Stocks and Bonds, Active and Passive, Product Leadership, and Customer Satisfaction” as the core of development, YSIT, as a product research and development center, not only continues to introduce innovative products that are in line with the market conditions, but also meets the diversified financial needs of customers by taking advantage of its multiple product lines (stocks, bonds, commodities, foreign exchange, and leveraged inverse trading) under the changes in the financial market. YSIT also actively promotes active and passive funds for regular fixing, in order to realize financial inclusion. In addition, YSIT refines its digital financial services, implements its responsibility for sustainable development, and strengthens its information security resilience, and enhances the quality of its services in terms of investor education and customer satisfaction.

(V) Yuanta Futures: Deepen domestic core business and build an international trading platform.

Yuanta Futures adopts the strategy of “Richly Build New Opportunities with Forward-Looking Sustainability” as its main operating principle, and adheres to the core of strict risk control and management and legal compliance. With respect to business, Yuanta Futures will continue to strengthen its futures brokerage business. In addition to maintaining its leading position in the domestic brokerage market, Yuanta Futures will also make every effort to promote overseas options products. At the operating level, Yuanta Futures is committed to enhancing its profitability based on a sound financial structure. In the future, it will create multiple sources of revenue proactively, combine software, hardware, and digital services with continuous innovation, and comprehensively refine the overall operation process to optimize customer service and various business development. Yuanta Futures also deeply pursues the concept of sustainable management and is committed to implementing ESG objectives, taking into account Yuanta Futures’ business development and outlook for corporate sustainability.

In terms of international layout, this year, Yuanta Futures will continue to work on the establishment of the subsidiary, Yuanta Global (Singapore), and aims to become a large international futures dealer, continues to expand its futures trading and clearing business opportunities, integrates resources from the head office, Hong Kong, and Singapore to build a transnational trading operation model in the Asia Pacific region and provide traders in Taiwan and Asia with the most complete futures trading services.

Yuanta FHC’s corporate governance plan and sustainable development strategy for the year 2024 are highlighted below:

Yuanta FHC pays attention to the development trend of corporate governance both domestically and internationally, and in accordance with the FSC’s “Corporate Governance 3.0 - Sustainable Development Roadmap” and various action plans, Yuanta FHC’s corporate governance plan is introduced in a timely manner and is revised annually in line with the execution status to achieve effective implementation. The corporate governance plan and specific measures for the year 2024 include continuing to strengthen the functions of the Board of Directors (planning diversified continuing education courses for directors and entrusting entities other than Yuanta FHC with the performance evaluation of the Board of Directors), enhancing the transparency of audit quality (regularly evaluating the independence and appropriateness of appointed accountants by referring to the Audit Quality Indicators (AQIs) each year), safeguarding shareholders’ rights and treating shareholders equally (uploading the materials of shareholders meetings and annual reports in English and Chinese in advance), promoting sustainable development (submitting the ESG report to the Board of Directors for approval), and continuing to improve the corporate governance structure and system (organizing the CG2014 (2023) Corporate Governance System Evaluation Certification).

In terms of sustainable development strategy, as one of the members of the Coalition of Movers and Shakers for Sustainable Finance of the FSC, Yuanta FHC works hand in hand with the competent authorities to lead the financial industry to face the problem of climate change, continues to enrich sustainable finance-related products and services, issues and underwrites sustainable development

bonds, follows voluntary green investment principles and initiatives, and implements the Equator Principles and Yuanta FHC's "Sustainable Finance Guidelines" assessment. Additionally, Yuanta FHC continues to use financial technology (FinTech) to promote financial inclusion, enhance financial inclusion and provide a friendly financial environment, optimize customer relationship management, and continue to follow the carbon reduction roadmap under the Climate-Related Financial Disclosures (TCFD), the CDP, and the Science Based Targets initiative (SBTi), and expand the scope of carbon footprint certification for financial products or services, in order to strengthen the development of sustainable finance with its core functions to contribute to the sustainable development of society and the environment.

Looking to the future, Yuanta FHC will continue to use the power of capital, commodities, and engagement of financial institutions to guide domestic industries toward sustainable transformation, and all of the staff will work together to promote sustainable development in this spirit.

## Company Reports (II)

Motion: The Audit Committee's Review of the 2023 Business Report, Financial Statements, and Earnings Distribution Plan, and Audit Committee's communication with the Head of Internal Audit (Proposed by the Audit Committee)

### Note:

- I. The audit report of the Company's audit committee on the 2023 business report, financial statements, and earnings distribution plan is attached as follows (on page 18).
- II. The 2023 Summary of Communication between the Audit Committee and the Head of Internal Audit is attached as follows (on page 19).



# Audit Committee's Report on the Latest Financial Statements

Yuanta Financial Holding Co., Ltd.

## Audit Report from the Audit Committee

Yuanta Financial Holdings' Financial Statements 2023, together with the Business report and Earnings Distribution Plan, were submitted to the Committee for audit. The Statements were audited by independent auditors, Puo-Ju Kuo and Chien-Hung Chou, of PricewaterhouseCoopers Certified Public Accountants, who issued the Unqualified Opinions.

The Audit Committee, after completing the audit of said reports and statements, believes that they are free of material misstatement, and thus has produced this report according to Article 14-4 of *Securities and Exchange Act* and Article 219 of the *Company Act* after obtaining the consent of all Audit Committee members.

Submitted by:

2024 Annual General Meeting of Shareholders of Yuanta Financial Holding Co., Ltd.

Audit Committee of Yuanta Financial Holding Co., Ltd.

Convener: Ming Ling Hsueh

March 14, 2024

## Summary of Communication between the Audit Committee and the Head of Internal Audit

Date	Way of Communication	Object of Communication	Communication Focus	Communication Results
January 17, 2023	Audit Committee	Auditor-General	Audit business report of December 2022 of the Company and its direct affiliates.	Received and acknowledged; transferred to report to the board of directors.
February 21, 2023	Audit Committee	Auditor-General	Audit business report of January 2023 of the Company and its direct affiliates.	Received and acknowledged; transferred to report to the board of directors.
March 21, 2023	Audit Committee	Auditor-General	<ol style="list-style-type: none"> <li>1. Audit business report of February 2023 of the Company and its direct affiliates.</li> <li>2. 2022 Statement of the Internal Control System.</li> </ol>	<ol style="list-style-type: none"> <li>1. Received and acknowledged; transferred to report to the board of directors.</li> <li>2. Passed; reported to the board of directors for decision.</li> </ol>
April 18, 2023	Audit Committee	Auditor-General	<ol style="list-style-type: none"> <li>1. Audit business report of March 2023 of the Company and its direct affiliates.</li> <li>2. Amendments to the Company's 2023 audit plan.</li> </ol>	<ol style="list-style-type: none"> <li>1. Received and acknowledged; transferred to report to the board of directors.</li> <li>2. Passed; reported to the board of directors for decision.</li> </ol>
May 16, 2023	Audit Committee	Auditor-General	Audit business report of April 2023 of the Company and its direct affiliates.	Received and acknowledged; transferred to report to the board of directors.
June 20, 2023	Audit Committee	Auditor-General	Audit business report of May 2023 of the Company and its direct affiliates.	Received and acknowledged; transferred to report to the board of directors.
July 18, 2023	Audit Committee	Auditor-General	<ol style="list-style-type: none"> <li>1. Audit business report of June 2023 of the Company and its direct affiliates.</li> <li>2. Internal Auditing Department's audit</li> </ol>	<ol style="list-style-type: none"> <li>1. Received and acknowledged; transferred to report to the board of directors.</li> <li>2. Passed; reported to</li> </ol>

			report on citizen reporting cases.	the board of directors for decision.
August 15, 2023	Audit Committee	Auditor-General	Audit business report of July 2023 of the Company and its direct affiliates.	Received and acknowledged; transferred to report to the board of directors.
September 19, 2023	Audit Committee	Auditor-General	<ol style="list-style-type: none"> <li>1. Audit business report of August 2023 of the Company and its direct affiliates.</li> <li>2. The improvement handling situation with regard to the inspection opinions of the Financial Examination Bureau of the Financial Supervisory Commission R.O.C. (Taiwan).</li> </ol>	<ol style="list-style-type: none"> <li>1. Received and acknowledged; transferred to report to the board of directors.</li> <li>2. Received and acknowledged; transferred to report to the board of directors.</li> </ol>
October 17, 2023	Audit Committee	Auditor-General	Audit business report of September 2023 of the Company and its direct affiliates.	Received and acknowledged; transferred to report to the board of directors.
November 21, 2023	Audit Committee	Auditor-General	<ol style="list-style-type: none"> <li>1. Audit business report of October 2023 of the Company and its direct affiliates.</li> <li>2. The improvement handling situation with regard to the inspection opinions of the Financial Examination Bureau of the Financial Supervisory Commission R.O.C. (Taiwan).</li> <li>3. The results of the Company's assessment of its subsidiaries' internal auditing operations.</li> </ol>	<ol style="list-style-type: none"> <li>1. Received and acknowledged; transferred to report to the board of directors.</li> <li>2. Received and acknowledged; transferred to report to the board of directors.</li> <li>3. Received and acknowledged; transferred to report to the board of directors.</li> </ol>

December 19, 2023	Audit Committee	Auditor-General	<ol style="list-style-type: none"> <li>1. Audit business report of November 2023 of the Company and its direct affiliates.</li> <li>2. The Company's 2024 annual audit plan is submitted for review.</li> </ol>	<ol style="list-style-type: none"> <li>1. Received and acknowledged; transferred to report to the board of directors.</li> <li>2. Passed; reported to the board of directors for decision.</li> </ol>
January 23, 2024	Audit Committee	Auditor-General	<ol style="list-style-type: none"> <li>1. Audit business report of December 2023 of the Company and its direct affiliates.</li> <li>2. The improvement handling situation with regard to the inspection opinions of the Financial Examination Bureau of the Financial Supervisory Commission R.O.C. (Taiwan).</li> </ol>	<ol style="list-style-type: none"> <li>1. Received and acknowledged; transferred to report to the board of directors.</li> <li>2. Received and acknowledged; transferred to report to the board of directors.</li> </ol>

## Company Reports (III)

Motion: The Company's Distribution of Remuneration for Employees and Directors of the Board in 2023 (Proposed by the Board of Directors)

Note:

- I. This motion shall be handled in accordance with Article 33 of the Articles of Incorporation of Yuanta Financial Holding Co., Ltd.
- II. The Company's pre-tax income in 2023 before deductions from employee remuneration and directors' remuneration is NT\$ 26,792,192,283. The remuneration of employees by cash distribution was NT\$ 4,631,225 and the remuneration of directors was NT\$ 215,186,208.
- III. This motion was approved by the 24th meeting of the ninth (9th) board of directors of the Company.

## Company Reports (IV)

Motion: The Reasons for the Issuance of the Company's Unsecured Ordinary Corporate Bonds and the Related Matters (Proposed by the Board of Directors)

Note:

- I. According to Article 246 of the *Company Act*, after the board of directors resolves to raise corporate bonds, the Company must report the reasons for raising corporate bonds and related matters to the shareholders meeting.
- II. On November 6, 2023, the Company completed the first unsecured ordinary corporate bond issuance for the year 2023 to repay the 2018-1 term corporate bond due in the year 2024 and to repay the commercial paper issued for operational purposes. The actual amount raised is NT\$6.6 billion, and the capital utilization plan is expected to be fully executed in the third quarter of 2024.
- III. For the issuance plan of the Company's "First Issuance of Unsecured Ordinary Corporate Bonds for the Year 2023," please refer to the prospectus. The main conditions of the issuance are summarized below:
  - (I) Issuance date: November 6, 2023
  - (II) Total issuance amount: NT\$6.6 billion in total issuance amount, and the bonds are classified into two types, i.e., A Bonds and B Bonds, depending on the conditions of issuance. The issuance amount of Bond A is NT\$1.85 billion and the issuance amount

of Bond B is NT\$4.75 billion.

(III) Issuance price: Issued at full face value.

(IV) Issuance period: The maturities of the Company's Bonds A and B are five (5) years and ten (10) years, respectively, and the issuance periods are as follows:

Bond A: Issuance commenced on November 6, 2023 and will mature on November 6, 2028;

Bond B: Issuance commenced on November 6, 2023 and will mature on November 6, 2033.

(V) Coupon rate: The coupon rate of Bond A is fixed at 1.65% per annum; the coupon rate of Bond B is fixed at 1.80% per annum.

(VI) Principal repayment and interest payment: Each bond is repayable in one installment on maturity from the date of issuance.

## Company Reports ( V )

Motion: Awareness-raising of the laws and regulations related to the holding of more than a certain percentage of the total number of outstanding voting shares of a financial holding company by the same person or the same concerned person (Proposed by the Board of Directors)

### Note:

- I. This motion shall be handled in accordance with the Letter No. 10060005190 dated January 31, 2012 from the Financial Supervisory Commission R.O.C. (Taiwan).
- II. The relevant laws and regulations are as follows:
  - (I) Pursuant to Article 16, Paragraphs 2 and 3, of the *Financial Holding Company Act*, if the same person or the same concerned person individually, jointly, or in the aggregate hold more than five percent (5%) of the total number of outstanding voting shares of a financial holding company, such person or concerned person shall, within ten (10) days from the date of such holding, file a report with the Financial Supervisory Commission (hereinafter referred to as "FSC"). The preceding provision applies to each cumulative increase or decrease in the shares of the same person or the same concerned person by more than one percent (1%) thereafter. Holders of more than ten percent (10%), twenty-five percent (25%), or fifty percent (50%) of



the shares shall apply for prior approval from the FSC respectively. The definitions of the “same person” and the “same concerned person,” as well as the exclusion of shareholdings, are specified in Articles 4 and 5 of the *Financial Holding Company Act*.

- (II) If a person or a concerned person fails to report to the FSC or has failed to obtain approval from the FSC in accordance with the above regulations and holds voting shares issued by a financial holding company, the excess shall not be subject to voting rights in accordance with Article 16, Paragraph 10 of the same Act, and the FSC shall order the person or the concerned person to dispose of the shares by the end of a specified period of time. The FSC may also impose a fine of not less than NT\$2 million and not more than NT\$50 million on the shareholder in accordance with Article 60 of the same Act. In the future, if the shareholder is elected to serve as a director of the board, supervisor, or other responsible person of a financial holding company, the shareholder will be considered as a reason for not serving as a responsible person due to dishonesty or impropriety as stated in Article 3, Paragraph 12 of the *Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company*.

(III) For related regulations and forms, please visit the Company's website (Investor Relations > Investor Information > Shareholding Reporting).

## Proposals (I)

Motion: Adoption of the 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Note:

- I. The 2023 financial statements were audited by independent auditors, Puo-Ju Kuo and Chien-Hung Chou of PricewaterhouseCoopers Certified Public Accountants, who issued unqualified opinions. The financial statements indicated above and the 2023 business report have been audited by the audit committee and considered correct, and the audit report (on page 18) is issued by the committee.
- II. Adoption of the business report (on page 5), independent auditors' report, and the financial statements.

Resolution:

## Independent Auditors' Report

PWCM23000446

To the Board of Directors and Shareholders of Yuanta Financial Holding Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. (the “Company”) and its subsidiaries (collectively “Yuanta Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Group as at December 31, 2023 and 2022, 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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and Standards on Auditing of 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 Yuanta 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Key audit matters for the Yuanta Group's consolidated financial statements of the current period are stated as follows:

### **Impairment evaluation of bills discounted and loans**

#### Description

For the accounting policy of the impairment evaluation of bills discounted and loans, please refer to Note 4(10); for the critical accounting estimates and assumption uncertainty of expected credit loss on bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Notes 6(9) and 12(3). Total bills discounted and loans (including adjustment for premium or discount) and the allowance for credit losses, arising from Yuanta Commercial Bank Co., Ltd. of Yuanta Group, as at December 31, 2023 were NTD 1,083,227,619 thousand and NTD 14,247,014 thousand, respectively.

The impairment evaluation of bills discounted and loans arising from Yuanta Commercial Bank Co., Ltd. is conducted in accordance with IFRS 9, 'Financial Instruments', "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and relevant regulations. The management's considerations on bills discounted and loans impairment appropriation are primarily based on reasonable and supportable information about past events, current conditions, and forecasts of future economics. At each financial reporting date, bills discounted and loans are categorized into one of the following three stages based on whether there has been significant increase in credit risk since initial recognition: no significant increase in credit risk or low credit risk at balance sheet date, significant increase in credit risk and credit-impaired and considered relevant laws and regulations of the allowance for credit losses. Because the amount of bills discounted and loans is material with respect to the total consolidated assets and impairment evaluation involves management's professional judgment and is highly uncertain, we have thus included the impairment evaluation of bills discounted and loans as one of the key audit matters.

#### How our audit addressed the matter

We obtained and gained an understanding of Yuanta Commercial Bank Co., Ltd.'s policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans and performed sample tests. We conducted the following procedures on the impairment evaluation of bills discounted and loans as at December 31, 2023: sample examined the stage classification for expected credit losses; sample tested the calculation of the probability of default, loss given default, and exposure at default; sample examined documents regarding management's individual evaluation of future cash flows and collateral value; and evaluated whether the provision for impairment loss amount complied with the competent authority's related regulations.

## **Fair value valuation of unlisted stocks**

### Description

For the accounting policy of unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for the critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Notes 6(4) and 12(2). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2023 was NTD 34,665,636 thousand.

Because there are no active market quoted prices for the financial assets at fair value through other comprehensive income – unlisted stocks held by Yuanta Group, the management uses valuation techniques and the assistance of experts to estimate the fair value. The valuation techniques used by Yuanta Group are primarily the market method and the discounted cash flow method. The market method's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. The discounted cash flow method's main assumption is the financial forecast of unlisted companies in order to obtain their related parameters as a reference for calculations. Because models and parameters used in valuation techniques are made by management's professional judgments and estimates, such accounting judgments and estimates are highly uncertain; we have thus included the fair value valuation of unlisted stocks as one of the key audit matters.

### How our audit addressed the matter

We obtained and gained an understanding of management's valuation procedures for unlisted equity securities. We sample tested the management authorization procedures for the fair value valuation reports of unlisted equity securities.

In addition, we and our valuation experts discussed with management and sample tested Yuanta Group's valuation data for unlisted stocks, including the valuation documents provided by the management's experts, evaluated whether the valuation methods used by management were commonly used; we and our valuation experts also evaluated the reasonableness of the comparable companies under the market method and sample tested related supporting documents regarding the parameters used in the valuation.

## **Impairment assessment of goodwill**

### Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Notes 4(12) and 4(19); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(17). Goodwill after accumulated impairment as at December 31, 2023 was NTD 28,490,893 thousand.

Yuanta Group periodically performs impairment assessments on goodwill at the end of each year. Such assessments are based on cash generating units identified through operating segments and Yuanta Group engaged experts to assist in measuring the recoverable amounts of cash generating units based on future cash flows. Because the amount of goodwill is material and the models and parameters used in calculating recoverable amounts are made by management's professional judgments and are critical accounting estimates, such as future cash flows, estimated growth rate and discount rate, we have thus included the impairment assessment of goodwill as one of the key audit matters.

#### How our audit addressed the matter

Our main audit procedures included obtaining asset impairment evaluation data prepared by management, sample testing the authorization procedures for impairment testing reports, and understanding and assessing management's estimation process for future cash flows. In addition, we and our valuation experts reviewed the management's prior year operation plan execution result; sample assessed the reasonableness of key assumptions used in impairment testing models, such as estimated growth rates and discount rates; and sample tested the parameters and calculation formulas of impairment testing models.

#### **Reserve for policy benefit and adequacy of insurance liabilities**

##### Description

For the accounting policy of reserve for policy benefit and adequacy of insurance liabilities, please refer to Note 4(28); for the critical accounting estimates and assumption uncertainty of adequacy of insurance liabilities, please refer to Note 5; for the details on insurance liabilities, please refer to Note 6(26). Reserve for policy benefit under insurance liabilities as at December 31, 2023 was NTD 357,976,814 thousand.

For long-term insurance contracts, Yuanta Life Insurance Co., Ltd. recognised reserve for policy benefit in accordance with related insurance regulations, the life chart of annuity, and the specified interest rates prescribed within the insurance product statements as approved by the competent authority. The discount rates are the specified interest rates as approved by the competent authority. Liability adequacy testing is required to be conducted on insurance contracts at balance sheet date in accordance with IFRS 4, 'Insurance Contracts,' in order to reflect the current estimate of future cash flows, where various of assumption for discount rate, mortality rate, morbidity rate, lapse rate, and expense rate which involved professional judgement will affect the amount of reserve for policy benefit recognised in the financial statement. Considering that the provision of policy reserves has a material impact on the financial statements, and if insurance liabilities are not adequate, the financial statements will be materially impacted, we have thus included the reserve for policy benefit and adequacy of insurance liabilities as one of the key audit matters.



#### How our audit addressed the matter

The audit procedures we performed mainly include understanding and assessing the policies, internal controls, and procedures relevant to reserve for policy benefit; sample examining authorization documents for the configuration of new products in order to confirm the accuracy of configurations for the reserves system of new products; sample inspecting the number of effective policies in the policy system and the actuarial system in order to confirm the completeness of the calculations for reserve for policy benefit; sample examining the consistency between policy information of new products and information in the policy system in order to confirm the accuracy of policy information for calculating reserve for policy benefit. Our actuarial experts assisted us in sample testing representative new products in the current period in order to confirm that the method and results of provisioning reserves were consistent with those of the insurance product statement submitted to the competent authority; performing trend analysis (excluding new products) on each insurance type and performed roll analysis on each product type in order to assess the reasonableness of reserve for policy benefit on the balance sheet date.

We also used the work of actuarial expert to assist in assessing the adequacy of insurance liabilities, comparing whether there were significant differences between the current period and the previous period regarding main assumptions other than the discount rate, which are mortality rate, morbidity rate, lapse rate, and expense rate. If there were significant differences, then related documents and explanations with regard to Yuanta Life Insurance Co, Ltd. were obtained; also, current period assumptions were compared to actual experiences in order to examine the reasonableness of each assumptions. Furthermore, the actuarial expert assisted us in referencing current market interest rate information to assess the reasonableness of the elected discount rate for future cash flows from insurance contracts; confirming the accuracy of the cash flow model through independent sample testing; recalculating the current estimates of future cash flows using the overall cash flow and discount rates assumptions provided by Yuanta Life Insurance Co., Ltd.; comparing the carrying amount of insurance liabilities to the current estimate of future cash flows from insurance contracts.

#### ***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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came



into effect as endorsed by the Financial Supervisory Commission, 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 Yuanta 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 Yuanta 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 Yuanta 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Yuanta 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 Yuanta 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

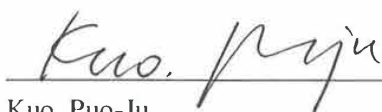
auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Yuanta Group 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 appropriate audit evidence regarding the financial information of the entities or business activities within Yuanta 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 of the current period 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.



Kuo, Puo-Ju



Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 81,869,960	3	\$ 76,338,164	3
11500	Due from Central Bank and call loans to other banks	6(2) and 8	83,110,140	3	79,690,160	3
12000	Financial assets at fair value through profit or loss	6(3), 7 and 8	563,701,196	17	420,057,382	14
12150	Financial assets at fair value through other comprehensive income	6(4) and 8	292,262,818	9	339,711,553	11
12200	Investments in debt instruments at amortised cost	6(5) and 8	539,131,270	16	540,529,315	18
12500	Investments in bills and bonds under resale agreements	6(6)	99,644,104	3	94,073,224	3
13000	Receivables – net	6(7) and 7	273,092,919	8	202,341,992	7
13200	Current income tax assets		2,623,799	-	3,026,971	-
13300	Assets held for sale – net	6(8)	79,099	-	81,469	-
13500	Bills discounted and loans – net	6(9) and 7	1,086,526,760	33	995,199,165	33
13700	Reinsurance contract assets – net	6(10)	1,249,093	-	1,368,195	-
15000	Equity investments accounted for under the equity method – net	6(11)	3,089,373	-	3,431,913	-
15100	Restricted assets – net	8	3,051,147	-	2,726,292	-
15500	Other financial assets – net	6(12)	111,816,531	4	114,480,773	4
18000	Investment property – net	6(13) and 8	11,307,517	-	10,487,451	-
18500	Property and equipment – net	6(14) and 8	27,352,156	1	25,503,491	1
18600	Right-of-use assets – net	6(15)	13,011,575	-	11,515,532	-
19000	Intangible assets – net	6(17)	30,728,678	1	30,959,908	1
19300	Deferred income tax assets	6(45)	5,246,624	-	5,552,131	-
19500	Other assets – net	6(18), 7 and 8	69,765,061	2	59,043,456	2
	<b>TOTALASSETS</b>		<u>\$ 3,298,659,820</u>	<u>100</u>	<u>\$ 3,016,118,537</u>	<u>100</u>

(Continued)

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
21000	Deposits from Central Bank and other banks	6(20)	\$ 12,387,393	-	\$ 38,607,095	1
22000	Financial liabilities at fair value through profit or loss	6(3)(38)	158,670,714	5	134,822,676	5
22500	Bills and bonds payable under repurchase agreements	6(6)(47) and 7	251,838,703	8	224,137,491	7
22600	Commercial paper payable – net	6(21)(47)	83,155,165	3	47,836,070	2
23000	Payables	6(22) and 7	180,210,063	6	154,026,563	5
23200	Current income tax liabilities		5,366,128	-	4,052,157	-
23500	Deposits and remittances	6(23) and 7	1,548,770,818	47	1,407,441,499	47
24000	Bonds payable	6(24)(47)	104,904,691	3	102,487,542	3
24400	Other borrowings	6(25)(47)	48,439,167	2	48,460,199	2
24600	Liabilities reserve	6(26)(27)	376,640,823	11	363,676,625	12
25500	Other financial liabilities	6(28) and 7	135,723,396	4	140,319,398	5
26000	Lease liabilities	6(47)	6,191,253	-	4,712,163	-
29300	Deferred income tax liabilities	6(45)	5,341,639	-	4,914,735	-
29500	Other liabilities	6(29) and 7	72,643,721	2	63,241,416	2
	<b>TOTAL LIABILITIES</b>		<u>2,990,283,674</u>	<u>91</u>	<u>2,738,735,629</u>	<u>91</u>
31000	Equity attributable to owners of the parent company					
31100	Share capital					
31101	Common stock	6(30)	126,890,824	4	125,015,590	4
31500	Additional paid-in capital	6(31)	38,188,103	1	38,010,564	1
32000	Retained earnings					
32001	Legal reserve	6(32)	22,561,044	1	20,481,785	1
32003	Special reserve	6(32)	13,517,403	-	6,549,234	-
32011	Undistributed earnings	6(33)	80,901,931	2	73,279,144	2
32500	Other equity					
32500	Other equity interest	6(34)	4,947,633	1	(6,968,170)	-
39500	<b>Non-controlling interests</b>		<u>21,369,208</u>	<u>-</u>	<u>21,014,761</u>	<u>1</u>
	<b>TOTAL EQUITY</b>		<u>308,376,146</u>	<u>9</u>	<u>277,382,908</u>	<u>9</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 3,298,659,820</u>	<u>100</u>	<u>\$ 3,016,118,537</u>	<u>100</u>

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

**YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31				Changes Percentage (%)	
		2023		2022			
		AMOUNT	%	AMOUNT	%		
41000	Interest income	6(35) and 7	\$ 62,355,083	64	\$ 45,232,088	50	38
51000	Less: Interest expense	6(35) and 7	( 32,023,003)	( 33)	( 14,530,723)	( 16)	120
49600	Net interest income	6(35)	<u>30,332,080</u>	<u>31</u>	<u>30,701,365</u>	<u>34</u>	( 1)
	Net non-interest income						
49800	Net service fee and commission income	6(36) and 7	25,769,977	26	25,120,057	27	3
49810	Net income from insurance operations	6(37) and 7	8,389,197	9	13,377,691	15	( 37)
49820	Gain or loss on financial assets and financial liabilities at fair value through profit or loss	6(38) and 7	19,976,171	20	( 8,318,689)	( 9)	( 340)
49825	Gain on investment property	7	231,607	-	418,705	-	( 45)
49835	Realised gain on financial assets at fair value through other comprehensive income		1,508,452	2	1,831,509	2	( 18)
49850	Net gain or loss arising from derecognition of financial assets measured at amortised cost	6(5)(9)	( 690,387)	( 1)	83,436	-	( 927)
49870	Foreign exchange gain or loss		2,827,594	3	19,127,589	21	( 85)
49880	Loss on asset impairment	6(39)	( 12,817)	-	( 51,498)	-	( 75)
49890	Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(11)	( 231,099)	-	191,645	-	( 221)
49898	Gain or loss on reclassification under the overlay approach		( 3,053,977)	( 3)	4,151,363	5	( 174)
49921	Net gain on sale of non-performing loans		312,780	-	281,525	-	11
49945	Consultation service income		5,364,029	5	4,316,318	5	24
49999	Net other miscellaneous income or loss	6(40) and 7	<u>7,366,276</u>	<u>8</u>	<u>270,866</u>	<u>-</u>	2620
49700	Total net non-interest income		<u>67,757,803</u>	<u>69</u>	<u>60,800,517</u>	<u>66</u>	11
	Net profit		98,089,883	100	91,501,882	100	7
58100	Provision for bad debt expenses, commitment and guarantee policy reserve	6(41)	( 472,519)	-	( 318,190)	( 1)	49
58300	Net change in provisions for insurance liabilities	6(26)	( 14,470,939)	( 15)	( 19,533,972)	( 21)	( 26)
	Operating expenses						
58501	Employee benefit expense	6(42) and 7	( 29,759,901)	( 30)	( 25,428,255)	( 28)	17
58503	Depreciation and amortization	6(43)	( 3,269,205)	( 3)	( 3,162,099)	( 3)	3
58599	Other business and administrative expenses	6(44) and 7	( 16,131,668)	( 17)	( 14,645,553)	( 16)	10
58500	Total Operating Expenses		<u>( 49,160,774)</u>	<u>( 50)</u>	<u>( 43,235,907)</u>	<u>( 47)</u>	14
61000	Consolidated income from continuing operations before income tax		33,985,651	35	28,413,813	31	20
61003	Income tax expense	6(45)	( 5,457,422)	( 6)	( 5,703,400)	( 6)	( 4)
69000	Consolidated net income		<u>\$ 28,528,229</u>	<u>29</u>	<u>\$ 22,710,413</u>	<u>25</u>	26

(Continued)

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31				Changes Percentage (%)						
		2023		2022								
		AMOUNT	%	AMOUNT	%							
<b>Other comprehensive income</b>												
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>												
69561												
		(\$	700,604)	(	1)	\$	1,388,890	1	(	150)		
69563	6(11)											
			734	-	(		352)	-	(	309)		
69565	6(34)		4,003	-	(		7,848)	-	(	151)		
69567	6(4)(34)		3,929,273	4			3,454,906	4		14		
69569	6(34)(45)		81,709	-	(		336,820)	-	(	124)		
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>												
69571	6(34)		(	1,245,566)	(	1)		3,014,310	3	(	141)	
69585	6(4)(34)		8,775,409	9	(		19,199,889)	(	21)	(	146)	
69587	6(4)(34)		(	16,990)	-	(		17,759)	-	(	4)	
69590	6(3)(34)		3,053,977	3	(		4,151,363)	(	5)	(	174)	
69579	6(34)(45)		(	203,730)	-			790,210)	1	(	126)	
69500			<u>\$</u>	<u>13,678,215</u>	<u>14</u>		<u>(\$</u>	<u>15,065,715)</u>	<u>(</u>	<u>17)</u>	<u>(</u>	<u>191)</u>
69700			<u>\$</u>	<u>42,206,444</u>	<u>43</u>		<u>\$</u>	<u>7,644,698</u>	<u>8</u>		<u>452</u>	
Consolidated net income attributable to:												
69901			\$	26,566,198	27		\$	21,456,327	24		24	
69903				<u>1,962,031</u>	<u>2</u>			<u>1,254,086</u>	<u>1</u>		56	
			<u>\$</u>	<u>28,528,229</u>	<u>29</u>		<u>\$</u>	<u>22,710,413</u>	<u>25</u>		26	
Consolidated comprehensive income attributable to:												
69951			\$	40,462,499	41		\$	5,414,225	6		647	
69953				<u>1,743,945</u>	<u>2</u>			<u>2,230,473</u>	<u>2</u>	(	22)	
			<u>\$</u>	<u>42,206,444</u>	<u>43</u>		<u>\$</u>	<u>7,644,698</u>	<u>8</u>		452	
Earnings per share (in New Taiwan Dollars)												
70001	6(46)											
			<u>\$</u>	<u>2.09</u>			<u>\$</u>	<u>1.69</u>				

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

**YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										Non-controlling interests	Total equity
	Retained earnings					Other equity interest						
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Gains on debt instruments at fair value through other comprehensive income	Other financial assets on reclassification under the overlay approach	Change in fair value of financial liability attributable to change in credit risk			
<b>For the year ended December 31, 2022</b>												
Balance, January 1, 2022	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	(\$ 8,400,123)	\$ 17,930,672	(\$ 1,072,737)	(\$ 47,621)	\$ 20,044,244	\$ 289,079,705	
Consolidated net income for the year	-	-	-	-	21,456,327	-	-	-	-	1,254,086	22,710,413	
Other comprehensive income (loss) for the year	-	-	-	-	1,034,054	2,280,219	(15,182,928)	(4,169,850)	(3,597)	976,387	(15,065,715)	
Total comprehensive income (loss) for the year	-	-	-	-	22,490,381	2,280,219	(15,182,928)	(4,169,850)	(3,597)	2,230,473	(7,644,698)	
Appropriation of 2021 earnings:												
Legal reserve	-	-	3,441,312	-	(3,441,312)	-	-	-	-	-	-	
Cash dividend	-	-	-	-	(18,206,154)	-	-	-	-	-	(18,206,154)	
Stock dividend	3,641,230	-	-	-	(3,641,230)	-	-	-	-	-	-	
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	
Changes in non-controlling interests	-	124,615	-	-	-	-	-	-	-	-	124,615	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,697,795)	-	1,697,795	-	-	-	-	
Balance, December 31, 2022	\$ 125,015,590	\$ 38,010,564	\$ 20,481,785	\$ 6,549,234	\$ 73,279,144	(\$ 6,119,904)	\$ 4,445,539	(\$ 5,242,587)	(\$ 51,218)	\$ 21,014,761	\$ 277,382,908	
<b>For the year ended December 31, 2023</b>												
Balance, January 1, 2023	\$ 125,015,590	\$ 38,010,564	\$ 20,481,785	\$ 6,549,234	\$ 73,279,144	(\$ 6,119,904)	\$ 4,445,539	(\$ 5,242,587)	(\$ 51,218)	\$ 21,014,761	\$ 277,382,908	
Consolidated net income for the year	-	-	-	-	26,566,198	-	-	-	-	1,962,031	28,528,229	
Other comprehensive income (loss) for the year	-	-	-	-	(505,511)	(841,704)	12,158,322	3,082,940	2,254	(218,086)	13,678,215	
Total comprehensive income (loss) for the year	-	-	-	-	26,060,687	(841,704)	12,158,322	3,082,940	2,254	1,743,945	42,206,444	
Appropriation of 2022 earnings:												
Legal reserve	-	-	2,079,259	-	(2,079,259)	-	-	-	-	-	-	
Special reserve	-	-	-	6,968,169	(6,968,169)	-	-	-	-	-	-	
Cash dividend	-	-	-	-	(10,001,247)	-	-	-	-	-	(10,001,247)	
Stock dividend	1,875,234	-	-	-	(1,875,234)	-	-	-	-	-	-	
Changes in equity of associates and joint ventures accounted for using equity method	-	177,539	-	-	-	-	-	-	-	-	177,539	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,389,498)	(1,389,498)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,486,009	-	(2,486,009)	-	-	-	-	
Balance, December 31, 2023	\$ 126,890,824	\$ 38,188,103	\$ 22,561,044	\$ 13,517,403	\$ 80,901,931	(\$ 6,961,608)	\$ 14,117,852	(\$ 2,159,647)	(\$ 48,964)	\$ 21,369,208	\$ 308,376,146	

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 33,985,651	\$ 28,413,813
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	2,658,900	2,581,439
Amortization	610,305	580,660
Provision for bad debt expense, commitment and guarantee policy reserve	1,436,934	1,098,159
Interest expense	32,023,003	14,530,723
Interest income	( 62,355,083 )	( 45,232,088 )
Dividend income	( 9,383,053 )	( 5,760,370 )
Impairment loss on asset impairment	12,817	51,498
Gain or loss on reclassification under the overlay approach	3,053,977	( 4,151,363 )
Share of the profit or loss of associates and joint ventures accounted for under the equity method	231,099	( 191,645 )
Gain on disposal of assets held for sale	-	( 12,330 )
Gain on disposal of investment property	( 67,997 )	( 247,533 )
Gain on disposal or retirement of property and equipment	( 6,218 )	( 51,093 )
Gain on disposal of intangible assets	( 3,359 )	( 1,139 )
Intangible assets transferred to expense	-	126
Gain or loss on lease modification	120	( 133,135 )
Gain on lease concession	-	( 97 )
Net change in insurance liabilities	11,743,341	23,246,367
Changes in operating assets and liabilities		
Changes in operating assets		
Due to Central Bank and call loans to other banks	( 2,503,710 )	( 3,269,962 )
Financial assets at fair value through profit or loss	( 143,643,814 )	109,184,759
Financial assets at fair value through other comprehensive income	60,151,979	( 16,962,992 )
Investments in debt instruments measured at amortised cost	1,402,854	( 31,904,780 )
Receivables	( 68,941,163 )	63,531,901
Bills discounted and loans	( 92,724,831 )	( 112,163,076 )
Reinsurance contract assets	104,024	( 81,454 )
Restricted assets	( 324,855 )	( 254,263 )
Other financial assets	3,744,717	( 3,740,673 )
Other assets	( 10,749,932 )	27,780,028
Changes in operating liabilities		
Deposits from Central Bank and other banks	( 26,219,433 )	12,982,971
Financial liabilities at fair value through profit or loss	23,851,275	( 23,869,157 )
Payables	25,064,721	( 61,703,803 )
Deposits and remittances	141,329,319	32,439,116
Liabilities reserve	493,599	( 358,595 )
Other financial liabilities	( 5,747,272 )	14,071,927
Other liabilities	9,403,633	( 39,285,671 )
Cash outflow generated from operations	( 71,368,452 )	( 18,881,732 )
Interest received	60,339,253	43,400,966
Dividend received	9,442,495	5,876,298
Interest paid	( 31,059,071 )	( 13,365,746 )
Income tax paid	( 2,821,086 )	( 9,102,438 )
Net cash flows (used in) from operating activities	( 35,466,861 )	7,927,348

(Continued)



YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for under the equity method	( \$ 142,808 )	( \$ 267,647 )
Proceeds from liquidation of investments accounted for under the equity method	95,834	174,506
Acquisition of investment property	( 1,182,115 )	( 596,869 )
Proceeds from disposal of investment property	278,345	1,034,355
Acquisition of property and equipment	( 2,962,563 )	( 2,339,082 )
Proceeds from disposal of property and equipment	20,316	300,566
Acquisition of intangible assets	( 344,605 )	( 336,865 )
Proceeds from disposal of intangible assets	6,707	3,156
Proceeds from disposal of assets held for sale	-	120,880
Acquisition of right-of-use assets	( 576 )	( 548 )
Net cash flows used in investing activities	<u>( 4,231,465 )</u>	<u>( 1,907,548 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in due to Central Bank and other banks	-	( 839,700 )
Increase in bills and bonds payable under repurchase agreements	27,701,212	40,271,642
Increase (decrease) in commercial paper payable	35,483,710	( 2,058,788 )
Proceeds from issuance of bonds	12,100,000	16,953,184
Repayments of bonds	( 9,500,000 )	( 4,389,618 )
Proceeds from issuance of bank debentures	-	8,500,000
Repayments of bank debentures	-	( 2,000,000 )
Decrease in other borrowings	( 21,032 )	( 11,538,001 )
Principal payment for lease liabilities	( 1,455,711 )	( 1,545,661 )
Cash dividends paid	( 10,001,247 )	( 18,206,154 )
Decrease in non-controlling interests	( 1,389,498 )	( 1,259,956 )
Net cash flows from financing activities	<u>52,917,434</u>	<u>23,886,948</u>
Net effect of foreign exchange rate changes	( 1,200,162 )	9,390,896
Net increase in cash and cash equivalents	12,018,946	39,297,644
Cash and cash equivalents at beginning of year	206,929,363	167,631,719
Cash and cash equivalents at end of year	<u>\$ 218,948,309</u>	<u>\$ 206,929,363</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 81,869,960	\$ 76,338,164
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	37,434,245	36,517,975
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	99,644,104	94,073,224
Cash and cash equivalents at end of reporting year	<u>\$ 218,948,309</u>	<u>\$ 206,929,363</u>

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

Yuanta Financial Holding Co., Ltd.  
Individual Balance Sheets  
December 31, 2023 and 2022

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023	December 31, 2022	LIABILITIES AND EQUITY		December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 2,819,922	\$ 6,508,655	Payables		\$ 6,555,791	\$ 6,139,991
Financial assets at fair value through other comprehensive income	63,875	66,320	Current income tax liabilities		2,861,055	2,132,045
Receivables - net	2,553,463	1,040,134	Bonds payable		33,600,000	36,500,000
Current income tax assets	2,591,632	2,670,949	Provisions		12,403	35,069
Equity investments accounted for under the equity method - net	321,901,762	290,751,677	Lease liability		84,893	131,618
Property and equipment - net	40,291	45,973	Other liabilities		12,462	10,150
Right-of-use assets - net	82,425	127,440	Total liabilities		43,126,604	44,948,873
Intangible assets - net	13,643	17,102	Equity			
Deferred income tax assets	46,509	78,612	Common stock		126,890,824	125,015,590
Other assets - net	20,020	10,158	Additional paid-in capital		38,188,103	38,010,564
			Retained earnings			
			Legal reserve		22,561,044	20,481,785
			Special reserve		13,517,403	6,549,234
			Undistributed earnings		80,901,931	73,279,144
			Other equity		4,947,633	( 6,968,170)
			Total equity		287,006,938	256,368,147
Total assets	\$ 330,133,542	\$ 301,317,020	Total liabilities and equity		\$ 330,133,542	\$ 301,317,020

Yuanta Financial Holding Co., Ltd.  
Individual Statements of Comprehensive Income  
For the years ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the years ended December 31,	
	2023	2022
<b>Revenues</b>		
Share of the profit or loss of associates and joint ventures accounted for under the equity method	\$ 28,175,994	\$ 22,907,800
Realised gain on financial assets at fair value through other comprehensive income	1,405	1,518
Other revenues	91,580	126,782
	<u>28,268,979</u>	<u>23,036,100</u>
<b>Expenses and losses</b>		
Operating expenses	( 1,329,591)	( 974,686)
Other expenses and losses	( 367,014)	( 299,464)
	<u>( 1,696,605)</u>	<u>( 1,274,150)</u>
Income from continuing operations before income tax	26,572,374	21,761,950
Income tax expense	( 6,176)	( 305,623)
Net income	<u>26,566,198</u>	<u>21,456,327</u>
<b>Other comprehensive income</b>		
Components of other comprehensive income that will not be reclassified to profit or loss (net of tax)		
Loss on remeasurements of defined benefit plans	23,046	2,707
Gain or loss on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 2,445)	20,667
Share of other comprehensive income of associates and joint ventures accounted for under the equity method, components of other comprehensive income that will not be reclassified to profit or loss	3,101,088	4,263,944
Components of other comprehensive income that will be reclassified to profit or loss (net of tax)		
Share of other comprehensive income of associates and joint ventures accounted for under the equity method, components of other comprehensive income that will be reclassified to profit or loss	10,774,612	( 20,329,420)
Other comprehensive income (loss)	<u>13,896,301</u>	<u>( 16,042,102)</u>
Total comprehensive income	<u>\$ 40,462,499</u>	<u>\$ 5,414,225</u>
<b>Earnings per share (in dollars)</b>		
Basic and diluted earnings per share	<u>\$ 2.09</u>	<u>\$ 1.69</u>

Yuanta Financial Holding Co., Ltd.  
Individual Statement of Change in Equity  
For the years ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings				Other equity				Total equity	
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk		Other comprehensive income (loss) on reclassification under the overlay approach
<b>For the year ended December 31, 2022</b>										
Balance, January 1, 2022	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	\$ 8,400,123	\$ 17,930,672	\$ 47,621	\$ 1,072,737	\$ 269,035,461
Appropriation of 2021 earnings	-	-	-	-	( 3,441,312)	-	-	-	-	-
Legal reserve	-	-	3,441,312	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	( 18,206,154)	-	-	-	-	( 18,206,154)
Stock dividend	3,641,230	-	-	-	( 3,641,230)	-	-	-	-	-
Net income for the year	-	-	-	-	21,456,327	-	-	-	-	21,456,327
Other comprehensive income (loss) for the year	-	-	-	-	1,034,054	2,280,219	( 15,182,928)	( 3,597)	( 4,169,850)	( 16,042,102)
Total comprehensive income (loss) for the year	-	-	-	-	22,490,381	2,280,219	( 15,182,928)	( 3,597)	( 4,169,850)	5,414,225
Changes in equity of associates and joint ventures accounted for using equity method	-	124,615	-	-	-	-	-	-	-	124,615
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	( 1,697,795)	-	1,697,795	-	-	-
Balance, December 31, 2022	\$ 125,015,590	\$ 38,010,564	\$ 20,481,785	\$ 6,549,234	\$ 73,279,144	\$ 6,119,904	\$ 4,445,539	\$ 51,218	\$ 5,242,587	\$ 256,368,147
<b>For the year ended December 31, 2023</b>										
Balance, January 1, 2023	\$ 125,015,590	\$ 38,010,564	\$ 20,481,785	\$ 6,549,234	\$ 73,279,144	\$ 6,119,904	\$ 4,445,539	\$ 51,218	\$ 5,242,587	\$ 256,368,147
Appropriation of 2022 earnings	-	-	-	-	( 2,079,259)	-	-	-	-	-
Legal reserve	-	-	2,079,259	-	-	-	-	-	-	-
Special reserve	-	-	-	6,968,169	( 6,968,169)	-	-	-	-	-
Cash dividend	-	-	-	-	( 10,001,247)	-	-	-	-	( 10,001,247)
Stock dividend	1,875,234	-	-	-	( 1,875,234)	-	-	-	-	-
Net income for the year	-	-	-	-	26,566,198	-	-	-	-	26,566,198
Other comprehensive income (loss) for the year	-	-	-	-	( 505,511)	841,704	( 12,158,322)	2,254	3,082,940	13,896,301
Total comprehensive income (loss) for the year	-	-	-	-	26,060,687	841,704	( 12,158,322)	2,254	3,082,940	40,462,499
Changes in equity of associates and joint ventures accounted for under equity method	-	177,539	-	-	-	-	-	-	-	177,539
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,486,009	-	( 2,486,009)	-	-	-
Balance, December 31, 2023	\$ 126,890,824	\$ 38,188,103	\$ 22,561,044	\$ 13,517,403	\$ 80,901,931	\$ 6,961,608	\$ 14,117,852	\$ 48,964	\$ 2,159,647	\$ 287,006,938

Yuanta Financial Holding Co., Ltd.  
Individual Statement of Cash Flows  
For the years ended December 31, 2023 and 2022  
(Expressed In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	2022
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 26,572,374	\$ 21,761,950
Adjustment items		
Income and expense item		
Depreciation	62,503	64,158
Amortisation	5,222	4,164
Interest expense	366,681	299,288
Interest income	( 80,066)	( 38,623)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	( 28,175,994)	( 22,907,800)
Gain on lease modification	( 122)	( 2)
Gain from disposal or retirement of property and equipment	( 83)	( 200)
Intangible assets transferred to expense	-	126
Changes in operating assets and liabilities		
Receivables	1,693	( 30,244)
Other assets	( 7,992)	1,850
Payables	169,924	( 351,896)
Provisions	380	148
Other liabilities	2,312	4,735
Interest received	81,316	33,689
Dividend received	11,079,148	17,518,766
Interest paid	( 402,712)	( 251,675)
Income tax (paid) refunded	( 400,109)	21,853
Net cash flows generated from operating activities	<u>9,274,475</u>	<u>16,130,287</u>
<u>Cash Flows From Investing Activities</u>		
Acquisition of property and equipment	( 15,197)	( 18,888)
Proceeds from disposal of property and equipment	360	510
Acquisition of intangible assets	( 1,763)	( 4,313)
Acquisition of right-of-use assets	( 1)	( 71)
Net cash flows used in investing activities	<u>( 16,601)</u>	<u>( 22,762)</u>
<u>Cash Flows From Financing Activities</u>		
Commercial paper payable	-	( 2,789,000)
Proceeds from issuance of bonds	6,600,000	13,500,000
Repayments of bonds	( 9,500,000)	( 2,900,000)
Cash dividends paid	( 10,001,247)	( 18,206,154)
Principal payment for lease liabilities	( 45,360)	( 44,974)
Net cash flows used in financing activities	<u>( 12,946,607)</u>	<u>( 10,440,128)</u>
Net (decrease) increase in cash and cash equivalents	( 3,688,733)	5,667,397
Cash and cash equivalents at beginning of year	<u>6,508,655</u>	<u>841,258</u>
Cash and cash equivalents at end of year	<u>\$ 2,819,922</u>	<u>\$ 6,508,655</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 2,819,922	\$ 6,508,655
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of reporting year	<u>\$ 2,819,922</u>	<u>\$ 6,508,655</u>

## Proposals (II)

### Motion: The Distribution of 2023 Earnings (Proposed by the Board of Directors)

#### Note:

- I. The Company's unappropriated earnings at the beginning of 2023 were NT\$52,355,234,393.
- II. The distributable earnings in this period are NT\$ 85,015,431,357. This number is based on the 2023 net income after tax of NT\$26,566,198,510 adding the net income from disposal of investments in equity instruments measured at fair value through other comprehensive income of NT\$2,486,009,417, and deducting the remeasurement of the defined benefit plans of NT\$505,511,056, which subtotals NT\$28,546,696,871 as the basis of the legal reserve. Its ten percent (10%) legal reserve of \$2,854,669,687 is then deducted. In accordance with Article 41 of the *Securities and Exchange Act* and Taiwan's Financial Supervisory Commission Letter No. 1090150022, if there is a reversal of the net decrease in other equity, a special reserve of NT\$6,968,169,780 may be reversed in respect of the reversal portion, which, when added to the subtotal after the legal reserve is deducted and the unappropriated earnings of NT\$52,355,234,393 at the beginning of the period, gives rise to the distributable earnings for the period of NT\$85,015,431,357.
- III. The Company's 2023 earnings distribution table is provided as follows (on page 51). The Company

planned to distribute cash dividends of NT\$13,957,990,615 and stock dividends of NT\$2,537,816,480. The total distribution amount is NT\$16,495,807,095. Based on the calculated number of outstanding shares outstanding at the time of the resolution of the 24th meeting of the ninth (9th) board of directors (on March 14, 2024), which were 12,689,082,377 shares, a cash dividend of NT\$1.10 and stock dividend of NT\$0.20, should be distributed per share, a total of NT\$1.30 per share. The capital after the capital increase was NT\$129,428,640,250.

- IV. The earnings distribution in the preceding paragraph comes from the balance of NT\$32,660,196,964 after the 2023 after-tax net income adds the amount of items other than after-tax net income included in the current year's unappropriated earnings, deducts the legal reserve, and adds the reversed special reserve.
- V. The cash dividends allocated to each shareholder shall be calculated up to NT\$1, and all amounts below NT\$1 shall be rounded off. The total of fractional cash dividends less than NT\$1 shall be transferred to the Company's employee benefits committee.
- VI. For the converting of earnings into capital to issue new shares this time, the issuing basis is according to the shareholding ratio of the shareholders on the distribution base date. When issuing less than one share, shareholders may make up one share by themselves within five days from the capital increase and share distribution base date. If there are still remaining less-than-one shares, the chairperson of the board of directors shall be authorized to negotiate

with a specific person to subscribe for the denomination at face value.

- VII. Because the Company's shares are issued on an immaterial basis in accordance with the law and in conjunction with the registration and the book-entry transfer and allotment operation of securities depository and clearing institutions, the less-than-one shares are used for the handling of the immaterial transfers and other necessary expenses.
- VIII. After the cash dividends stated in the motion for the distribution of 2023 earnings have been ratified by resolution of this shareholders meeting, the chairperson of the board of directors shall be authorized to determine matters related to the distribution such as the setting of the ex-dividend record date. After the stock dividends have been approved by this shareholders meeting and reported to the competent authority for approval, the board of directors shall be authorized to set a date for the stock dividend distribution base date (capital increase and share distribution base date) and other related matters. Dividends are allocated based on the shareholding ratio of shareholders on the ex-dividend record date and stock dividend distribution base date (capital increase and share distribution base date).
- IX. If the number of outstanding shares changes due to factual needs, changes in laws and regulations, or the instructions of the competent authority, the Company shall propose to this shareholders meeting to authorize the chairperson and the board of directors respectively to recalculate the cash dividend payout



ratio and capital increase and share distribution rate based on the number of outstanding shares on the ex-dividend record date and stock dividend distribution base date (capital increase and share distribution base date), when the chairperson and the board of directors are setting the dates respectively.

- X. The motion for distribution of 2023 earnings has been reviewed by the audit committee, which considers the motion proper, and the audit report is represented on page 18.
- XI. The adoption of the presentation of the proposal for distribution of 2023 earnings.

Resolution:

## Schedules

Yuanta Financial Holding Co., Ltd.

### Earnings Distribution Plan

#### For the Year 2023

(Expressed in New Taiwan Dollars)

Initial unappropriated earnings	52,355,234,393
Add: 2023 after-tax net income	26,566,198,510
Add: 2023 net income from disposal of investments in equity instruments measured at fair value through other comprehensive income	2,486,009,417
Deduct: 2023 remeasurement of the defined benefit plans	(505,511,056)
After-tax net income adding the amount of items other than after-tax net income of this period	
Deduct: Ten percent (10%) legal reserve <sup>(Note 1)</sup>	(2,854,669,687)
Add: Reversed special reserve – reserved amount of the net decrease in other equity <sup>(Note 2)</sup>	6,968,169,780
Distributable earnings	85,015,431,357
Distribution items	
Cash dividends (NT\$1.10 per share) <sup>(Note 3)</sup>	(13,957,990,615)
Stock dividends (NT\$0.20 per share) <sup>(Note 3)</sup>	(2,537,816,480)
Final unappropriated earnings	68,519,624,262

Note 1: In accordance with Taiwan's Ministry of Economic Affairs Letter No. 10802432410 dated January 9, 2020, the legal reserve is based on the "after-tax net income for the period plus the amount of items other than after-tax net income for the period included in the current year's unappropriated earnings."

Note 2: In accordance with Article 41 of the *Securities and Exchange Act* and Taiwan's Financial Supervisory Commission Letter No. 1090150022, when there is a reversal of a net decrease in other equity, the portion of the reversal may be reversed to a special reserve to be distributed.

Note 3: The year for this earnings distribution is 2023.

Chairperson of the Board: Tony Shen      Manager: Chien Weng      Chief Accountant: Hui Jung Lu

## Discussion (I)

Motion: The Company's Issuing of New Shares from Converting Earnings to Increase Capital in 2023 (Proposed by the Board of Directors)

Note:

- I. In order to meet the needs of the Company's business development and strengthen its financial structure, it is proposed to withdraw NT\$2,537,816,480 from the distributable earnings in the year of 2023, to process the capital increase and issue new shares of 253,781,648 shares, with a nominal value of NT\$10 per share. Based on the calculated number of outstanding shares outstanding at the time of the resolution of the 24th meeting of the ninth (9th) board of directors (on March 14, 2024), which were 12,689,082,377 shares, 20 shares out of every 1,000 shares were issued without compensation. The capital after the capital increase was NT\$129,428,640,250.
- II. The capital increase issuance of new shares is subject to the provisions of Article 240 of the *Company Act*, and has been submitted to the resolution of this annual general shareholders meeting. After reporting to the competent authority for approval, the board of directors shall set a distribution base date (capital increase and share distribution base date). The issuing basis is according to the shareholding ratio of the shareholders on the distribution base date. When issuing less than one share, shareholders may make up one share by themselves within five days from the capital increase and share

distribution base date. If there are still remaining less-than-one shares, the chairperson of the board of directors shall be authorized to negotiate with a specific person to subscribe for the denomination at face value.

- III. Because the Company's shares are issued on an immaterial basis in accordance with the law and in conjunction with the registration and the book-entry transfer and allotment operation of securities depository and clearing institutions, the less-than-one shares are used for the handling of the immaterial transfers and other necessary expenses.
- IV. Regarding the stock dividends in respect of the above earnings distribution, if the number of outstanding shares changes due to factual needs, changes in laws and regulations, or the instructions of the competent authority, the Company shall propose to this shareholders meeting to authorize the board of directors to recalculate the capital increase and share distribution rate based on the number of outstanding shares on the stock dividend distribution base date (capital increase and share distribution base date), when the board of directors is setting the date along with other related matters.
- V. The rights and obligations of this capital increase to issue new shares are the same as the original ordinary shares.

Resolution:

## Discussion (II)

Motion: Amendments to the Articles of Incorporation of Yuanta Financial Holding Co., Ltd. (Proposed by the Board of Directors)

Note:

I. In accordance with the amendments to the laws and regulations, the Company's Articles of Incorporation is hereby proposed to be amended.

II. The main points of these amendments are as follows:

(I) In accordance with Article 4, Paragraph 3 of the *“Key Points to Be Observed in the Establishment of Boards of Directors of Listed Companies and the Exercise of Their Functions and Powers” of the Taiwan Stock Exchange Corporation*, it is stipulated that the number of independent directors shall not be less than one-third of the board of directors of listed companies with a capitalization of more than NT\$10 billion or those listed companies in the financial and insurance sectors from 2024 onwards, and a new provision to this effect in Article 16-1 of the Articles of Incorporation is hereby added.

(II) The remaining amendments are Chinese text revisions.

III. The comparison table of the amendments to the Articles of Incorporation of the Company is attached.

Resolution:

## Appendix

### Comparison Table of the Amendments to the Articles of Incorporation of Yuanta Financial Holding Co., Ltd.

Revised Article	Current Version	Explanation
<p>Article 16-1</p> <p>The Company has established three (3) to five (5) independent directors from among the directors in the preceding article, <u>and the number of independent directors shall not be less than one-third of the number of directors.</u></p> <p>In the election of directors, each share shall have the same number of votes as the number of directors to be elected, and shareholders may give all of such votes to one candidate or distribute them among several candidates. The persons receiving the largest numbers of votes represented on the recovered ballots shall be elected directors. Independent directors and non-independent directors shall be elected together, but the number of elected seats shall be calculated separately.</p>	<p>Article 16-1</p> <p><u>In accordance with the provisions of Articles 14-2 of the Securities and Exchange Act,</u> the Company has established three (3) to five (5) independent directors from among the directors in the preceding article.</p> <p>In the election of directors, each share shall have the same number of votes as the number of directors to be elected, and shareholders may give all of such votes to one candidate or distribute them among several candidates. The persons receiving the largest numbers of votes represented on the recovered ballots shall be elected directors. Independent directors and non-independent directors shall be elected together, but the number of elected seats shall be calculated separately.</p>	<p>In accordance with Article 4, Paragraph 3 of the “Key Points to Be Observed in the Establishment of Boards of Directors of Listed Companies and the Exercise of Their Functions and Powers” of the Taiwan Stock Exchange Corporation, it is stipulated that the number of independent directors shall not be less than one-third of the board of directors of listed companies with a capitalization of more than NT\$10 billion or those listed companies in the financial and insurance sectors from 2024 onwards, a new relevant provision is hereby added and the text amended as appropriate.</p>
<p>Article 19 (Omitted)</p> <p>The board of directors shall be authorized to determine the remuneration of the independent directors on the basis of the prevailing standards in the industry. However, independent directors may not participate in the <u>distribution</u> of directors’ remuneration in Article 33.</p>	<p>Article 19 (Omitted)</p> <p>The board of directors shall be authorized to determine the remuneration of the independent directors on the basis of the prevailing standards in the industry. However, independent directors may not participate in the <u>distribution</u> of directors’ remuneration in Article 33.</p>	<p>A Chinese character is edited as appropriate, but this amendment does not affect the English translation.</p>

Revised Article	Current Version	Explanation
<p>Article 20</p> <p>Internally, the chairperson is the chairperson of the shareholders meeting and board of the directors, and externally the chairperson represents the Company. When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson; <u>if there is no vice chairperson or if</u> the vice chairperson also is on leave or for any reason is unable to exercise the powers of the chairperson, the chairperson shall designate a director to represent him or her; <u>if the</u> chairperson does not make such a designation, the directors shall nominate among themselves one director to exercise the powers of the chairperson.</p>	<p>Article 20</p> <p>Internally, the chairperson is the chairperson of the shareholders meeting and board of the directors, and externally the chairperson represents the Company. When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, <u>if there is a vice chairperson,</u> the vice chairperson shall do so in place of the chairperson. <u>If</u> the vice chairperson also is on leave or for any reason is unable to exercise the powers of the chairperson, the chairperson shall designate a director to represent him or her. <u>If</u> the chairperson does not make such a designation, the directors shall nominate among themselves one director to exercise the powers of the chairperson.</p>	<p>In accordance with Article 208 of the <i>Company Act</i>, the text is revised as appropriate.</p>
<p>Article 23</p> <p>The powers of the board of directors are as follows: (Subparagraphs 1 to 5 are omitted)</p> <p>6. Drafting of proposals on the Company's <u>distribution</u> of earnings or <u>makeup</u> of losses. (Subparagraphs 7 to 13 are omitted)</p>	<p>Article 23</p> <p>The powers of the board of directors are as follows: (Subparagraphs 1 to 5 are omitted)</p> <p>6. Drafting of proposals on the Company's <u>distribution</u> of earnings or <u>makeup</u> of losses. (Subparagraphs 7 to 13 are omitted)</p>	<p>Some Chinese text is edited as appropriate, but this amendment does not affect the English translation.</p>
<p>Chapter 7: Final Accounting and <u>Distribution</u> of Earnings</p>	<p>Chapter 7: Final Accounting and <u>Distribution</u> of Earnings</p>	<p>A Chinese character is edited as appropriate, but this amendment does not affect the English translation.</p>

Revised Article	Current Version	Explanation
<p>Article 33</p> <p>If the Company has profit at the year's final accounting (namely, the earnings before tax prior to deduction of employees' and directors' remuneration), it shall reserve an amount sufficient to cover losses, if any. The employees' remuneration is <b>reserved</b> at the range from decimal zero one percent (0.01%) to decimal five percent (0.5%), and the directors' remuneration no more than decimal nine percent (0.9%), from the remainder, if any. The distribution of employees' remuneration and directors' remuneration shall be handled in accordance with the relevant distribution standards set by the board of directors. When remuneration to employees is distributed in the form of stock or in cash, it shall also be distributed to employees of affiliated companies that meet certain conditions.</p> <p>The board of directors shall determine the certain conditions referred to in the preceding paragraph.</p>	<p>Article 33</p> <p>If the Company has profit at the year's final accounting (namely, the earnings before tax prior to deduction of employees' and directors' remuneration), it shall reserve an amount sufficient to cover losses, if any. The employees' remuneration is <b>allocated</b> at the range from decimal zero one percent (0.01%) to decimal five percent (0.5%), and the directors' remuneration no more than decimal nine percent (0.9%), from the remainder, if any. The distribution of employees' remuneration and directors' remuneration shall be handled in accordance with the relevant distribution standards set by the board of directors. When remuneration to employees is distributed in the form of stock or in cash, it shall also be distributed to employees of affiliated companies that meet certain conditions.</p> <p>The board of directors shall determine the certain conditions referred to in the preceding paragraph.</p>	<p>A Chinese character is edited as appropriate.</p>



Revised Article	Current Version	Explanation
<p>Article 33-1</p> <p>If the Company has earnings in the current year's final accounts, it shall first be subject to income tax of profit-seeking enterprise and make up for prior years' losses, and then <u>set aside</u> legal reserve, reserve or reverse special reserve. And the remaining balance, together with undistributed earnings from prior years, shall be submitted by the board of directors as distribution proposals to the regular shareholders meeting for resolution of shareholders' dividend distribution.</p> <p>When the legal reserve in the preceding paragraph has reached the amount of the Company's paid-in capital, it may no longer be set aside.</p>	<p>Article 33-1</p> <p>If the Company has earnings in the current year's final accounts, it shall first be subject to income tax of profit-seeking enterprise and make up for prior years' losses, and then <u>set aside</u> legal reserve, reserve or reverse special reserve. And the remaining balance, together with undistributed earnings from prior years, shall be submitted by the board of directors as distribution proposals to the regular shareholders meeting for resolution of shareholders' dividend distribution.</p> <p>When the legal reserve in the preceding paragraph has reached the amount of the Company's paid-in capital, it may no longer be set aside.</p>	<p>A Chinese character is edited as appropriate, but this amendment does not affect the English translation.</p>
<p>Article 34</p> <p>In order to continuously expand the scale and increase profitability, the Company adopts the residual dividend policy in line with the Company's long-term financial planning and takes into account relevant regulations. Dividends are distributed in accordance with the principle that after the annual final earnings has been calculated in accordance with the provisions of the preceding article, the Company will retain the necessary funds in accordance with the Company's operating plan. The remainder will be distributed as cash dividends, provided that the</p>	<p>Article 34</p> <p>In order to continuously expand the scale and increase profitability, the Company adopts the residual dividend policy in line with the Company's long-term financial planning and takes into account relevant regulations. Dividends are distributed in accordance with the principle that after the annual final earnings has been calculated in accordance with the provisions of the preceding article, the Company will retain the necessary funds in accordance with the Company's operating plan. The remainder will be distributed as cash dividends, provided that the</p>	<p>A Chinese character is edited as appropriate, but this amendment does not affect the English translation.</p>

Revised Article	Current Version	Explanation
<p>cash dividends are not less than forty percent (40%) of the <u>distributable</u> amount of the current year's earnings.</p>	<p>cash dividends are not less than forty percent (40%) of the <u>distributable</u> amount of the current year's earnings.</p>	
<p>Article 37  These Articles of Incorporation were established on December 10, 2001, and implemented after passage by the founders' conference or shareholders meeting, likewise in the case of revisions.  (Paragraphs 2 to 18 are omitted)  <u><a href="#">Eighteenth revision on June 7, 2024</a></u></p>	<p>Article 37  These Articles of Incorporation were established on December 10, 2001, and implemented after passage by the founders' conference or shareholders meeting, likewise in the case of revisions.  (Paragraphs 2 to 18 are omitted)</p>	<p>The number and date of this amendment are added.</p>

# Extemporany Motion

# Appendices

**(I) The Rules and Procedures of Shareholders Meetings of Yuanta Financial Holding Co., Ltd.**

*Approved by the founders meeting on December 10, 2001*

*Re-established and approved by the shareholders meeting on June 29, 2007*

*Amendments approved by the shareholders meeting on June 13, 2008*

*Amendments approved by the shareholders meeting on June 28, 2011*

*Amendments approved by the shareholders meeting on June 21, 2012*

*Amendments approved by the shareholders meeting on May 31, 2013*

*Amendments approved by the shareholders meeting on June 2, 2015*

*Amendments approved by the shareholders meeting on June 9, 2020*

*Amendments approved by the shareholders meeting on July 8, 2021*

*Amendments approved by the shareholders meeting on June 10, 2022*

**Article 1** To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 12 of the Company's Corporate Governance Guidelines.

**Article 2** The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

**Article 3** Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

The matters of the shareholders meeting notice, the compilation and posting of the meeting handbook, shall be conducted in accordance with the *Company Act, Securities and Exchange Act, Regulations Governing Content and Compliance Requirements for Shareholders' meeting Agenda Handbooks of Public Companies*, and relevant regulations promulgated by competent authorities. Fifteen (15) days before the date of the shareholders meeting, the Company shall have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application for suspension of public offering, directors' competition permission, surplus capital increase, capital reserve increase, the dissolution, merger, or demerger of the company, or any matter under Paragraph 1 of Article 185 of the *Company Act*, Article 26-1 and Article 43-6 of the *Securities and Exchange Act*, and Article 56-1 and Article 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 main content of which shall be explained. None of the above matters may be raised by an extemporary motion.

The convening reason of the shareholders meeting has stated clearly the full re-election of the directors of the board and the date of inauguration. After the re-election in the shareholders meeting, the same shareholders meeting may not change its inauguration date by extemporary motion or other means.

Shareholders holding one percent (1%) of issued shares or above may make a proposal to the shareholders meeting agenda of the Company. The limit of the number of the proposals is one; proposals in excess of the limit will not be listed in the agenda. In addition, the board shall not list any proposal in the agenda from shareholders which falls under any situation regulated in all subparagraphs of Paragraph 4 of Article 172-1 of the *Company Act*. Shareholders may submit proposals to urge the Company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one proposal in accordance with the relevant provisions of Article 172-1 of the *Company Act*. Proposals in excess of the limit will not be listed in the agenda.

The Company shall proclaim the acceptance of shareholder proposals, written or electronic, acceptance place, and period before the book closure date of the shares before the shareholders meeting, and the proposal acceptance period shall be no less than ten (10) days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and

take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

**Article 4** For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company five (5) days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or online, or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two (2) days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

**Article 5** The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting; however, the chairperson and the recorder shall be at the same location in the country and the chairperson shall announce the address of such location at the time of the meeting.

**Article 6** The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attending the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors of the board, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two (2) days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting handbook, annual report, and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

To convene a virtual shareholders meeting, the Company shall include the following particulars in the shareholders meeting notice:

**Article 6-1**

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder



meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

D. Actions to be taken if the outcome of all proposals have been announced and extemporary motion has not been carried out.

3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

**Article 7** If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, his/her proxy is handled in accordance with the provisions of the *Company Act*.

When a director of the board serves as chairperson, as referred to in the preceding paragraph, the director shall be one who has held that position for six (6) months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chairperson.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chairperson from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

**Article 8** The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one (1) year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the *Company Act*, the recording shall be retained until the conclusion of the litigation.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised,

votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

**Article 9** Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time and at the same time announce the number of non-voting shares and the number of shares present, and other relevant information. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one (1) hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the *Company Act*; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one (1) month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairperson may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the *Company Act*.

**Article 10** If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant proposals shall be decided by voting ballots on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply to a shareholders meeting convened by a party with the power to convene that is not the

board of directors.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extemporaneous motions), except by a resolution of the shareholders meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extemporaneous motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote, and arrange adequate voting time.

**Article 11** Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five (5) minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chairperson declaring the meeting open until the chairperson declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

**Article 12** Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is a stakeholder in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent (3%) of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

**Article 13** A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the *Company Act*.

The Company shall exercise its right to vote by electronic means and may exercise its right to vote by correspondence when convening a shareholders meeting. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extemporary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extemporary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two (2) days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent

to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two (2) business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the *Company Act* and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders for each proposal. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System (MOPS).

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting.

Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders meeting, after the chairperson declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chairperson announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chairperson announces the voting session ends, and results of votes and elections shall be announced immediately. The voting results of each motion and the election results shall be disclosed immediately on the virtual meeting platform of the shareholders meeting and shall continue to be disclosed for at least fifteen (15) minutes after the meeting is adjourned by the chairperson.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in

accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two (2) days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extemporaneous motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

**Article 14** The election of directors of the board at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, as well as the names of the persons not elected as directors and the number of voting rights obtained by them.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one (1) 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 15** Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within twenty (20) days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including counted weights), and when there is an election of directors of the board, the number of votes for each candidate shall be disclosed. The meeting minutes, and shall be retained for the duration of the existence of this Company.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chairperson's and recorder's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents, or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting.

**Article 16** On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, and the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event of a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

**Article 17** In the event of a virtual shareholders meeting, when declaring the meeting open, the chairperson shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, Paragraph 4 of the *Regulations Governing the Administration of Shareholder Services of Public Companies*, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chairperson has announced the meeting adjourned (excluding disruptions caused by individual shareholders due to their own factors or their location, premises, equipment, etc.), and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five (5) days, in which case Article 182 of the *Company Act* shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under Paragraph 2, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected virtual shareholders meeting and have successfully signed in

the meeting, but do not attend the postponed or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under Paragraph 2, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors of the board.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in Paragraph 2, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under Paragraph 2 is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to Paragraph 2, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, Paragraph 7 of the *Regulations Governing the Administration of Shareholder Services of Public Companies*.

For dates or period set forth under Article 12, second half, and Article 13, Paragraph 3 of *Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies*, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the *Regulations Governing the Administration of Shareholder Services of Public Companies*, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the Paragraph 2.

When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

## **Article 18**

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or arm band bearing the word "Proctor."



At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructing the proceedings and refusing to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.

**Article 19** When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extemporary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five (5) days in accordance with Article 182 of the *Company Act*.

**Article 20** These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

## II. The Articles of Incorporation of Yuanta Financial Holding Co., Ltd. (Before Amendment)

### Chapter 1: General Provisions

- Article 1** The Company is organized with the permission of the Taiwan government and in accordance with the *Financial Holding Company Act*, *Company Act* and other laws and regulations in order to improve its economic scale and achieve consolidated operating efficiency.
- Article 2** The Company is named "Yuanta Financial Holding Company, Ltd." and the English name is "Yuanta Financial Holding Company, Ltd."
- Article 3** The Company has its head office in Taipei City. If necessary, it may be subject to the resolution of the board of directors and submitted to the competent authorities for approval to establish branches in other locations in Taiwan or abroad.
- Article 4** The Company's announcements shall be published in a newspaper or electronic newspaper unless otherwise required by the competent authorities.

### Chapter 2: Business Activities

- Article 5** The Company's business is in the H801011 financial holding company industry.
- Article 6** The Company's scope of business is as follows:
1. The Company may invest in the following enterprises:
    - (1) Financial holding company
    - (2) Banking
    - (3) Securities Finance
    - (4) Credit card
    - (5) Trust
    - (6) Insurance
    - (7) Securities
    - (8) Futures
    - (9) Venture capital
    - (10) Investment in foreign financial institutions approved by the competent authorities.
    - (11) Other businesses related to financial operation as determined by the competent authorities.
  2. Management of the investee business in the preceding paragraph.
  3. The Company may apply to the competent authorities for approval to invest in businesses other than those listed in Paragraph 1, but

may not participate in the operation of such businesses.

4. Other related business approved by the competent authorities.

**Article 7** The Company specializes in investment and its total amount of investment in other businesses is not subject to the limit of forty percent (40%) of the Company's paid-up capital under Article 13 of the *Company Act*.

### **Chapter 3: Capital Stock**

**Article 8** The total capital of the Company is set at NT\$180 billion, divided into 18 billion shares with a par value of NT\$10 per share, which are authorized to be issued by the board of directors in several tranches, some of which may be preferred shares.

**Article 8-1** The rights and obligations of the Company's preferred shares and other significant terms of issuance are as follows:

1. If there is any earnings in the final accounts of each year, the Company shall pay tax and make up for the deficit of the previous years in accordance with the law. If there is still any remaining balance, the Company shall make a legal reserve, a special reserve or a reversal of the special reserve in accordance with the law and then distribute first the dividends of the preferred shares in respect of the remaining balance of the current year.
2. The dividend for preferred shares is limited to an annual rate of eight percent (8%), calculated by the issuance price per share, and the dividend may be one-time distributed in cash each year. After the financial statements are approved by the regular shareholders meeting, the board of directors will determine the base date to pay the distributable dividends of the previous year. The distribution amount of dividends in the year of issuance and recovery is calculated based on the number of the actual issuance days of the current year.
3. The Company has discretion over the dividend distribution of preferred shares. The Company may decide not to distribute dividends of preferred shares and will not constitute an event of default if there are no earnings in the annual accounts or the earnings are insufficient to distribute dividends of preferred shares, or the distribution of dividends of preferred shares will cause the capital adequacy ratio to fall lower than the minimum requirement by law or competent authorities or other necessary consideration. If the preferred shares issued are non-cumulative, their undistributed dividends or the deficit dividends after distribution will not be accumulated as deferred payment for subsequent years with earnings.
4. Shareholders of preferred shares shall not participate in the distribution of ordinary shares with respect to earnings and capital

surplus as cash and capital allocation except for receiving the dividends as described in Subparagraph 2 of this paragraph.

5. The distribution of the Company's residual property by the shareholders of preferred shares shall be made in priority to the shareholders of ordinary shares and in the same compensation order issued by the Company for various shareholders of preferred shares. All of them shall be subordinate to the general creditors to the extent that the amount does not exceed the issuance amount of the preferred shares.
6. Shareholders of preferred shares do not have voting or election rights in the regular shareholders meetings but may be elected as directors of the board. However, they shall have voting rights in the preferred shareholders meetings or the shareholders meetings that involve the rights and obligations of shareholders of preferred shares.
7. The Company may issue convertible preferred shares or non-convertible preferred shares. For convertible preferred shares, no conversions are allowed within one year from the date of issuance. The board of directors is authorized to determine the conversion period in the actual issuance conditions. After convertible preferred shares are converted into ordinary shares, its rights and obligations are the same as ordinary shares. The distribution of the annual dividends for the convertible preferred shares shall be calculated based on the proportion between the number of the actual issuing days and the total number of days of that year. Should any shares be converted into the ordinary shares before the ex-dividend record date of dividend distribution of each year, the shareholders shall not have the right to the distribution of the dividends of preferred shares in the current and following years but may participate in the distribution of ordinary shares earnings and capital surplus.
8. If the preferred shares have no maturity date, the Company may repossess the preferred shares, in whole or in part, at the original actual issuance price at any time from the second day after the expiration of seven years. The unrecovered preferred shares shall continue to be subject to the rights and obligations of the various issuance terms prescribed in this article. In the year of repossessing the preferred shares, the dividends that shall be distributed up to the repossession date shall be distributed in accordance with the number of the actual issuance days of that year, if the shareholders meeting of the Company decides to distribute dividends.
9. If the Company issues preferred shares with maturity, the term of issue shall not be shorter than seven years, and preferred shareholders have no right to request the Company to repossess such shares. Upon maturity or from the second day after the expiration of seven years from the date of issuance, the Company

may repossess the shares in cash, by issuing new shares for mandatory conversion, or by other means permitted by law in accordance with the issuance price and the relevant issuance method. In the event that the Company is unable to recover all or part of the preferred shares due to objective factors or force majeure, the unrecovered preferred shares shall continue to be issued in accordance with the terms and conditions of the issuance method until such time as the Company has recovered them in full.

10. When the dividends of preferred shares are distributed, the distribution order shall be determined according to the order in which the preferred shares are issued

At the time of the actual issuance, the board of directors is authorized to determine the name, date of issuance, and specific conditions of the preferred shares in accordance with the Company's Articles of Incorporation and relevant laws and regulations, depending on the capital market conditions at the time of issuance and the investors' willingness to subscribe.

**Article 9** The Company's shares are issued in accordance with the *Company Act* and other relevant laws and regulations.

Shares issued by the Company are exempt from the printing of stock certificates, as are other negotiable securities, but should be registered with a centralized securities depository in accordance with the regulations of that institution.

**Article 10** The handling of the Company's stock affairs, unless otherwise provided by laws and securities regulations, shall be conducted in accordance with the *Regulations Governing the Administration of Shareholder Services of Public Companies*.

**Article 11** The transfer of shares shall be suspended within sixty (60) days prior to the convening date of each regular shareholders meeting, within thirty (30) days prior to the convening date of the special shareholders meeting, or within five (5) days prior to the target date fixed by the Company to distribute dividends, bonuses, or other benefits.

#### **Chapter 4: Shareholders Meeting**

**Article 12** Shareholders meetings of the Company are of two kinds: regular meeting and special meeting. Unless otherwise stipulated by laws and regulations, the board of directors shall convene the meetings in accordance with the law. Regular meetings shall be convened within six (6) months after close of each fiscal year. Special meetings shall be convened whenever necessary according to the laws and regulations.

**Article 12-1** Shareholders meetings of the Company may be held by video conference or other means announced by the competent authorities.

**Article 13** The Company's shareholders are entitled to one vote for each share held. Unless otherwise provided for in the law, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.

**Article 14** In the event that a shareholder is unable to attend the shareholders meeting in person, he or she may appoint a proxy to attend the meeting by producing a proxy form issued by the Company specifying the scope of the authority. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent (3%) of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

The proxy form in the preceding paragraph shall be delivered to the Company five (5) days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

**Article 15** Unless otherwise stipulated by laws and regulations, the shareholders meeting shall resolve the following items:

1. To determine and cooperate with the establishment of the audit committee and to amend the Company's Articles of Incorporation.
2. Election of directors.
3. Recognition of the books of accounts prepared by the board of directors and the report of the audit committee, and resolutions of the proposals to distribute earnings or of deficit appropriations.
4. Resolutions on the increase or decrease of capital.
5. Other important matters and matters that should be decided by the shareholders meeting according to laws and regulations.

## **Chapter 5: Board of Directors and Directors of the Board**

**Article 16** The Company establishes a board of directors consisting of nine (9) to fifteen (15) directors who are elected by the shareholders meeting in accordance with the law.

**Article 16-1** In accordance with the provisions of Articles 14-2 of the *Securities and Exchange Act*, the Company has established three (3) to five (5)

independent directors from among the directors in the preceding article.

In the election of directors, each share shall have the same number of votes as the number of directors to be elected, and shareholders may give all of such votes to one candidate or distribute them among several candidates. The persons receiving the largest numbers of votes represented on the recovered ballots shall be elected directors. Independent directors and non-independent directors shall be elected together, but the number of elected seats shall be calculated separately.

**Article 16-2** The Company adopts a candidate nomination system for the election of directors (including independent directors). Shareholders holding more than one percent (1%) of the total number of issued shares and the board of directors may propose a list of candidates for directorship and submit it to the shareholders meeting, and the shareholders shall elect the candidates from the list.

All matters relating to the handling of nominations and announcements of candidates for directorship shall be managed in accordance with the relevant laws and regulations of the *Company Act* and *Securities and Exchange Act*.

**Article 16-3** The Company's audit committee is composed of all independent directors in accordance with Article 14-4 of the *Securities and Exchange Act*. The exercise of the powers and functions of the audit committee and its members and related matters shall be governed by the relevant laws and regulations under the *Securities and Exchange Act*.

**Article 16-4** The Company establishes a remuneration committee and its organizational rules are agreed upon by the board of directors in accordance with relevant laws and regulations.

**Article 16-5** The Company may establish other functional committees under the board of directors. The number of members, term of office, functions, and powers of the functional committees shall be stipulated in the organizational rules or charter of each functional committee and shall be implemented upon the resolution of the board of directors.

**Article 17** The total number of shares held by all directors of the board of the Company shall not be less than the number prescribed by the competent authorities.

**Article 18** The directors of the board are elected for a three-year term and may serve consecutive terms if re-elected. A director whose term of office expires before the newly-elected director takes office is extended until the time the newly-elected director takes office.

The Company may, by resolution of the board of directors, purchase liability insurance for its directors.

**Article 19** The board of directors shall not separately establish a managing director. One director shall be elected from among the directors as chairperson and one director shall be elected from among the

directors as vice chairperson.

In addition to the remuneration provided for in Article 33, the chairperson's salary shall be paid at a rate not exceeding 1.5 times the salary of the president/general manager, and the vice chairperson's salary shall be paid at a rate not exceeding 1.25 times the salary of the president, which shall be determined by the resolution of the board of directors.

Other remuneration and benefits of the chairperson and vice chairperson shall be paid in accordance with the relevant regulations of the Company or by reference to industry standards. The severance pay or retirement pension of the chairperson and vice chairperson shall be authorized by the board of directors in accordance with its resolution based on the chairperson and vice chairperson's participation in company operation, contribution value, and peer standards.

The board of directors shall be authorized to determine the remuneration of the independent directors on the basis of the prevailing standards in the industry. However, independent directors may not participate in the distribution of directors' remuneration in Article 33.

**Article 20** Internally, the chairperson is the chairperson of the shareholders meeting and board of the directors, and externally the chairperson represents the Company. When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, if there is a vice chairperson, the vice chairperson shall do so in place of the chairperson. If the vice chairperson also is on leave or for any reason is unable to exercise the powers of the chairperson, the chairperson shall designate a director to represent him or her. If the chairperson does not make such a designation, the directors shall nominate among themselves one director to exercise the powers of the chairperson.

**Article 21** The directors form a board of directors. The meeting of the board of directors shall be convened by the chairperson of the board of directors unless otherwise stipulated by laws and regulations. Except as otherwise provided by law, the resolutions of the board shall be made with the presence of a majority of the directors and the consent of a majority of the directors present.

The notice of the convening of the board of directors may be faxed or emailed.

**Article 22** Directors of the board shall attend board meetings in person. If for any reason a director cannot attend a meeting, that director may issue a proxy form authorizing another director to act on behalf of the absent director. However, a director may act as the proxy of only one other director.

**Article 23** The powers of the board of directors are as follows:

1. Approval of the Company's business objectives and plans.



2. Approval of the Company's budget and review of final accounting results.
3. Approval of the Company's organizational rules.
4. Approval of the Company's major regulations.
5. Planning of capital increase and decrease of the Company and verification of stock issuance.
6. Drafting of proposals on the Company's distribution of earnings or make-up of losses.
7. Resolutions on the issuance of the Company's corporate bonds.
8. Resolutions on the plans to buy back the Company's shares.
9. Appointment and removal of the Company's management personnel, and financial, accounting, risk management, legal compliance, and internal audit officials.
10. Approval of the acquisition or disposal of major assets.
11. Determination of the dates of the Company's regular shareholders meetings and special shareholders meetings.
12. Determination of managers' performance evaluation standards and remuneration standards, and the directors' remuneration structure and system.
13. Other matters stipulated by laws and regulations or authorized by the shareholders meeting.

**Article 24** (deleted)

**Article 25** (deleted)

**Article 26** (deleted)

**Article 27** The person in charge of the Company is legally entitled to hold a position of a subsidiary.

**Article 28** The Company's directors of the board are paid for their travel fees and meeting attendance fees in accordance with industry standards.

**Article 28-1** (deleted)

## **Chapter 6: Management Personnel**

**Article 29** The Company establishes a president/general manager who upholds the decisions of the board of directors to manage all the Company's business, and may be authorized by the board of directors to execute business externally on behalf of the Company.

The Company may establish a number of persons at the level of vice president or above to assist the president in handling the Company's business.

The Company's board of directors establishes one auditor-general, who occupies a position equivalent to that of a vice president, and

manages all audit matters with an independent and detached spirit. One chief secretary of the board of directors is established; the chief secretary is responsible for board-related matters. One chief risk officer is established to be responsible for relevant risk control work of various businesses.

The president, auditor-general, chief secretary, and chief risk officer are nominated by the chairperson of the board of directors and are appointed and removed by the approval of the board of directors.

**Article 30** The Company may establish departments in accordance with its business needs, and assign one person in charge of managing each department.

The personnel at the level of vice president and department heads are recommended by the president for appointment and removal by the chairperson of the board of directors with the approval of the board of directors.

**Article 31** Managers shall have the power to act on behalf of the Company in the manner necessary for the business of the Company, except for the powers and functions conferred on the shareholders meeting and the board of directors by laws and regulations and the Articles of Incorporation of the Company. The scope of the managers' authority shall be in accordance with the rules and regulations of the Company.

## **Chapter 7: Final Accounting and Distribution of Earnings**

**Article 32** The Company's fiscal year begins on January 1 and ends on December 31 of each year. After the end of each fiscal year, the board of directors shall prepare and submit to the regular shareholders meeting for recognition in accordance with the statutory procedures for each of the following reports and statements:

1. Report on operations.
2. Financial statements.
3. Proposals concerning distribution of earnings or making up losses.

**Article 33** If the Company has profit at the year's final accounting (namely, the earnings before tax prior to deduction of employees' and directors' remuneration), it shall reserve an amount sufficient to cover losses, if any. The employees' remuneration is allocated at the range from decimal zero one percent (0.01%) to decimal five percent (0.5%), and the directors' remuneration no more than decimal nine percent (0.9%), from the remainder, if any. The distribution of employees' remuneration and directors' remuneration shall be handled in accordance with the relevant distribution standards set by the board of directors. When remuneration to employees is distributed in the form of stock or in cash, it shall also be distributed to employees of affiliated companies that meet certain conditions.

The board of directors shall determine the certain conditions referred

to in the preceding paragraph.

**Article 33-1** If the Company has earnings in the current year's final accounts, it shall first be subject to income tax of profit-seeking enterprise and make up for prior years' losses, and then set aside legal reserve, reserve or reverse special reserve. And the remaining balance, together with undistributed earnings from prior years, shall be submitted by the board of directors as distribution proposals to the regular shareholders meeting for resolution of shareholders' dividend distribution.

When the legal reserve in the preceding paragraph has reached the amount of the Company's paid-in capital, it may no longer be set aside.

**Article 34** In order to continuously expand the scale and increase profitability, the Company adopts the residual dividend policy in line with the Company's long-term financial planning and takes into account relevant regulations. Dividends are distributed in accordance with the principle that after the annual final earnings has been calculated in accordance with the provisions of the preceding article, the Company will retain the necessary funds in accordance with the Company's operating plan. The remainder will be distributed as cash dividends, provided that the cash dividends are not less than forty percent (40%) of the distributable amount of the current year's earnings.

#### **Chapter 8: Supplementary Provisions**

**Article 35** The organizational rules and important regulations of the Company shall be laid down separately by the board of directors.

**Article 36** In regard to all matters not provided for in these Articles of Incorporation, the *Financial Holding Company Act*, *Company Act*, and other relevant laws and regulations shall govern.

**Article 37** These Articles of Incorporation were established on December 10, 2001, and implemented after passage by the founders' conference or shareholders meeting, likewise in the case of revisions.

*First revision on May 24, 2002*

*Second revision on June 6, 2003*

*Third revision on June 11, 2004*

*Fourth revision on June 29, 2005*

*Fifth revision on December 28, 2006*

*Sixth revision on June 29, 2007*

*Seventh revision on June 18, 2010*

*Eighth revision on June 28, 2011*

*Ninth revision on June 21, 2012*

*Tenth revision on October 13, 2015*

*Eleventh revision on June 16, 2016*  
*Twelfth revision on June 8, 2017*  
*Thirteenth revision on June 15, 2018*  
*Fourteenth revision on June 14, 2019*  
*Fifteenth revision on June 9, 2020*  
*Sixteenth revision on July 8, 2021*  
*Seventeenth revision on June 10, 2022*

### III. Information on Shareholdings of the Company's Directors

The list of shareholding of all directors recorded on the shareholder roster until the book closure date of this shareholders meeting:

Base Date: April 9, 2024

Title	Name	Shares Possessed	Ratio	Remarks
Chairperson	Tony Shen	5,629,117	0.04%	
Director	Wei Chen Ma	0	0	
Director	Daniel Y.M. Song	449,281,915	3.54%	Representative of Tsun Chueh Investment Co., Ltd.
Director	Chung Yuan Chen			
Director	Chien Weng	133,237,446	1.05%	Representative of Modern Investment Co., Ltd.
Independent Director	Ming Ling Hsueh	0	0	
Independent Director	Kuang Si Shiu	0	0	
Independent Director	Hsing Yi Chow	0	0	
Independent Director	Sheau Wen Yang	0	0	
Total		588,148,478	4.63%	

Note:

1. The current number of issued shares of the Company is 12,689,082,377 shares. The legal number of shares held by all directors is 160,000,000 shares in accordance with the regulations of Article 26 of the *Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies*.
2. The company has an audit committee, and thus the regulation of supervisor share ownership does not apply to the Company.