

Yuanta Commercial Bank Co., Ltd

Meeting Minutes for the 28th Meeting of the Tenth Board of Directors

**Time :** 2 : 0 0 pm, June 11, 2020 (Thursday)

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

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|----------------------------|---|---|---|
| <b>Personnel present :</b> | Chairman<br>Tony Fan                    | Director<br>Yu De Chuang                          | Director<br>Wei Chen Ma<br>(Video conference)   |
|                            | Director<br>Song-Erh Chang              | Director<br>Hsian Dao Chiu<br>(Video conference)  | Director<br>Jin Long Fang<br>(Video conference) |
|                            | Director<br>Jin-Sheng Duann             | Director<br>Zhong-yuan Chen<br>(Video conference) | Director<br>Yu-Feng Ko<br>(Video conference)    |
|                            | Director<br>Chien Weng                  | Director<br>Daniel Song<br>(Video conference)     |   |
|                            | Independent Director<br>Kuang-Si Shiu   | Independent Director<br>Ming-ling Hsueh           | Independent Director<br>Yin-Hua Yeh             |
|                            | Independent Director<br>Ching-Shan Hung | Independent Director<br>Chuang Li Chang           |   |
|                            |   |   |   |

**Chairman : Chairman Tony Fan**

**Minute recorder : Ming-Hsuan Huang**

**Chairman's speech:** (Omitted)

## Report proposal 6

Summary : The review report of the Audit Committee on the company's 2019 business report, standalone financial statements and consolidated financial statements, and earnings distribution statement is kindly submitted for inspection. (Proposal by the Accounting Department)

Explanatory notes :

1. In accordance with the provisions of Article 219 of the Company Act, the supervisor shall check the various statements and books prepared by the board of directors for the shareholders meeting, and report their opinions to the shareholders' meeting. In addition, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act, if a company establishes an audit committee, the relevant provisions of the Securities and Exchange Act, the Company Act and other laws on supervisors shall apply mutatis mutandis to the Audit Committee.
2. The company's 2019 business report, standalone financial statements and consolidated financial statements, and earnings distribution statement were reviewed by the 16th meeting of the 10th Audit Committee on March 17, 2020, and it is deemed that there is no non-compliance. The Audit Committee's Review Report has been issued as attached in the annex.
3. Because Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, in accordance with the provisions of Paragraph 1, Article 128-1 of the "Company Act" and Paragraph 1, Article 15 of the "Financial Holding Company Act," the responsibilities and powers of the shareholders' meeting shall be exercised by the board of directors, and it is so stated.

Annex : Audit Committee's Review Report

Decision : Acknowledged by all present Directors.

## Ratification proposal 1

Summary : The Bank's 2019 "Business Report" is submitted for approval. (Proposal of Business Management Department)

Explanatory notes :

1. It is handled in accordance with the provisions of Article 20 of the Company Act.
2. The content of the "Business Report" is mainly based on the provisions of the "Regulations Governing Information to be Published in Annual Reports of Banks" and includes the following four major items:
  - (1) The 2019 Business Report : In terms of operating performance, the 2019 net income after tax was NT\$10.046 billion, an increase of NT\$1.439 billion from 2018, with a growth rate of 17%, and the budget achievement rate was 100%.
  - (2) The influence of the external competitive environment, the regulatory environment and the macro business environment: Regarding the regulations enacted or amended by the competent authorities to prevent misappropriation of customer funds by wealth management specialists and to improve the procedures for banks' selling of insurance products, the Bank has processed relevant internal regulation revisions, education training and implementation of relevant internal control mechanisms. In addition, in terms of the opening of policies on the repatriation of overseas funds, self-pledged of open-end funds, and the trial operation of banks' business applications, etc., the bank will grasp business opportunities to increase related sources of income.
  - (3) Credit rating results: According to the results announced by Taiwan Ratings and Fitch Ratings in 2019, all of the Bank's ratings were the same as those of the previous year, maintaining a stable and good performance.
  - (4) The 2020 business plan and future outlook: In 2020, the Bank will continue to expand its business scale and balance its business and profit structure as its main operation pillars. By strengthening product design and cross-selling, and deepening the relationship between customers, various business executions require the implementation of risk control and legal compliance mechanisms to maintain steady profit growth.
3. This proposal was passed at the 22nd meeting of the 10th Board of Directors on March 19, 2020.
4. Because Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, in accordance with the provisions of Paragraph 1, Article 128-1 of the "Company Act" and Paragraph 1, Article 15 of the "Financial Holding Company Act," the responsibilities and powers of the shareholders' meeting shall be exercised by the board of directors, and it is so stated.

Annex : Yuanta Commercial Bank 2019 Business Report

Resolution : Ratified by all present directors without objection.

## Ratification proposal 2

Summary : The company's 2019 CPA audited and attested standalone financial statements and consolidated financial statements of the company and its subsidiaries are submitted for approval. (Proposal by the Accounting Department)

Explanatory notes :

1. The company's 2019 standalone financial statements and consolidated financial statements of the company and its subsidiaries were reviewed and approved at the 22nd meeting of the 10th board of directors on March 19, 2020. In addition, the audits were completed by CPAs from PwC Taiwan, Luo Jiao-sen and Chen Xian-yi, issuing an unmodified opinion audit report and an unqualified opinion audit report with other-matter paragraphs, respectively.
2. The company's 2019 CPA audited and attested standalone financial statements and consolidated financial statements of the company and its subsidiaries have been reviewed by the Audit Committee, and it is deemed that there is no non-compliance. The review report has been issued.
3. Because Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, in accordance with the provisions of Paragraph 1, Article 128-1 of the "Company Act" and Paragraph 1, Article 15 of the "Financial Holding Company Act," the responsibilities and powers of the shareholders' meeting shall be exercised by the board of directors, and it is so stated.

Annex :

1. The company's 2019 CPA audited and attested standalone financial statements
2. The 2019 CPA audited and attested consolidated financial statements of the company and its subsidiaries

Resolution : Ratified by all present directors without objection.

### Ratification proposal 3

Summary : The company's 2019 earnings distribution proposal is submitted for approval.  
(Proposal by the Accounting Department)

#### Explanatory notes :

1. It is handled in accordance with Article 34-1 of the Articles of Association of the Company. The proposed earnings distribution statement is shown in the annex, and the detailed explanation is as follows :
  - (1) The company's 2019 opening retained earnings was 0 (hereinafter the same) New Taiwan Dollar. However, the company has adopted IFRS 16 "Leases" since 2019, resulting in a decrease of NT\$23,418,616 in the retained earnings on January 1, 2019. The opening cumulative loss was NT\$23,418,616 after adjustment.
  - (2) Based on the company's 2019 "net loss from the disposal of equity instruments measured at fair value through other comprehensive income" of NT\$320,284,588, minus the 2019 "re-measurement of defined benefit plan" of NT\$67,267,020, which was calculated by actuaries in accordance with International Accounting Standards No. 19 "Employee Benefits," and plus the adjustment opening cumulative loss of NT\$ 23,418,616, the adjusted cumulative loss was NT\$ 410,970,224.
  - (3) Based on the 2019 CPA audited and attested net income after tax of NT\$10,046,230,460, after first offsetting the adjusted cumulative loss of NT\$ 410,970,224, the net amount was NT\$9,635,260,236, and 30%, amounted to NT\$ 2,890,578,071, was contributed to the legal reserve.
  - (4) In accordance with the provisions of the Decree Jin-Guan-Yin-Fa- Zi No. 10802714560, when a public issuing bank, starting from the 2019 fiscal year, pays the education and training expenses for upgrading or cultivating employee functions in response to the needs of financial technology or business development, it may reverse the same amount within the extent of the special reserve balance contributed in the 2016-2018 fiscal years. The company's total education and training expenses in 2019 that complied with the aforementioned decree amounted to NT\$ 15,992,254, and the same amount was reversed from the extent of special reserve balance (NT\$ 90,836,792) contributed in the 2016 to 2018 fiscal years.
  - (5) After the 2019 net income after tax was used to offset the "adjusted cumulative loss," contribute to the "legal reserve" and reverse the "special reserve," the available earnings for distribution is NT\$6,760,674,419.
  - (6) The company's dividend distribution is in line with the current year's earnings and to maintain the soundness and stability of the company's financial structure. It is proposed to distribute all of the earnings to shareholders' cash dividends for the amount of NT\$ 6,760,674,419. Based on the company's current 7,394,038,982 shares issued, the cash dividend per

share is NT\$ 0.9143411923.

2. After the aforementioned earnings distribution proposal passes by the resolution of the (2020) Board of Directors (representing the responsibility and powers of the shareholders meeting), the chairman is authorized to separately set a record date for cash dividend distribution and other related distribution matters.
3. The proposal has been reviewed by the Audit Committee, and it is deemed that there is no non-compliance. The review report has been issued.
4. Because Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, in accordance with the provisions of Paragraph 1, Article 128-1 of the "Company Act" and Paragraph 1, Article 15 of the "Financial Holding Company Act," the responsibilities and powers of the shareholders' meeting shall be exercised by the board of directors, and it is so stated.

Annex : 2019 Earnings Distribution Statement

Resolution : Ratified by all present directors without objection.

Adjourn : 4:26 pm

Chairman : Tony Fan

Minute recorder : Ming-Hsuan Huang