



Minutes of the 52nd Board Meeting of the 10th Session

Meeting time: May 27th, 2021 (Thursday) at 3:00 p.m.

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

Attendees:

Chairman
Chien Weng

Vice Chairman
Tsai-Yu Chang
(Web Conferencing)

Director
Fan-Sheng Pu
(Web Conferencing)

Director
Wei-Chen Ma
(Web Conferencing)

Director
Song-Erh Chang

Director
Jin-Long Fang
(Web Conferencing)

Director
Jin-Sheng Duann
(Web Conferencing)

Director
Chung-Yuan Chen
(Web Conferencing)

Director
Yu-Feng Ko
(Web Conferencing)

Director
Daniel Y.M. Song
(Web Conferencing)

Director
Kuo-Yuan Liang
(Web Conferencing)

Director
Ta-Ching Lee

Independent Director
Kuang-Si Shiu

Independent Director
Ming-Ling Hsueh
(Web Conferencing)

Independent Director
Yin-Hua Yeh
(Web Conferencing)

Independent Director
Ching-Shan Hung
(Web Conferencing)

Independent Director
Chuang-Li Chang

Chairman: Chairman Chien Weng

Minute Taker: Ming-Hsuan Huang

Chairman's Speech: (omit)

Report Case 7

Proposal: The Company's 2020 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 2021 annual business report, individual and consolidated financial report, and earnings distribution statement have been reviewed and completed by the 35th Audit Committee of the 10th Session on March 16th, 2021. Without discrepancy, an "Audit Committee Inspection Report" was issued as attachment.
3. Since Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15-1 of the Financial Holding Company Law, the powers of the shareholders' meeting shall be exercised by the board of directors.

Attachment: Audit Committee Inspection Report

Resolution: negotiated.

Admission Case 1

Proposal: The Bank's 2020 "Business Report" is reported for verification. (Proposal by Business Management Department)

Description:

1. It shall be handled by the provisions of Article 20 of the Company Law.
2. The contents of the "Business Report" are mainly based on the "Regulations for Documented Items in Bank Annual Reports", which include the following five items:
 - (1) 2020 annual business report: In terms of operating performance, in 2020, due to external interest rate cuts, the COVID-19 pandemic, the decrease in net fee income, the increase in bad debt withdrawal expenses, and the impairment of recognized goodwill assets, the net profit after tax was NT\$6.896 billion, a decrease of NT\$3.150 billion compared with 2019, and the annual budget achievement rate was 86%.
 - (2) Impact of external competitive environment, regulatory environment, and overall business environment: As the executive approves policies such as Advanced Financial Management 2.0 and Open Banking, the Bank will strive for business opportunities. The Bank has taken relevant countermeasures to prevent the misappropriation of customers' funds by financial managers; in addition, the Bank can grasp the key points of the implementation of the epidemic relief measures and the transformation of the insurance business after the implementation of the new insurance system and make business adjustments.
 - (3) Credit rating results: In 2021, China Credit Ratings and Fitch Ratings gave the Bank the same rating results as the previous year, which remained consistent and excellent.
 - (4) 2022 Annual Business Plan and Future Outlook: The Bank will focus on expanding business scale, increasing sources of income, and enhancing digital financial competitiveness. On the premise of maintaining good asset quality, the Bank will gradually expand the scale of various businesses to improve Return on shareholders' equity.
 - (5) Sustainable development strategy: The Bank integrates the concept of sustainable management (ESG) into its corporate culture and operation strategy and promotes sustainable actions in five aspects: corporate governance, customer rights, employee care, environmental sustainability, and social welfare. Promoted by the FSC "Corporate Governance 3.0 - Blueprint for Sustainable Development", referring to the recommendations in the Bank's CG6012 (2019) Corporate Governance System Evaluation Report, we will continue to improve and establish a more complete corporate governance system.
3. This case was approved by the 47th Board Meeting of the 10th Session on March 18th, 2021.
4. Since Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15-1 of the Financial Holding Company Law, the powers of the shareholders' meeting shall be exercised by the board of directors.

Attachment: Yuanta Commercial Bank's 2020 Annual Business Report

Resolution: All directors present agreed to accept the proposal.

Admission Case 2

Proposal: The 2020 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 2020 individual and consolidated financial report of the Company and its subsidiaries have been reviewed and approved by the 47th Board Meeting of the 10th Session on March 18th, 2022. PricewaterhouseCoopers Taiwan Accountants Luo Jiaosen and Chen XIanyi of PricewaterhouseCoopers Taiwan Accountants completed the audit and issued an audit report with opinion and other matters respectively.
2. The 2020 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 Holdings Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15-1 of the Financial Holding Company Law, the powers of the shareholders' meeting shall be exercised by the board of directors.
4. The Company's 2020 individual and consolidated financial report and accountant's audit report have been prepared for deliberation at the meeting.

Resolution: All directors present agreed to accept the proposal.

Admission Case 3

Proposal: The 2020 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 2020 was NT\$6,895,870,786, 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\$315,876,247, and the re-measurement of the reduction of the defined benefit plan NT\$15,406,123, another 30% statutory surplus reserve of NT\$2,168,145,947 (detailed in the following description (2)), and a special surplus reserve of NT\$15,213,793 (detailed in the following description (3)), the surplus available for distribution NT\$5,074,221,002.
 - (2) The 30% statutory surplus reserve amounting to NT\$2,168,145,947 is set aside under the provisions of Business Regulation No. 10802432410 on January 9th, 2020, 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 2020 is NT\$7,227,153,156, which is the net profit after tax of NT\$6,895,870,786 in 2020 less the net loss from disposal of equity instruments measured at fair value through other comprehensive gains and losses by NT\$315,876,247 and the remeasurement of the defined benefit plan by NT\$15,406,123.
 - (3) According to the regulations of FCS Banking Bureau No. 10802714560, starting from fiscal year 2019, the public issuing bank shall pay the same education and training expenses for improving or cultivating the functions of employees in response to the needs of financial technology or business development. The amount is reversed within the range of the special surplus reserve balance set aside for fiscal years 2016 to 2018. The total amount of education and training expenses of the Company in 2020 that complied with the provisions of the previous disclosure letter totaled NT\$15,213,793, and the same amount was reversed within the range of NT\$74,844,538 from the special surplus reserve balance set aside from the surplus of fiscal years 2016 to 2018.
 - (4) The Company's earning distribution is in line with the current year's surplus status and maintains the sound and stable financial structure of the Company. It is proposed to distribute cash dividends of NT\$5,074,221,002 to shareholders in full, calculated on the basis of the company's current number of issued shares of 7,394,038,982 shares, allotment of cash dividend of NT\$0.6862583514.

2. For the earning distribution proposition, after the (2021) Annual Shareholders' Meeting (with the board of directors acting on its behalf), the chairman was authorized to set another base date for cash dividend distribution and other related distribution matters.
3. 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.
4. Since Yuanta Financial Holdings Co., Ltd. holds 100% of the company's shares, under Article 128-1 of the Company Act and Article 15-1 of the Financial Holding Company Law, the powers of the shareholders' meeting shall be exercised by the board of directors.

Attachment: 2020 Annual Earning Distribution Table

Resolution: All directors present agreed to accept the proposal.

Adjournment: 4:54 pm

Chairman: Chien Weng

Minute Taker: Ming-Hsuan Huang