

## State of Corporate Governance

| Item  | Implementation             |    |   | The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes |
|---|----------------------------|----|---|--|
|   | Yes                        | No | Summary   |  |
| <p>1. Equity structure and shareholders’ rights of the Bank :</p> <p>(1) Did the Bank set up methods to handle shareholders suggestions, questions, complaints and legal actions from shareholders, and implemented the procedure?</p> <p>(2) Did the Bank maintain list of its major shareholders and the ultimate controllers of these major shareholders?</p> <p>(3) Did the Bank establish and execute risk control and firewall mechanism between the Bank and its affiliates?</p> | <p>✓</p> <p>✓</p> <p>✓</p> |    | <p>(1) The Bank is a wholly-owned subsidiary of Yuanta Financial Holdings(YFH), and the communication channel between the Bank and YFH is smooth.</p> <p>(2) YFH is the Bank’s sole and actual controlling shareholder. Also, the Bank is also fully aware of YFH’s ultimate owner list.</p> <p>(3) The bank and its affiliates are financially independent, with clear separation of performance and responsibilities. CPAs are engaged to conduct audits on a regular basis. Furthermore, in accordance with the Bank Act and Article 44 and 45 of the Financial Holding Company Act, Yuanta Bank has established the “Regulations Governing Operations Related to Financial Transactions with Affiliated Companies,” “Rules Governing Transactions with Related Parties,” “SOP for the General Power of Attorney Regarding the Non-Credit Transactions Between Yuanta Bank and Stakeholders Defined in Article 45 of the Financial Holding Company Act,” and “Rules Governing the Transactions Between Yuanta Bank and Self-Disciplined Counterparts” and has also established a related party inquiry system and related operating regulations and control measures to ensure control and firewall mechanism.</p> | There was no departure in this respect.  |
| <p>2. Composition and responsibilities of the Board of Directors :</p> <p>(1) Has the Board of Directors formulated a diversity policy and specific management goals?</p>   | <p>✓</p>                   |    | <p>(1) Paragraph 2 of Article 21 of the Bank’s “Corporate Governance Best-Practice Principles” clearly stipulates that the composition of the Board of Directors of the Bank shall take into account diversity.</p>   | There was no departure in this respect.  |

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|      |                |    | <p>The proportion of directors who also serve as managerial officers of the Bank must not be too high and shall follow the regulations of Article 17 about concurrent posts. The Bank shall formulate an appropriate diversification policy based on its own operation, operating model and development needs, which should include but are not limited to the following two major standards:</p> <ol style="list-style-type: none"> <li>1. Basic requirements: gender, age and nationality.</li> <li>2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</li> </ol> <p>Since the inauguration of the Bank’s 11th term of directors on June 1, 2022, the Bank’s composition has become more diverse. The percentage of independent directors has increased from 26% in the previous term to 35%, reaching the goal of at least one-third of the board composition. In terms of gender equality, there are now two female directors, compared to no female directors in the 10th term, and the goal of at least one female director has been achieved. Additionally, one new director with an information security background has been added. The board of directors meets the requirements of the “Financial Security Action Plan 2.0” issued by FSC in December 2022. Moreover, the Bank passed the “Procedures for recommending candidates for directors and independent directors election” during the 24th meeting of the 11th term of</p> |  |

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| (2) Did the Bank’s voluntary establishment of other functional committees in addition to Remuneration Committee and Audit Committee?   | ✓              |    | <p>Board of Directors held on May 11, 2023. Before the expiration of each term, the Bank shall propose a list of criteria that are required of the director and independent director candidates in accordance with these Procedures. The criteria are about professional knowledge, technical experience, gender, independence and other factors. After the Chairman has been consulted, the proposal is presented to the Board of Directors for approval. Once approved, the criteria are reported to Yuanta FHC as a reference for selecting directors and independent directors of our bank for the new term.</p> <p>(2) The Bank’s Board of Directors has appointed a “Remuneration Committee” and an “Audit Committee” to assist in the operation of the Board of Directors and the exercise of its powers. A “Risk Management Committee” convened by the Chairman is also appointed to ensure the effective operation of risk management throughout the Bank.</p> |  |
| (3) Does the TWSE/GTSM listed bank establish regulations governing the Board’s performance and the evaluation method, conduct performance evaluation annually and regularly and report the results to the Board of Directors, and apply them as reference for individual directors’ remuneration and nomination for reappointment? | ✓              |    | <p>(3) According to the Bank’s “Procedures for Performance Evaluation of the Board of Directors and Functional Committees,” the performance evaluation of the Board of Directors and functional committees is conducted annually, and the results shall be submitted to the Board of Directors for discussion before the end of the first quarter of the following year. The 2023 overall results are expected to be presented to the Board of Directors on March 21, 2024; in addition, the Bank’s director performance evaluation results should be provided to the Remuneration Committee as a reference for directors’ remuneration; and every three years, external professional independent institutions or external teams of experts and scholars should conduct the</p>   |  |

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| (4) Did the Bank assess the independence of the CPA periodically?  | ✓              |    | evaluation, and the next external evaluation is expected to be implemented in the third quarter of 2024.<br>(4) The evaluation report on the independence of certified accountants and their appointment are reported to the Audit Committee and Board of Directors for approval. The motion for assessment on the external auditors and appointment of the external auditors 2023 has been submitted to the Audit Committee on January 17, 2023 and the Board of Directors on February 16, 2023.   |  |
| 3. Has the Bank been equipped with an adequate number of corporate governance personnel with appropriate qualifications, and appointed a chief corporate governance officer in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by Directors and Supervisors, assisting the Directors and Supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings)? | ✓              |    | The Bank established a corporate governance director and an appropriate number of corporate governance personnel to be responsible for corporate governance-related<br>(1) Handle matters related to the Audit Committee, the Board of Directors, and the shareholders’ meeting under the law.<br>(2) Record the minutes of the meetings of the Audit Committee and the Board of Directors.<br>(3) Organize the “Seminar for New Directors” to help the directors take office, and provide the relevant continuing education programs per individual directors’ needs.<br>(4) Provide the information needed for directors’ implementation.<br>(5) Assist directors in complying with laws and regulations.<br>(6) Report to the Board of Directors whether the qualification of independent directors complies with relevant laws and regulations at the time of appointment and during the term of office.<br>(7) Handle matters related to the change of directors.<br>(8) Other matters stipulated in the Articles of Incorporation or contracts. | There was no departure in this respect.  |
| 4. Did the Bank establish communication channel with stakeholders (including but not limited to shareholders, employees and customers etc.), set up a stakeholders section on the Bank’s website, and properly respond to important  | ✓              |    | (1) The Bank’s website has disclosed information on financial and business operations, and set up a “sustainable development section” to provide a platform for responding to important corporate social responsibility issues of concern to stakeholders.<br>(2) The Bank has established a spokesperson   | There was no departure in this respect.  |

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| corporate social responsibility issues that stakeholders are concerned about.  |                |    | <p>and deputy spokesperson in accordance with the “Uniform Spokesperson Procedures” responsible for officially releasing public information, policies or other relevant information on behalf of the Bank.</p> <p>(3) The official website of the Bank has set up a tab specific for stakeholders. The Bank’s stakeholders such as customers, vendors, and employees etc., may file a complaint and grievance or express opinions to the Bank through business premises, telephone, email, fax, or written correspondence, etc.</p> <p>(4) In charge of research, analysis, planning, development, implementation and execution of information application service systems for core and peripheral banking businesses.</p> <p>(5) In order to help the communication between the labor and management, Yuanta Bank established the “Labor-Management Meeting” and “Employee Complaint and Feedback Section” to benefit the communication between both parties and facilitate the cooperation between both parties.</p> <p>(6) The Bank is a wholly owned subsidiary of Yuanta Financial Holdings, and the communication channel between the Bank and Yuanta Financial Holdings is maintained.</p> <p>(7) Yuanta FHC organizes the suppliers’ conference and evaluation each year. It also invites Yuanta Bank’s suppliers to attend the conference and join the evaluation, in order to provide the channel of engagement with suppliers.</p> |  |
| <p>5. Information Disclosure :</p> <p>(1) Did the Bank establish website to disclose information concerning financial affairs and corporate governance?</p> <p>(2) Did the Bank have other information-disclosing approaches? (e.g. English website, assignment of specific personnel to collect</p> | ✓              |    | <p>(1) The industry has established Chinese and English websites to disclose financial business, corporate governance, sustainable development and other relevant material information.</p> <p>(2) The Bank established the spokesperson and deputy spokesperson system to unify and integrate financial and business information and advance the timeliness of</p>   | There was no departure in this respect.  |

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| <p>and disclose the Bank’s information, implementation of a spokesperson system, broadcasting of investor conferences via the bank website and etc.)</p> <p>(3) Does the Bank announce and register the annual financial report within the time limit in accordance with the relevant provisions of the Banking Act of Republic of China and Securities and Exchange Act after the end of the fiscal year, and announce and register the first, second, and third quarter financial reports and the monthly operating status before the prescribed time limit?</p> | ✓              |    | <p>public announcement.</p> <p>(3)</p> <p>A. The Bank’s monthly operations in 2023, the 2022 financial statements, and the 2023 Q1, Q2, and Q3 financial statements were announced and reported before the specified deadline.</p> <p>B. The Bank’s 2023 financial statements will be announced and reported in advance before the prescribed deadline (March 15, 2024), and is expected to be announced and reported before February 29, 2024.</p>  |  |
| <p>6. Did the Bank have other important information enabling better understanding of the Bank’s corporate governance status? ( including but not limited to staff interests and employee care, investors relations and stakeholder’s rights, director’s and supervisor’s further training, the implementation of risk management policies and risk evaluation criteria, the implementation of customers’ policies, Bank’s purchase of liabilities insurance for directors and supervisors and the donation to political parties, stakeholders and charities)</p>   | ✓              |    | <p>(1) Staff Right and Employee Care :<br/>Yuanta Bank established the “Employee Benefits Committee,” “Labor-Management Meeting” and “Employee Complaint and Feedback Section.” Meanwhile, it will also publish related information via the intranet and electronic official document system from time to time, in order to benefit the communication between the labor and management. Meanwhile, Yuanta Bank provides colleagues with diversified resources. It has worked with external organizations to implement the assistance program for employees, provide colleagues with professional consulting services, and help colleagues solve problems, keep healthy physically and mentally, and facilitate the balance between work and life.</p> <p>(2) Investors Relations and Stakeholder’s Rights :<br/>A. The Bank’s sole investor is Yuanta Financial Holdings Co., Ltd., which is the only shareholder and has smooth</p> | There was no departure in this respect.  |

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|      |                |    | <p>relationship with the Bank.</p> <p>B. Important information of finance and business, corporate governance, and communication channels are available on the Bank’s official website for stakeholders' reference and interaction.</p> <p>(3) Director’s Further Education :<br/>The Bank has developed “Director Further Education Procedures” and implemented director’s continuing education courses according to the procedures.</p> <p>(4) The Implementation of Risk Management Policies and Risk Evaluation Criteria :<br/>The Bank has developed superior risk management policy approved by Board of Director, and constituted a well-structured risk management system in order to ensure various risk evaluation criteria. Meanwhile, the Bank also set up Risk Management Committee to integrate the deliberation, supervision and coordination of the Bank’s risk management.</p> <p>(5) The Implementation of Customers' Policies :<br/>To guard customer’s rights, the Bank has developed Guidelines on Consumer Protection, Consumer Dispute Resolution Regulations, Policy of Fair Hospitality Principle, Strategy of Fair Hospitality Principle and various relevant regulations of personal information protection. Furthermore, the Bank continuously acquired ISO 27001, a certificate of the Information Security Management Standard (ISMS), and BS10012, a certificate of Personal Information Management System, and ISO10002, an international certificate of Customer Complaint Management System, and establish Fair Hospitality Promotion Committee which enable the Bank to protect customers’ privacy, to enhance personal data security, and to improve the quality of customer services.</p> <p>(6) Bank’s Purchase of Liabilities Insurance for Directors and Supervisors :<br/>The Bank takes out liability insurance for</p> |  |

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|      |                |    | <p>directors and independent directors on a regular basis every year.</p> <p>(7) The donation to political parties, stakeholders and charities :</p> <ol style="list-style-type: none"> <li>1. In April 2023, Yuanta Bank donated NT\$125,905 to Pingtung County Indigenous People Social Welfare Service Association.</li> <li>2. In April 2023, Yuanta Bank donated NT\$ 7,590,000 to Yuanta-Polaris Research Institute.</li> <li>3. In April 2023, Yuanta Bank donated NT\$26,400,000 to Yuanta Foundation..</li> <li>4. In June 2023, Yuanta Bank donated NT\$750,000 to Taiwan Financial Service Roundtable.</li> <li>5. In August 2023, Yuanta Bank donated NT\$209,365 to Chiayi County Charitable Group Association.</li> <li>6. In November 2023, Yuanta Bank donated NT\$33,800 to Northern Region Children’s Hom of Ministry of Health and Welfare.</li> </ol> <p>(8) Establish an adequate and clear system dedicated to conveyance consultation, coordination and communication of laws &amp; regulations</p> <ol style="list-style-type: none"> <li>1. Collect the information about important financial laws and regulations and convey the same to related management and staff on a daily basis.</li> <li>2. Issue the compliance e-news on a monthly basis, compile the recent important financial laws, decrees, interpretation on sanction cases in the same trade, and Yuanta Bank’s internal rules and regulations, and convey the same throughout Yuanta Bank.</li> <li>3. The employee portal site has set the “Compliance Management” sections, including the “Personal Data Protection Act Promotion Section,” “Financial Consumer Protection Act Promotion Section,” “Compliance Section for Overseas Branches/Subsidiaries” and “Anti-</li> </ol> |  |



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|   |                |    | <p>Money Laundering and Countering of Terrorism Financing Section,” in order to maintain and update data periodically for access by colleagues.</p> <p>4. Compile the important laws and regulations to be followed by Yuanta Bank’s clerks, prepare the compliance handbook for access by colleagues, improve the awareness toward compliance and establish the code of conduct.</p> <p>5. Conduct the online compliance test on a semi-annual basis, which each unit supervisor shall designate colleagues to attend subject the colleagues’ functions.</p> |  |
| <p>7. In response to the result on Corporate Governance Evaluation issued by Corporate Governance Center of Taiwan Stock Exchange for the latest year, please describe issues which have been improved. For those which have not been improved, please propose issues to be improved in the higher priority and the according measures (companies not listed in evaluation are not required for completion).</p> <p>The Bank is a public and a non-TWSE/GTSM-listed company, so it is not listed in the corporate governance evaluation of the Taiwan Stock Exchange (TWSE) corporation.</p> <p>〈 Remark 〉</p> <p>The Bank participated in CG6013 (2021) Corporate Governance System Assessment, conducted by Taiwan Corporate Governance Association, in 2022 and, on December 29, 2022, was honorably certified as Outstanding (valid for two years).</p> |                |    |   |  |

Note : According to the Securities and Exchange Act, a company shall disclose its annual financial report within 3 months at the end of each fiscal year. Meanwhile, the decree under Jin-Guan-Yin-Fa-Zi No. 11002100381 has been applied since 2022. Therefore, Yuanta Bank disclosed its annual financial report within 75 days at the end of the year.