



Yuanta Commercial Bank Co., Ltd.

Minutes of the 26<sup>th</sup> Board Meeting of the 11<sup>th</sup> Session

**Meeting time:** June 8<sup>th</sup>, 2023 (Thursday) at 2:00 p.m.

**Meeting location:** Conference Room, 12th Floor, No. 66, Section 1, Dunhua South Road, Taipei City

**Attendees:**

Chairman Chien Weng	Vice Chairman Hsiao-Ling Chou	Director Tsai-Yu Chang
Director Wei-Chen Ma	Director Daniel Y.M. Song	Director Chung-Yuan Chen
Director Kuo-Yuan Liang	Director Yu-Feng Ko	Director Ta-Ching Lee
Director Wen-Ching Chiu	Director Yann- Dun Deng	
Independent Director Kuang-Si Shiu	Independent Director Ming-Ling Hsueh	Independent Director Ching-Shan Hung
Independent Director Chuang-Li Chang	Independent Director Jin-Tin Pan (Represented by Independent director Chi- Chun Liu)	Independent Director Chi-Chun Liu

**Chairman:** Chairman Chien Weng      **Minute Taker:** Ming-Hsuan Huang

**Chairman's Speech:** (omit)

## Report Case 5

Proposal: The Company's 2022 annual business report, individual and consolidated financial statement, and earnings distribution statement is hereby reported for the Audit Committee's inspection. (Proposal by the Accounting Department)

### Description:

1. According to Article 219 of the Company Act, the supervisors shall examine the various forms prepared by the board of directors for the shareholders' meeting and report their opinions to the shareholders' meeting; in addition, according to Article 14-4 of the Securities and Exchange Act, the company shall set up an audit committee. The provisions of the Securities and Exchange Act, the Company Act, and other laws on supervisors shall be applied by the Audit Committee.
2. The Company's 2022 annual business report, individual and consolidated financial report, and earnings distribution statement have been reviewed and completed by the 12<sup>nd</sup> Audit Committee of the 11<sup>th</sup> Session on March 9<sup>th</sup>, 2023. Without discrepancy, an "Audit Committee Inspection Report" was issued as attachment.
3. Since Yuanta Financial Holding Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15, Paragraph 1 of the Financial Holding Company Act, the powers of the shareholders' meeting shall be exercised by the board of directors.

Attachment: Audit Committee Inspection Report

Resolution: negotiated.

## Ratification Case 1

Case: The Bank's 2022 Business Report is hereby submitted for examination. (Proposed by Business Management Department)

### Description

1. Conducted in accordance with Article 20 of the Company Act.
2. The contents of the "Business Report" are mainly based on the "Regulations Governing Information to be Published in Annual Reports of Banks" and contain the following five major items:
  - (1) 2022 Business Report: : In terms of operational performance, net interest income increased by NT\$1,211 million in 2022 due to the increase in interest income from credit and securities as a result of external interest rate increases. However, overall non-interest income decreased by NT\$1,566 million due to the rapid increase in bond market interest rates, which resulted in losses on valuation of bond investment positions, as well as a decline in net fee income from wealth management business due to conservative investors' expectations. In addition, bad debts and operating expenses remained flat. However, due to a NT\$400 million increase in income tax expense, net income after tax was NT\$7,288 million, a decrease of NT\$734 million, and the budget achievement rate was 99%.
  - (2) Impact of external competitive environment, regulatory environment and overall business environment: With regard to the "senior customer-friendly finance", the Bank has taken enhanced measures to protect the rights and interests of senior customers through a more comprehensive control approach. For the "Financial Security Action Plan 2.0", the Bank continues to implement various security enhancement projects to strengthen its defensive and contingency capabilities. Moreover, in response to the tightening of the domestic real estate market due to the credit control measures in the housing market, the Equalization of Land Rights Act and the interest rate hikes, the Bank has adjusted its land construction financing cases and refocused its mortgage business to maintain a stable business development.
  - (3) Credit rating results: The ratings of the Bank by both Taiwan Ratings Corporation and Fitch Ratings in 2022 are the same as those of the previous year and remain stable and excellent.
  - (4) 2023 Business Plan and Future Prospects: The Bank will continue to focus on revenue restructuring and enhancement under the principle of risk control and compliance with the laws and regulations, as well as proper planning of business capacity to improve the efficiency of capital utilization. The Bank will also actively promote the development of digital transformation to maximize profitability based on sound management.
  - (5) Sustainable Development Strategy: In accordance with Yuanta Financial Holdings' commitment to become a member of the Sustainable Finance Pioneer Alliance, the Bank will take more active actions on five major issues, including "green procurement," "investment financing and negotiation," "information disclosure," "assistance and promotion," and "international connection." In addition, we have incorporated the concept of ESG and sustainability into our corporate culture and

operational strategies, using the United Nations Sustainable Development Goals (SDGs) as a framework to promote sustainable practices in the five areas of corporate governance, customer rights, employee care, environmental sustainability, and social welfare. Furthermore, in order to integrate the resources and strengths to advance sustainable development, we have set up the Sustainable Development Committee in January 2023 as a dedicated unit with the aim of becoming an internationally sustainable benchmark company. Besides, in 2022, the Bank was also awarded Excellent Certification by the "CG6013 (2021) Corporate Governance System Assessment" of the Taiwan Corporate Governance Association.

3. This case was approved by the 20<sup>nd</sup> Board Meeting of the 11<sup>th</sup> Session on March 9<sup>th</sup>, 2023.
4. Since Yuanta Financial Holding Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15, Paragraph 1 of the Financial Holding Company Act, the powers of the shareholders' meeting shall be exercised by the board of directors.

Attachment: Yuanta Commercial Bank's 2022 Annual Business Report

Resolution: All directors present agreed to accept the proposal.

## Admission Case 2

**Proposal:** The 2022 individual and the consolidated financial report of the Company and its subsidiaries reviewed and certified by accountants are hereby submitted for inspection.  
(Proposal by the Accounting Department)

### Description:

1. The 2022 individual and consolidated financial report of the Company and its subsidiaries have been reviewed and approved by the 12<sup>nd</sup> Board Meeting of the 11<sup>th</sup> Session on March 9<sup>th</sup>, 2023. PricewaterhouseCoopers Taiwan Accountants Guo Bai-ra and Luo Jiaosen of Pricewaterhouse Coopers Taiwan Accountants completed the audit and issued an audit report with opinion and other matters respectively.
2. The 2022 individual and consolidated financial report of the Company and its subsidiaries reviewed and certified by accountants have been sent to the audit committee for inspection and completion. It is believed that there is no inconsistency, and an inspection report is issued on the record.
3. Since Yuanta Financial Holding Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15, Paragraph 1 of the Financial Holding Company Act, the powers of the shareholders' meeting shall be exercised by the board of directors.
4. The Company's 2022 individual and consolidated financial report and accountant's audit report have been prepared for deliberation at the meeting.

### Attachment:

- 1: The 2022 individual financial report of the Company
- 2: The 2022 consolidated financial report of the Company and its subsidiaries

**Resolution:** All directors present agreed to accept the proposal.

### Admission Case 3

Proposal: The 2022 annual earnings distribution proposition of the Company report for inspection.  
(Proposal by the Accounting Department)

#### Description:

1. Under the provisions of Article 34-1 of the Company's Articles of Association, the proposed earnings distribution table is attached as the appendix, explained in detail as follows:
  - (1) The net profit after tax of the Company for 2022 was NT\$7,288,317, the undistributed earnings at the beginning of the period was added to NT\$0, the net loss from disposal of equity instruments measured at fair value through other comprehensive gains and losses was reduced by NT\$985,347,439, and the remeasurement amount of the added defined benefit plan is NT\$68,014,283, another 30% statutory surplus reserve of NT\$1,911,316,548 (detailed in the following description (2)), and a special surplus reserve of NT\$4,459,738,613 (detailed in the following description (3)), the surplus available for distribution NT\$0. Therefore, no cash dividends and stock dividends are proposed to be distributed.
  - (2) The 30% statutory surplus reserve amounting to NT\$1,911,316,548 is set aside under the provisions of Business Regulation No. 10802432410, which is calculated as "the current after-tax net profit plus the items other than the current after-tax net profit and included in the undistributed surplus of the current year" as the basis for the provision of statutory surplus reserve. The basis for the provision in 2022 is NT\$6,371,055,161, which is the net profit after tax of NT\$7,288,388,317 in 2022 less the net loss from disposal of equity instruments measured at fair value through other comprehensive gains and losses by NT\$958,347,439 and the remeasurement amount of the added defined benefit plan is NT\$68,014,283.
  - (3) To set aside a special surplus reserve of NT\$4,459,738,613, the items include(1) according to the regulations of FCS Banking Bureau No. 10802714560, in response to the needs of financial technology or business development, the expenses for education and training for improving or cultivating the functions of employees amounted to NT\$14,007,314, and the same amount from 2016 to 2018 fiscal year balance of special surplus reserve within the range of NT\$42,648,711 in rotation ; and (2) according to Article 41, Paragraph 1 of the Securities and Exchange Act. For 2022, part of the net increase of NT\$12,511,612,799 in the "other interests" deduction was 4,473,745,927, set aside the same amount of special reserve.
2. The case has been reviewed and completed by the Audit Committee. It is believed that there is no inconsistency, and an inspection report is issued on the record.
3. Since Yuanta Financial Holding Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15, Paragraph 1 of the Financial Holding Company Act, the powers of the shareholders' meeting shall be exercised by the board of directors.

Attachment: 2022 Annual Earning Distribution Table

Resolution: All directors present agreed to accept the proposal.

Adjournment: 2:47 pm

Chairman: Chien Weng

Minute Taker: Ming-Hsuan Huang