

Yuanta Financial Holding Company

Articles of Incorporation

Chapter 1 General Principles

- Article 1 This company is licensed by the government and organized in accordance with *Financial Holding Company Act, Company Act*, and other laws and regulations in order to enhance its economies of scale and achieve overall business effectiveness.
- Article 2 The company is named "Yuanta Financial Holdings."
- Article 3 The company has established a parent company in Taipei; when necessary, pursuant to a board resolution, domestic branches in other locations or foreign branches shall be established after requesting and obtaining the approval of the competent authority.
- Article 4 The company shall issue its announcements as prescribed in laws and regulations or by publication in a generally-circulated daily newspaper in the place of the parent company.

Chapter 2 Business Activities

- Article 5 The company is in the H801011 financial holding company industry category.
- Article 6 The company shall have the following business scope:
1. The company may invest in the following enterprises:
 - (1) Banks.
 - (2) Bills finance enterprises.
 - (3) Credit card enterprises.
 - (4) Trust enterprises.
 - (5) Insurance enterprises.
 - (6) Securities enterprises.
 - (7) Futures enterprises.
 - (8) Venture capital enterprises.
 - (9) Investment in foreign financial institutions approved by the competent authority.
 - (10) Other financial services enterprises recognized by the competent authority.
 2. Management of the invested enterprises in the foregoing subparagraphs.
 3. The company may apply to the competent authority for approval of enterprises other than those listed in the first paragraph, but may not participate in their

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operation.

4. Other related business approved by the competent authority.

Article 7 The company specializes in investment, and its total investment in other enterprises is not subject to the limit of 40% of the company's paid-in capital prescribed in Article 13 of the *Company Act*.

Chapter 3 Stock

Article 8 The company has total authorized capital of NT\$125 billion, which consists of 12.5 billion shares, with a face value of NT\$10 per share, which the board has been authorized to issue in stages.

Article 9 The company's stock shall generally be registered, and at least three of the company's directors shall sign or affix their seals to shares. Stock shall be issued after attestation by the competent authority or an issuance attestation organization approved by the competent authority.

When the company issues new stock, all shares for that issuance shall be printed in one run, and shall be deposited with the centralized securities depository enterprise.

The company may exchange all shares for securities with a greater face value when requested by the centralized securities depository enterprise.

The company does not need to print shares for its issued stock, and likewise in the case of other negotiable securities, but must register stock with the centralized securities depository enterprise.

Article 10 Except when the requirements of other laws or securities rules apply, the company's stock affairs shall be handled in accordance with the Guidelines for Handling Stock Affairs by Public Companies.

Article 11 The company shall stop stock transfer 60 days before each shareholders meeting, 30 days before each interim shareholders meeting, and five days before the record date of each distribution of dividends, bonuses, or other benefits.

Chapter 4 Shareholders Meeting

Article 12 Shareholders meetings shall consist of regular and interim meetings. Except where other legal regulations apply, all meetings shall be convened by the board in

accordance with law. Regular shareholders meetings shall be held within six months after the end of each accounting year; interim shareholders meetings shall be convened in accordance with law when necessary.

Article 13 The company's shareholders shall have one vote for each share. Except where other legal requirements apply, shareholders representing a majority of the total number of issued shares must attend each shareholders meeting; resolutions shall be passed upon receiving the consent of attending shareholders representing a majority of votes present.

Article 14 If a shareholder cannot personally attend a shareholders meeting, that shareholder may explicitly appoint one agent to attend on his behalf within a scope of authorization upon presentation of a proxy letter issued by the company. Apart from the case of a trust enterprise or stock affairs agent organization approved by the competent authority, when one person is appointed a proxy by two or more shareholders, the votes represented by that person may not exceed 3% of the votes for the total number of issued shares; when the proxy's votes exceed this threshold, the excess votes shall not be counted.

The letter of authorization in the foregoing paragraph shall be delivered to the company five days prior to the shareholders meeting. When there are repeated letters of authorization, the first letter shall take precedence; this restriction shall not apply, however, when a shareholder states that he has withdrawn a previous proxy appointment.

Article 15 Except where other legal regulations apply, resolutions concerning the following matters may be passed at shareholders meetings:

1. Establishment of an audit committee and revision of the company's articles of incorporation.
2. Election of directors.
3. Acknowledgement of statistical books produced by the board and reports of the audit committee; resolutions concerning distribution of earnings and appropriation of funds to cover losses.
4. Resolutions concerning increase or decrease of capital.
5. Other important matters and matters that should be decided by the shareholders meeting in accordance with law.

Chapter 5 Board and Directors

Article 16 The company shall establish a board consisting of from nine to 15 persons; directors shall be selected by the shareholders meeting in accordance with law.

Article 16-1

The company shall, in accordance with Article 14-2 and Article 183 of the Securities and Exchange Act, establish three to five independent directors among the number of directors in the foregoing 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 their election lists shall be calculated separately.

Article 16-2

The company shall employ a candidate nomination system to elect independent directors, wherein the board and shareholders holding more than 1% of the total number of issued shares may propose a list of independent director candidates; following review by the board concerning whether candidates possess criteria needed by independent directors, the list of candidates will be submitted to the shareholders meeting so that shareholders can select independent directors from the list.

Independent director candidate nomination acceptance and announcement must be handled in accordance with the relevant requirements of the *Company Act* and *Securities and Exchange Act*.

Article 16-3

The company shall organize an audit committee consisting of all independent directors as prescribed in Article 14-4 of the Securities and Exchange Act. The exercise of powers by the audit committee and its members, and other relevant matters, shall be handled in accordance with relevant requirements of the Securities and Exchange Act.

Article 16-4

The company shall establish a remuneration committee; the committee's organizational rules shall be determined by the board in accordance with relevant laws and regulations.

Article 17 The total number of shares held by all company directors may not less than the percentage prescribed by the competent authority.

Article 18 Directors shall serve three-year terms, and may serve consecutive terms if re-elected. When a director's term has expired and he or she has not been re-elected, that director shall continued to perform his or her duties until the newly elected directors assume their position.

The company may purchase liability insurance for directors pursuant to a board resolution.

Article 19 The board shall not separately establish a managing director; the directors shall select one of their number as a chairman, and may select one of their number as a vice chairman when necessary.

Apart from the compensation in Article 33, the chairman's salary may not exceed 1.5 times that of the general manager, and the vice chairman's salary may not exceed 1.25 times that of the general manager; salary shall be determined by a resolution of the board.

Other compensation and benefits received by the chairman and vice chairman shall be provided in accordance with relevant company regulations or in line with standards in the industry. The board shall be authorized to set the severance pay of the chairman and vice chairman on the basis of their level of participation in company operations, value of their contributions, and industry standards.

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

Article 20 Internally, the chairman is the chairman of the shareholders meeting and board of directors, and externally the chairman represents the company. In the event that the

chairman is on leave of absence or cannot exercise his powers for any reason whatsoever, the vice chairman shall act in the chairman's stead if a vice chairman has been established. If the vice chairman is also on leave, or cannot exercise his powers for any reason whatsoever, one of the directors appointed by the chairman shall act on behalf of the chairman. When the chairman has not appointed an agent, the directors shall appoint one of their numbers to act on behalf of the chairman.

Article 21 The directors shall form a board. Except where other laws and regulations apply, board meetings shall be convened by the chairman. Except where other legal requirements apply, resolutions of the board shall be passed when a majority of directors are present, and a majority of those directors present give their consent.

Article 22 Directors should personally attend board meetings. If, for any reason whatsoever, a director cannot attend a meeting, that director may issue a letter of authorization designating another director to act on behalf of the absent director; however, a director may act as the representative of only one other director.

Article 23 The board shall possess the following powers:

1. Approval of the company's business strategies 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 rules.
5. Approval of the company's planned capital increase or decrease and stock issues.
6. Drafting of resolutions concerning the company's distribution of earnings or make-up of losses.
7. Resolutions concerning the company's corporate bond issues.
8. Resolutions concerning repurchase of the company's stock.
9. Appointment and dismissal of the company's management personnel, and financial, accounting, risk management, legal compliance, and internal audit executives.
10. Approval of the acquisition or disposition of major assets.
11. Determination of the dates of the company's shareholders meetings and interim shareholders meetings.
12. Determination of managers' performance evaluation standards and compensation standards, and the directors' compensation structure and system.

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13. Other matters prescribed by law or authorized by the shareholders meeting.

Article 24 (deleted)

Article 25 (deleted)

Article 26 (deleted)

Article 27 In accordance with law, the company's statutory responsible person may concurrently hold a post at a subsidiary.

Article 28 The company's directors shall be given travel allowances and conference attendance fees based on prevailing standards in the industry.

Article 28-1

(deleted)

Chapter 6 Managerial Personnel

Article 29 The company shall have one general manager responsible for managing all business at the company in accordance with board decisions. The general manager may, upon authorization by the board, represent the company in implementing major external matters.

The company may establish several executive vice general managers, vice general managers, and assistant managers to assist the general manager in handling the company's business.

The company's board shall establish one chief auditor, who shall occupy a rank equivalent to that of a vice general manager, and shall manage audit matters with an independent and objective spirit. A secretarial office with one chief secretary of the board shall be established; the chief secretary shall bear responsibility for board-related matters. One chief risk officer shall be established to bear responsibility for relevant risk control work in connection with various businesses.

The general manager, chief auditor, deputy chief auditor, chief secretary, and risk control officer shall be nominated by the chairman and appointed and dismissed pursuant to approval of the board.

Article 30 The company may establish departments in accordance with its business needs, and assign one person to be the manager of each department.

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The general manager shall recommend candidates for personnel at the level of vice general manager, assistant manager, and departmental manager to the chairman, who shall perform appointment or dismissal upon obtaining the board's consent.

Article 31 Except in the case of powers granted to the shareholders meeting and board by legal regulations and the company's Articles of Incorporation, the management shall possess the right to perform all necessary operating actions on behalf of the company; the scope of management powers shall be as prescribed in the company's rules and regulations in all cases.

Chapter 7 Final Accounting and Distribution of Earnings

Article 32 The company's accounting year shall be from January 1 to December 31 of each year. At the end of each accounting year, the board shall prepare the following statements and reports, which shall be submitted to the shareholders meeting for acknowledgement in accordance with statutory procedures:

1. Report of operations.
2. Financial statements.
3. Resolution concerning the distribution of earnings or the make-up of losses.

Article 33 If the company has a profit at the year's final accounting, it shall first pay profit-seeking-enterprise income tax and make-up any losses from past years, and then make contributions to the statutory reserve and special reserve in accordance with law; of the remainder, 0.5% shall constitute directors' bonuses and 0.1%-0.5% shall constitute employees' bonuses. The board shall draft a distribution proposal for the remaining balance together with undistributed earnings from past years; the distribution of earnings shall be implemented after requesting and obtaining the approval of the shareholders meeting. Employees' bonuses shall be issued as stock bonuses, and shall also be given to all employees of subordinate companies meeting certain criteria.

The board shall determine the certain criteria referred to in the foregoing paragraph.

Article 34 In order to safeguard shareholder's equity and sustainability, the company shall adopt a balanced dividend policy.

In principle, dividends shall constitute no less than 80% of distributable earnings remaining after, in accordance with the foregoing article, payment of taxes, make-up

of past losses, contribution to the statutory and special reserve, and distribution of directors' and employees' bonuses from earnings left at the time of final accounting. In addition, cash dividends shall constitute no less than 50% of dividends, and stock dividends shall be less than 50%.

With regard to the dividend issuance principles listed in the foregoing paragraph, the company may determine the most appropriate dividend policy based on its actual profits for the year and state of funds; the board shall draft a distribution proposal, which shall be implemented following approval by the shareholders meeting.

Chapter 8 Supplementary Provisions

Article 35 The board shall determine the company's organizational rules and other major rules.

Article 36 All matters not specified in these Articles of Incorporation shall be handled on the basis of the *Financial Holding Company Act*, *Company Act*, and other relevant laws and regulations.

Article 37 These Articles of Incorporation were established on December 10, 2001, and implemented after passage by the founder's 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.