



## **2020 Annual Report**

1. Contact information of company spokesperson and deputy spokesperson

	Company Spokesperson	Company Deputy Spokesperson
Name / Title	Allen Wu / Executive Vice President	Chi-Liang Hsiao / Senior Vice President
Telephone	(02)2173-6808	(02)2173-6667
E-mail	AllenWu@yuanta.com	JimHsiao@yuanta.com

2. Contact information of Yuanta Commercial Bank

Telephone	(02) 2173-6699	Toll Free	0800-688-168
Website	<a href="https://www.yuantabank.com.tw">https://www.yuantabank.com.tw</a>	E-mail	service@yuanta.com
Address	1F-10F, No. 66 & 1F,2F,2F-1,7F,9F, No. 68, Sec. 1,Dunhua S. Rd., Taipei City 105, Taiwan		

3. Contact information of stock transfer agent

Stock Transfer Agent	Yuanta Securities, Registrar & Transfer Dept.,	Telephone	(02) 2586-5859
Website	<a href="http://www.yuanta.com.tw">http://www.yuanta.com.tw</a>	Address	B1F., No.210, Sec. 3, Chengde Rd., Taipei City, Taiwan

4. Contact information of credit rating agencies

Credit Rating Agencies	Address	Telephone
Taiwan Ratings Corporation	2F., No. 167, Dunhua N. Rd., Songshan Dist., Taipei City	(02)2175-6800
Fitch Ratings Corporation	Room A2, 23F., No. 68, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City	(02) 8175-7600

5. Contact information of independent accountants

Name	Jason Lo ; Maria Chen	Telephone	(02) 2729-6666
CPA Firm	PricewaterhouseCoopers Taiwan	Address	27F., No.333, Sec. 1, Keelung Rd., Taipei City, Taiwan
Website	<a href="http://www.pwc.tw/">http://www.pwc.tw/</a>		

6. Overseas Listing and Access to the Listing Information: None

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# I. Letter to Shareholders

## 1. Business Report for 2020

### Changes in the Financial Environment

In 2020, the global economy underwent a significant recession because of the decline in consumer demand and the disruption to supply chains caused by the COVID-19 pandemic. Major economies adopted quantitative easing and expansionary fiscal policies to maintain economic and financial stability. Moreover, international factors such as U.S.-China political and economic tug-of-war, geopolitics, U.S. elections, and the recalcitrant pandemic interfered with the global economy, weakening its rebound. On the contrary, thanks to the proper control of the pandemic, coupled with the relief package and the return of capital from Taiwanese enterprises, the overall domestic economic growth was driven by private investments, government expenditures and export growth in turn propelled the overall deposits and loans of domestic banks to continuous growth in 2020, and the capacities compensated part of the interest income shrinkage due to the interest rate cut. However, there were several cases of defaults on the overseas credits which impacted the revenue of the domestic banks.

As regards the development of FinTech, the Financial Supervisory Commission (hereinafter referred to as the FSC) announced the “FinTech Development Roadmap” on August 27, 2020, expected to shape a friendly ecosystem for FinTech development and promote the launch of related services or business models to enhance the efficiency, accessibility, usability and quality of financial services. As three internet-only banks enter the market one by one, and traditional banks compete in developing mobile payment, open banking and innovative financial services, financial services are gradually extending to non-traditional banks’ customer bases and business, and will continue to move towards inclusive financing and realize the vision of the financial ecosystem.

Looking forward to 2021, the domestic economy is subject to uncertainties such as whether the global pandemic can be effectively controlled, trade frictions between major economies, the drastic increase in government debt in many countries, and the disconnect between the stock markets and economic fundamentals. However, because domestic demand, exports, industrial production and private investment all are reported continuous expansion, the Directorate-General of Budget, Accounting and Statistics forecasted in February 2021 that Taiwan's economic growth rate would be as high as 4.64% in 2021, and the National Development Council elevated the Monitoring Indicator to “yellow-red” signal in December 2020, which was the first “yellow-red” signal after March 2011, indicating the strong momentum of domestic economic growth. The economic growth and the low interest rate are expected to create business opportunities for

domestic banks in the credit, wealth management and payment services. Meanwhile, the liberalization of wealth management policies for high-asset customers and the accelerated development of FinTech have prompted the launch of more specific business applications in mobile payment, information security, cloud services, blockchain and many other aspects, which will help banks expand their overall business scope. Furthermore, the domestic banks were more proactive and prudent in handling unsound credits and allocating loan loss provision in 2020, which are expected to improve its profitability in 2021 compared to the previous year.

### **Changes in Company Organization**

- (1) For the needs of credit management, the Credit Management Department and the Corporate Credit Department were merged in January 2020 and re-named as the “Credit Management Department”. In addition, for the professional specialization of the business and the management aspects of wholesale banking to improve work efficiency, the units under the Wholesale Banking Group are divided into the front business unit, the middle and back management units, and operation units.
- (2) To facilitate the development of information-related systems, as well as improve the efficiency of maintenance and management, the former “Information Technology Department” was split into “Information Technology Department I” and “Information Technology Department II” in April 2020, responsible for planning, construction, maintenance and management of information systems, and core and peripheral banking business, respectively.
- (3) To meet business needs, the following changes were approved in December 2020: (i) the establishment of the Treating Customers Fairly Promotion Committee, (ii) the deletion of the Group Business Department III and the Corporate Operation Center, (iii) the consolidation of the Project Finance Department and the Corporate Product Department as the Corporate Product Department, and (iv) the addition of the Deposit and Remittance Banking Channels Division to the Consumer Banking Group and the transfer of the Deposit and Remittance Banking Department from the Personal Financial Services Division to the Deposit and Remittance Banking Channels Division. The aforementioned organizational changes went into effect on January 1, 2021.

### **Business Accomplishments in 2020**

In 2020, the Bank faced the same impact as its peers on the growth of net interest income, because of the reduction of loan-to-deposit interest rate spread and net interest margin (NIM) which was resulted from the successive interest rate cuts by domestic and foreign central banks.

Meanwhile, in the capricious environment where the COVID-19 pandemic impacted economic and industrial development, the Bank shifted its credit business strategy to the focus on adjusting the structure and fortifying post-loan management in order to control risks and maintain good asset quality even more rigorously. At the end of December 2020, the Bank's non-performing loan (NPL) ratio, NPL coverage ratio and coverage ratio recorded 0.14%, 1,095.76% and 1.50%, respectively, maintaining high quality in the industry. The Bank had benefited from the growth of securities deposits and core deposits, which led to the expansion of the overall asset size. At the end of December 2020, the asset size reached NT\$1,443.5 billion, an increase of NT\$103.8 billion or 7.75% from the previous year.

The changes in major services are as follows:

Item	2020	2019	Growth %
Deposit Balance	NT\$1,251.5 billion	NT\$1,142.4 billion	9.55%
Loan Balance	NT\$782.8 billion	NT\$759.7 billion	3.04%
Trust Asset	NT\$214.0 billion	NT\$208.3 billion	2.74%

On the other hand, the Bank's long-standing efforts in customer management and product innovation have received recognition from external organizations in multiple evaluations, including wealth management, digital finance and payment services. The awards the Bank won in 2020 are as follows:

Awarding Organization	Award
Wealth Magazine	Wealth Management Awards: Best Services, Best Financial Consulting Team, Best Customer Referral
Business Today	Wealth Management Evaluation: Best Product, Best Management Professionals Team, Best Customer Trust
The Banker	Top 500 Banking Brands 2020 – No. 287
National Enterprise Competitiveness Development Association	The National Brand Yushan Award - Best Product: Yuanta School Payment Solution
Information Service Industry Association of R.O.C.	Golden Young Award Runner-Up – Financial Technology (FinTech) Group
Taiwan Clearing House	Financial Collection System (eFCS) Award in Providing Excellent On-line Bill Payment Service
The Asset	Best Corporate Payment Project – Yuanta Bank School Payment
Joint Credit Information Center	2020 Golden Quality Award

## **Budget Implementation, Financial Status and Profitability**

The net income in 2020 was NT\$20.265 billion, a decrease of NT\$3.107 billion from the net income of NT\$23.372 billion in 2019. In which:

- (1) The net interest income was NT\$12.621 billion, a decrease of NT\$846 million from 2019, mainly due to reduced loan-to-deposit interest rate spread as a result of external interest rate cuts and reduced interest income from investment in securities.
- (2) The net income other than interest was NT\$7.644 billion, a decrease of NT\$2.261 billion from 2019, mainly due to a decrease in net handling fee income as a result of a decrease in syndicated loan, overseas credit card spending impacted by the pandemic, and income from insurance sales owing to the new policies of selling insurance products, as well as the recognition of impairment losses of NT\$1.349 billion based on the result of the impairment test in accordance with International Accounting Standards (IAS), No.36 Impairment of Assets.
- (3) The bad debt expense was NT\$1.943 billion, an increase of NT\$876 million from 2019; the operating expense was NT\$10.290 billion, a decrease of NT\$508 million from 2019.
- (4) In summary, the Bank's net income before tax in 2020 was NT\$8.032 billion, and the net income after tax was NT\$6.896 billion, a decrease of NT\$3.150 billion from 2019, with a budget achievement rate of 86%.

## **Research and Development**

- (1) The Bank has developed several digital financial transaction services, such as URL fast order placing, mobile insurance purchasing, 24-hour trading of ETF/overseas stocks, etc., to enhance the efficiency of financial specialists and reduce the risk of operations.
- (2) In 2020, the Bank obtained 12 new-type patents, including "Fund Recommendation System", "Fund Investment System", "Interbank Internet Banking System", "Financial System Connected to Home Shopping Platform", "Customer-guiding Marketing System", "Internet Banking Membership Grading System", and so on. The Bank had obtained a total of 22 new-type patents by the end of 2020, and is planning the application of the patented technologies to the Bank's system for improved services.
- (3) In terms of mobile payment development, the Bank cooperated with TWMP Co., Ltd. in May 2020 to launch the service of bundling the Bank's credit cards with Taiwan Pay. In September 2020, the Bank cooperated with Alipay to launch the Cash Outbound, the cross-border business of agency collection and payment services, allowing customers to use the



Bank's FISC-II card to pay and spend on overseas online shopping platforms. And in November 2020, the Bank introduced payment services, such as LINE Pay Money and Taiwan Pay bundled with the Bank's account, to provide customers with a more diversified mobile payment scenario.

- (4) The Bank has provided more convenient and diversified financial services for customers with new functions on mobile bank, such as "Regular and Fixed Amount Foreign Exchange Appointment", "Automatic Foreign Exchange Transactions at Preset Prices", "Inter-bank Transfer Service with Mobile Phone Number" and other features.
- (5) The Bank has applied to expand the business of proprietary trading of foreign bonds to DBU professional corporations and OBU clients, and added bond custody business and conditional bond trading to achieve service diversification and decentralization.
- (6) Calypso, a new financial system, commenced in January 2021, adding foreign bonds and repo transaction business, which will assist the front, middle and back operations of the trading departments in improving efficiency.
- (7) In response to the development of digital finance, technological innovation, business strategies and future expansion goals, the Bank continues to enhance its information infrastructure, improve efficiency and information security, and actively strengthen various digital channel functions based on customer needs. Main information system development and upgrade projects include NTD core system upgrade, new financial system construction, insurance agency system - mobile insurance project(including electronic signature), Open API project (2nd stage), Taiwan Pay QR Code service to implement the HCE credit card project, car loan application system development, corporate internet banking HSM security system upgrade, Hong Kong branch network optimization, Basel IV capital requirement system construction, Microsoft Windows Server upgrade and database upgrade, remote control room network expansion and construction, and branch network equipment replacement.
- (8) To strengthen the defense capability and effectiveness of the information system, the Bank have achieved the British Standards Institute (BSI) ISO 27001:2013 Information Security Management System (ISMS) certification, performed various information security assessments and attack and defense drills, and built a network advanced persistent threat (APT) defense system for early detection of abnormal activities. Also, the Bank has established the Security Information and Event Management System (SIEM) to enhance the ability to manage and analyze information security events and provide customers with safe and stable financial services.

## **2. Impacts of External Competitive, Regulatory and Overall Business Environment**

In recent years, the FSC and the Central Bank have continued to assist domestic banks in cementing their operations and expanding into overseas markets through regulatory amendments and policy guidance on risk control, internal control, AML, information security, FinTech, and relaxation of access to overseas markets, enabling the banking industry to mitigate the impact of the COVID-19 outbreak in 2020 with sound financial and risk control capabilities. In the meantime, the banking industry as a whole supported the government's relief and revitalization plans to help companies and the public cope with the impact of the pandemic.

In addition, the influence of important supervisory policies and changes in regulations on the Bank and the Bank's corresponding measures are as follows

**(1) The FSC announced on August 7, 2020 that the “Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers” had been established :**

In order to promote the upgrading of Taiwan's wealth management industry, the FSC extended the regulations for banks to offer diversified financial products and advisory services to the customers with assets of NT\$100 million or more. At the same time, to catch the opportunities in the international wealth management market and provide better financial products and advisory services for the capital imported from abroad, the FSC set up the terms and conditions of investment attraction and talent recruitment policies to encourage the financial industry to strengthen the training of talents and to enhance the capability of product research and development, so as. Applications for this business were opened in two phases in September 2020 and February 2021, and prospective banks must meet a number of criteria. In addition to meeting the criteria of “financial soundness”, “assets under management in wealth management services” and “compliance”, banks must be reviewed in capabilities such as “business planning”, “effectiveness of the internal control system and risk management culture”, “business operation capability and investment of resources” and “internal operating procedures”. The Bank will continue to build a solid foundation for its wealth management business and strengthen its product development capabilities in order to be qualified for this business and achieve the objective of developing a full range of financial services.

**(2) In accordance with the “Self-Regulatory Guidelines for Cooperation between Member Banks of the Bankers Association of the Republic of China and Third-Party Service Providers”, the Bank has executed the open banking policy promoted by the FSC:**

In line with the FSC’s serial promotion of FinTech development and the second phase of open banking, “consumer information inquiry”, in 2020, the Bank was approved by the competent authorities as one of the first banks to conduct such business on December 31, 2020, in compliance with the operating regulations set by the Bankers Association and the Financial Information Service Co., Ltd. In the future, the Bank will keep cooperating with third-parties and complying with the competent authorities in the third phase of the open banking policy, “transaction information”, to provide more innovative financial services and to enhance the online experience of digital channel customers.

**(3) In response to risks of the probable discontinuation of LIBOR in 2022:**

The Financial Conduct Authority (FCA) has announced that LIBOR will no longer be required to be quoted by member banks as of January 1, 2022, which means that LIBOR may be discontinued by the end of 2021. As LIBOR is currently used as the benchmark for global financial instruments, the Bank must respond to this change. In addition to participating in the inter-committee working group set up by the Bankers Association, the Bank has formed an internal task force to deliberate response measures and control mechanisms for the business and existing contracts (such as credit business, derivatives, bonds, etc.) that use LIBOR as the reference rate. The Bank is making adjustments in time regarding amendments to the contracts related to the conversion of alternative interest rate indicators, the system for the introduction of alternative interest rates, customer communication, compliance with treating customers fairly principles, and other matters, and will track and review such adjustments regularly.

**(4) In response to the COVID-19 pandemic, the banking industry played an important role in maintaining social stability with its own strength:**

In the midst of the impact of the COVID-19 pandemic on the economy, the FSC proposed banking relief packages for enterprises in accordance with the “Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens”, including the extension of existing corporate loans, operating capital loans, interest subsidies for revitalization loans, and the relaxation of the rating scale to help new entrepreneurs obtain financing. The SME Credit Guarantee Fund of Taiwan also provided financing guarantees to support enterprises to tide over the impact of the pandemic and

maintain the economic stability of the industry. In addition to cooperating with various government agencies in the aforementioned measures to provide relief for enterprises, the Bank provided financial services to facilitate the development of the real economy, such as relief loans for small-scale business, agreements with clients who have difficulties to repay personal loan due to the pandemic, extension and deferral measures, redeeming physical triple stimulus voucher, additional cashback reward for designated triple stimulus voucher on the Bank's credit cards, and other services. In response to the severe fluctuations in the domestic and international financial markets, the Bank, to fulfill its responsibility to protect customers' assets, immediately activated the customer care mechanism when the underlying assets of customers' investments were impacted. In 2020, the Bank implemented 44 projects in 23 categories under the customer care program, notifying a total of 135,237 customers. In terms of caring for customers holding foreign bonds, preferred stocks, ETFs or foreign stocks, the Bank released 133 pieces of product information, notifying financial consultants by e-newsletter, and notifying customers by making announcements on the Bank's official website and monthly statement.

**(5) Strengthen internal control mechanisms to prevent financial advisors from misappropriating customers' funds:**

In 2020, the FSC imposed a number of penalties on financial advisors for misappropriation of customer funds. In addition to imposing heavy fines on banks in serious cases, the FSC further imposed additional penalties on supervisors, ordered suspension of business, and required an increase in the capital requirement for operational risks, and so forth. This shows that the FSC attaches great importance to the ethical management of banks and the prevention of misconduct. Under the leadership of the Board of Directors, the Bank has always taken the establishment of ethical management, practices and systems seriously. Also, the Bank has supervised the implementation of financial consumer protection and fair treatment of customers. As regards the deficiencies in the peers, in addition to taking the initiative in doing checks, the Bank continues to perfect the management systems and regulations on financial advisors, systematically monitor high-risk transactions and improper fund transactions, and implement the three defense lines of internal control, based on the "The Principles Related to Internal Controls of Preventing Bank's Financial Advisors from Misappropriating Customers' Funds" (the Ten Commandments of Financial Advisors) established by the Bankers Association. The Bank also reminds customers to be more vigilant through the General Agreement for Account Opening, official website announcements, and regular mailings of "Important Customer Rights Reminders" for effective prevention of misappropriation and further protection of

the rights of consumers.

**(6) Transformation of insurance business in response to external regulations:**

In response to the second reduction of the reserve rates, the implementation of the minimum ratio of death benefit to policy value (account value) and the establishment of stabilization mechanism for credited interest rates of insurance products in July 2020, the Bank has discontinued endowment insurance products, or adjusted the terms and conditions to comply with the new system. In recent years, endowment insurance has been regarded by investors as a capital-protected product and has been an asset allocation component. Now that the product conditions have been adjusted, the overall asset allocation of customers will definitely be affected, which in turn will affect the deposit size and wealth management business in the financial industry. In addition to offering recommendations for customers on asset allocation based on their risk tolerance and the suitability of the products, the Bank will focus on Investment Link Products (ILP), protection multiples and long-term products.

**3. Latest Credit Ratings**

Rating Category	Rating Agency	Effective Date	Credit Rating		
			Long-term	Short-term	Outlook
International ratings	S&P	2021.01.20	BBB+	A-2	Stable
	Fitch	2020.11.25	BBB+	F2	Stable
Domestic Rating	Taiwan Ratings	2021.01.20	twAA	twA-1+	Stable
	Fitch	2020.11.25	AA- (tw)	F1+ (tw)	Stable

**4. Business Plan in 2021 and Outlook**

In 2021, the Bank will focus on expanding business scale, increasing revenue sources, and enhancing the competitiveness in digital finance. We will gradually expand our business scale in all aspects to better the return on equity while maintaining quality assets. The highlights of the business plan are summarized as follows:

**(1) Business Development**

A. Expand loan scale. With interest rates of loan business outperforming bond investment yields, the Bank’s net interest income will increase through growth in loan scale and higher loan-to-deposit ratio. The momentum of growth in loan business is aimed at the

balanced growth between wholesale banking and retail banking. In terms of corporate loan business, the Bank will carefully select cases in industries that are less affected by the pandemic and have good prospects. Also, the Bank will focus on transaction type loan with self-liquidating, such as negotiation, letters of credit, and accounts receivable, to build reliable dealings with customers and increase fee income. In terms of international syndicated loans, the Bank maintains a cautious approach. In the area of retail banking loan business, the Bank select quality customers for each products in order to grow steadily and expand revenues.

- B. In addition to expanding the business team and assets scale of wealth management by integrating the departmental resources of wholesale banking and retail banking through the resources of Yuanta Financial Holding Co., Ltd., the wealth management business will actively develop applications that make digital transactions more convenient and enhance the functions of systems related to the wealth management business, such as quick order placing for ETF and overseas stocks and mobile financial advisors, to render customers satisfied and loyal to the Bank while providing more diversified financial services for customers and cementing the relationship between customers and the Bank.
- C. Through the planning of various projects and marketing activities, the branches continue to work on and find customers in the locality, strengthen the ability to expand the customer base and bring in new capital. Also, the branches revitalize the development of direct payroll deposit accounts to increase customer willingness and loyalty for dealings with the Bank. In the meantime, the growth of core deposits will support the growth of loan scale and the expansion of the asset pool of the branches.
- D. With the planning and launching the “Five-Year Plan for Emerging Technology Application Development” and the “Digital Transformation Project” in 2020, the Bank will continue to implement various programs to improve operational and business efficiency through digital transformation, strengthen the marketing capabilities of our business units, enhance customer convenience and satisfaction, and ultimately build a good brand image and reputation. In terms of digital channel development, in response to the trend of FinTech development and changes in consumer payments, the Bank will continue to promote innovative customer-oriented financial services, with “actively promoting digital transformation and optimizing internal processes”, “valuing user experience and getting close to life scenarios” and “integrating new technologies and innovating FinTech tools” as main development strategies. By continuously

optimizing the ease of use of our channel platforms and providing a diverse products and personalized services, the Bank will be able to bring the depth and breadth of our customer service to the next level.

## **(2) Internal Control**

- A. Through the establishment of risk models and databases, the Bank strengthens its ability to control risks in credit, market, operation and concentration. Also, the Bank has grasped a deeper understanding of the risk trends in various industries and countries, and continuously reinforced the review and monitoring mechanism for the detection of operational risks so that necessary countermeasures can be taken in a timely manner to reduce risks effectively.
- B. The Bank will continue to comply with external laws and regulations, and strengthen the completeness of the systems or operating procedures such as AML/CFT, information security, personal information protection, fair treatment of customers, etc. The Bank announce and revise internal regulations in real time in response to the latest changes in financial laws and regulations. Also, the Bank ensure the integrity of compliance through education and training, self-assessment of compliance with laws and regulations, and assessment operations. In addition, the Bank conducts analysis on cases in which other banks have been penalized to promote correct practices and strengthen the awareness of compliance among employees.
- C. The Bank will continue to consolidate and implement risk management, compliance, and internal audit and control mechanisms for overseas branches and subsidiaries.

## **(3) Personnel Training**

- A. The Bank will continue to conduct pre-service and on-the-job education and training for employees, cultivate multi-functional talents through a job rotation mechanism, implement a talent development program in response to business development needs, handle succession ladder grooming, and reserve business and management personnel at all levels to lay the foundation for the Bank's sustainable development.
- B. The Bank examine, keep a record and develop learning paths for all types of personnel, promoting self-directed learning and career development and training all employees to improve their English proficiency to facilitate the establishment and development of bilingual branches and overseas business.

## 5. Business Plan in 2021 and Outlook

With the United Nations Sustainable Development Goals (SDGs) as the blueprint, Yuanta Financial Holding Co., Ltd. (YFH) incorporates the concept of environment, social and corporate governance (ESG) into its corporate culture and operational strategies. In striving to become an international benchmark enterprise for sustainability, YFH promotes sustainable practices in the five facets of corporate governance, customer rights, employee care, environmental sustainability, and social welfare, and sets short-, medium-, and long-term performance indicators of sustainability to be the basis for compliance and review in striving to become an international benchmark enterprise for sustainability.

The Bank, under the firm leadership of the Board of Directors, upholds the business philosophy of “integrity, stability, service, innovation, and care” to implement the ethical management and corporate culture of YFH and follows the mechanisms of corporate governance, legal compliance, and risk control. In addition to various internal control mechanisms and regulations and sound products and services, the Bank has established a corporate governance director, an audit committee email address, a whistleblower channel, and an employee suggestion box. Moreover, the Bank has been working on improving the framework, including certification of ISO 10002 Customer Complaint Management System, regular performance evaluations of the Board of Directors and functional committees, and assessment of the principle to treat clients fairly. As a result of these improvement, the Bank was awarded the “CG6012 (2019) Corporate Governance Framework Assessment Certificate with Excellence” by the Taiwan Corporate Governance Association in 2020. The Bank will continue to cooperate with the FSC in promoting the “Corporate Governance 3.0 - Sustainable Development Roadmap” and consult the recommendations of the Bank’s CG6012 (2019) Corporate Governance Framework Evaluation Report for continuous improvement on the corporate governance framework.

In October 2020, the Bank officially joined the Equator Principles Association and signed the Equator Principles (EPs), becoming the seventh Equator bank in Taiwan and the 112th Equator bank in the world. The Bank will be reviewing credit cases according to international standards. We will also continue to work on credit cases such as issuance of green bonds, reduction in credit card carbon footprints, promotion of mortgages for the purchase of green buildings and car loans for the purchase of green vehicles, establishment of the first 100% green power branch, responsible investments, implementation of the principle to treat clients fairly, and other sustainable development projects. The Bank start with itself and work with our CSR customers to achieve the goal of sustainable development.



## **II. Bank Profile and Corporate Governance**

### **1. Introduction**

Yuanta Commercial Bank (“the Bank”), formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. Afterwards, in conformity with the development of the financial market and Government’s financial reform, the Bank joined Fuhwa FHC on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific Commercial Bank was approved to be renamed Fuhwa Commercial Bank. On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa FHC formally. On September 23, 2007, the Bank was renamed Yuanta Commercial Bank.

In order to broaden the Bank’s operating foundation and strengthen its competency, the Bank successively acquired Touliao Credit Cooperative, Taitung Credit Cooperative, Tainan 7<sup>th</sup> and 6<sup>th</sup> Credit Cooperative and increased its branches as many as 70. After Purchase and Assumption 18 domestic branches of Chinfon Commercial Bank in April 2010, the Bank expanded service territory to 88 branches. After merged with Ta Chong Bank on January 1, 2018, domestic branches have expanded to 149. In the future, the Bank will continue to deploy domestic locations according to the need of business development and the group’s development strategy as well as with a more balanced distribution of positions in a wider range on metropolitan areas in Taiwan. In terms of the overseas market, Hong Kong branch has been established to cultivate business opportunities in Taiwan, Hong Kong and Mainland China. Also, the Bank will provide customers with diversified cross-border financial services through strengthening the cooperation among the subsidiary banks in the Philippines and Korea as well as the branch in Hong Kong.

The Bank set up Yuanta Property Insurance Agent Company through reinvestment on October 2, 1999 with the main business at property insurance agency services and Yuanta Life insurance agency Co., Ltd. on November 20, 2001 with the main business at life insurance agency services. In addition, Yuanta International Leasing Co., Ltd. was established on November 15, 2012 with the main business at dealership, leasing and factoring management of immovable property / real property.

On August 5, 2015, the Bank acquired TongYang Savings Bank from Yuanta Securities Korea Co., Ltd, which is the Bank's first overseas subsidiary. On December 7 in the same year, a capital increase for TongYang Savings Bank was completed, making its capital to 1 billion pesos. On September 26, 2016, TongYang Savings Bank, was formally renamed Yuanta Savings Bank

Philippines, Inc. Headquartered in Manila, it has two branches. In November 2019, in order to strengthen the bank’s financial structure and expand the operation scale, the bank’s capital was increased by 1.4 billion pesos and the capital reached 2.4 billion pesos.

On April 25, 2016, the Bank acquired the subsidiary of AON Corporation in Korea, Han Shin Savings Bank, to be the Bank’s second overseas subsidiary. On February 13, 2017, Han Shin Savings Bank was renamed Yuanta Savings Bank Korea Co., Ltd., whose head office and one branch are both situated in Seoul.

January 2018	Acquired and merged “Ta Chong Bank” The Hong Kong branch was established
February 2017	“Han Shin Savings Bank” in Korea was officially renamed “Yuanta Savings Bank Korea Co., Ltd.”
September 2016	“Tong Yang Savings Bank” in the Philippines was officially renamed “Yuanta Savings Bank Philippines, Inc.”
April 2016	Acquired “Han Shin Savings Bank” in Korea, the Bank’s second overseas subsidiary
August 2015	Acquired “TongYang Savings Bank,” the Bank’s first overseas subsidiary
April 2010	Purchase and Assumption “Chin-Fon Bank” of 18 branches; Total branches increased to 88
September 2007	Renamed “Yuanta Commercial Bank”
December 2005	Acquired and merged “Tainan 6 <sup>th</sup> Credit Cooperative”; Total branches increased to 70
June 2005	Acquired and merged “Tainan 7 <sup>th</sup> Credit Cooperative”; Total branches increased to 58
June 2004	Acquired and merged “Taitung Credit Cooperative”; Total branches increased to 50
July 2003	Acquired and merged “Toulio Credit Cooperative”; Total branches increased to 42
August 2002	Joined Fuhwa FHC ; Renamed “Fuhwa Commercial Bank”; Total Branches 37
February 1992	“Asia Pacific Commercial Bank” was found; Total Branches 7

- ◆ Domestic branch : 149 branches
- ◆ Overseas branch : Hong Kong branch
- ◆ Overseas Office : Yangon Representative Office
- ◆ Affiliates :  
Yuanta International Leasing Co., Ltd.  
Yuanta Savings Bank Philippines, Inc.  
Yuanta Savings Bank Korea Co., Ltd.

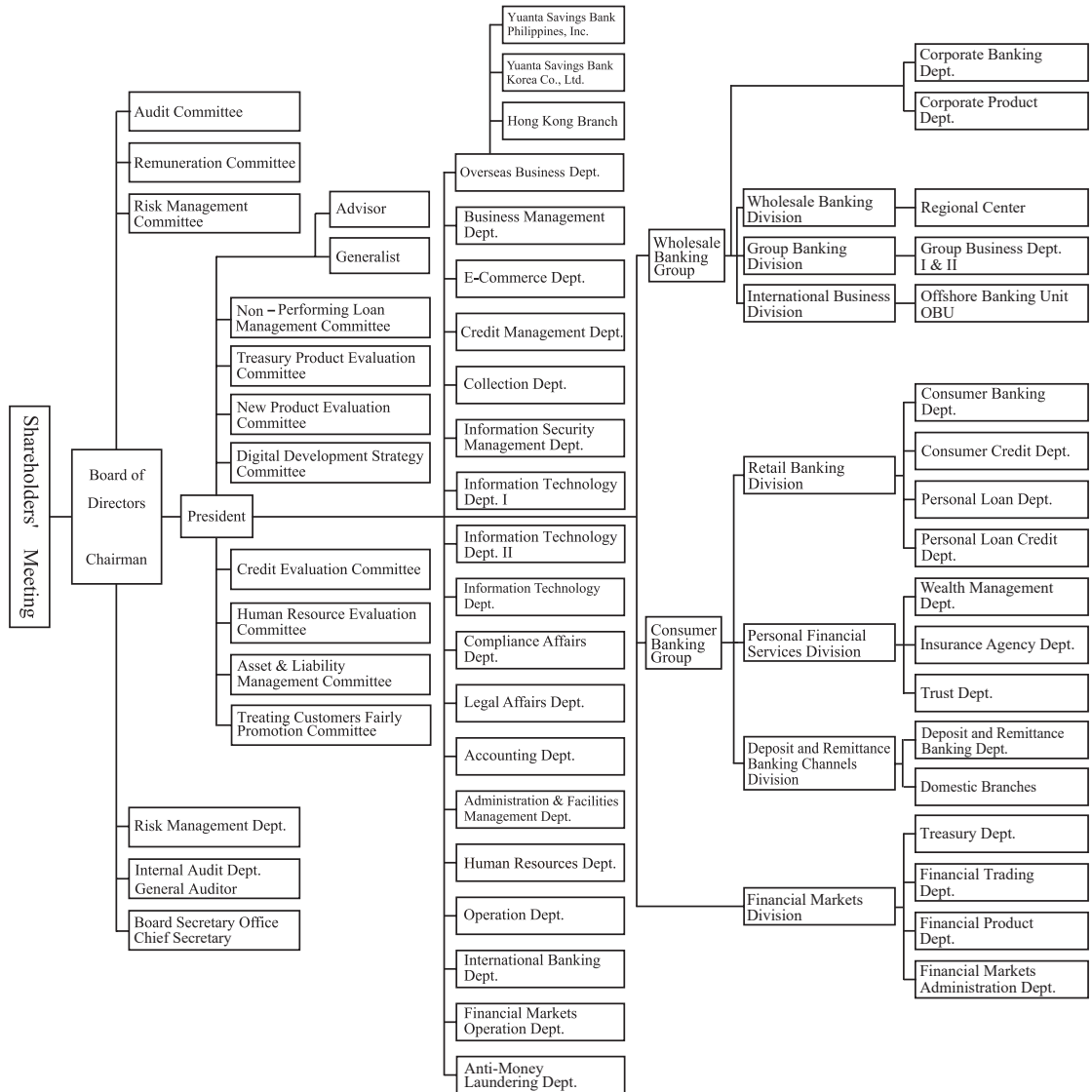
After joining YFH, the Bank has been not only carrying out a variety of important service and system reforms, but integrating the abundant resources of the security clients of YFH, which steadily uplift the Bank's asset quality and stably grow its operation scale.

In prospect of the future, the Bank will persistently observes its philosophy- Sincerity, Stability, Service, Innovation and Attentiveness and provide more professional and all-round financial services to customers through the quality management models with risk emphasis, customer orientation and objective management in order to create maximum profit for shareholders and full perform its social responsibility.

## 2. Organization

### (1) Organization Chart

Base Date : January 31 , 2021



## (2) Committee Duties

Committee	Function
Audit Committee	Supervise fair presentation of the financial reports, the hiring (and dismissal), independence, and performance of certificated public accountants, the effective implementation of the internal control system, compliance with relevant laws and regulations, management of the existing or potential risks and major matters stipulated by the competent authorities.
Remuneration Committee	Assist the Board of Directors in determining performance and compensation standards for management and the remuneration structure for directors in both fair and transparent procedures and review the strategies on overall human resources.
Risk Management Committee	Develop the Bank's risk management strategies, manage matters on credit, market and operational risks and report on critical risk management such as credit rating models, market reviews and risk indicators.
Credit Evaluation Committee	Review credit cases which shall be submitted to the Committee in conformity with internal laws.
Human Resources Evaluation Committee	Review personnel and discipline-related cases which shall be submitted to the Committee in conformity with internal laws.
Asset and Liability Management Committee	Evaluate the influence of changes in domestic and foreign capital, interest rates and exchange rates on the Bank and according countermeasures; develop the bank-wide interest rates on deposits and loans, pricing strategies on internal fund transfer, and allocation of the Bank's asset and debt positions and supervise and manage indicators on liquidity risks.
Non-Performing Loan Management Committee	Review NPL assets, collateral undertaking and disposal and loan on written-off bad debt, auction NPL assets, outsource the processing of NPL assets and review the effect of disposing NPL assets.
Treasury Product Evaluation Committee	Evaluate risks and performance of treasury products at launches and before/after undertaking, review sales policies of treasury products.
New Product Evaluation Committee	Evaluate risks and performance of new financial products at launches and before/after undertaking, review sales policies and risks of new products and evaluate appropriateness of according deed documents.

Committee	Function
Digital Development Strategy Committee	Develop digital financial business and formulate marketing strategies, virtual and physical channel and digital customer service strategies and coordinate the integration of cross-service digital financial products.
Treating Customers Fairly Promotion Committee	The Committee is responsible for establishing the Bank's corporate culture to implement the treating customers fairly principles set by the competent authorities, constructing a complete operational mechanism for the implementation of the principles, and promoting the optimization of matters related to the principles.

### (3) Major Departments

Base Date: January 31, 2021

The Chairman represents the Bank externally and is the chairman presiding the shareholders' meeting and the Board of Directors, responsible for the Bank's overall business strategy and major policies, and supervising the management. When the Chairman is absent from office or is unable to exercise his or her duties for any reason, the Deputy Chairman shall act for the President upholds the authorization by and resolution of the Board of Directors to manage the Bank's businesses.

Departments	Function
Internal Audit Dept.	Have a General Auditor to be responsible for the bank-wide auditing, assisting the Board of Directors and management to check and evaluate the Bank's internal control system and implementation, and reporting to the Board of Directors and the Audit Committee regularly.
Board Secretary Office	Have a Chief Secretary to be responsible for the Board of Directors affairs.
Risk Management Dept.	Manage the Bank's affairs of risk, such as credit risk, market risk, liquidity risk, interest rate risk in Banking Book (IRRBB), operational risk and Capital Adequacy Ratio (CAR).
Wholesale Banking Group	Supervise Wholesale Banking Division, Group Banking Division, International Business Division, Corporate Banking Department, Corporate Product Department.
Wholesale Banking Division	Supervise the operation policy, business strategy and channel planning of the corporate customers, with several regional centers to coordinate the business marketing, relationship maintenance and risk management of the corporate customer group.
Group Banking Division	Supervise the operation policy, business strategy and channel planning of the group corporate customers, with several Group Business Departments.
Group Business Department I, and Group Business Department II	Manage the business promotion and marketing, relationship maintenance of the Group Corporate customers, customers' credit risk status, and the implementation of budget goals.

Departments	Function
International Business Division	Supervise the operation policy, business strategy and channel planning of the international financial customers, and coordinate the business marketing, relationship maintenance and risk management of the international financial customers, with Offshore Banking Unit (OBU), which have business, capital, trading, and accounting departments to handle business promotion and operation processing.
Corporate Banking Dept.	Handle the related regulations, performance targets, education and training, customer complaints cases and comprehensive coordination of Wholesale Banking Group.
Corporate Product Dept.	In charge of the planning and promotion of accounts receivable, syndicated loans, trade finance and other special projects, the research and development and integration of loan products of the Wholesale Banking Group, the planning and execution of market research, and assisting in the promotion and execution of corporate banking business.
Consumer Banking Group	Supervise Retail Banking Division, Personal Financial Services Division, and Deposit and Remittance Banking Channels Division.
Retail Banking Division	Supervise Consumer Banking Department, Consumer Credit Department, Personal Loan Department, and Personal Loan Credit Department.
Consumer Banking Dept.	Supervise budget objectives, business policies, execution plan and marketing activities, target customers and business development, product R&D and integration, planning and implementation of market research, and establish the risk pricing policies for consumer mortgage, auto loan, credit card business (including acquiring, installment and authorization) and stock-secured loan.
Consumer Credit Dept.	Manage and establish the regulations on credit delegation of consumer banking business, the regulations on credit checking of credit cards and secured products for consumer banking business, the regulations on real estate appraisal operation, and the related matters of credit approval.
Personal Loan Dept.	In charge of the achievement of budget goals for personal credit loans and cash card business, and relevant matters of formulating business strategies, implementing plans and marketing activities, determining the target customers and business directions, developing and integrating product, planning and executing market research, and formulating risk pricing policies.



Departments	Function
Personal Loan Credit Dept.	Manage and establish the regulations on personal unsecured credit products, and the related matters of credit approval and anti-agent acting.
Personal Financial Services Division	Supervise Wealth Management Department, Insurance Agency Department, and Trust Department.
Wealth Management Dept.	Supervise the achievement of budget goals in wealth management business, and relevant matters of formulating business strategies, implementing plans and marketing activities, determining target customers and business directions, and planning and executing market research.
Insurance Agency Dept.	Manage and supervise the budget achievement of insurance service, develop insurance business strategies, plan and promote insurance products and marketing activities, develop insurance service standards and manage the implementation of administration as well as plan and manage insurance consultant staffing.
Trust Dept.	In charge of the implementation of the annual budget goals of the trust business, the planning, promotion, management, and operation processing of the trust business and products, research, development and integration of financial products, analysis of the global financial market trend, and strategy and consulting business of the financial product investment.
Deposit and Remittance Banking Channels Division	In charge of supervising the management of the Deposit and Remittance Banking Dept. and domestic branches, achieving budget goal and other related matters.
Deposit and Remittance Banking Dept.	In charge of the achievement of the annual budget goal of the deposit business, relevant matters of formulating business strategies, implementing plans and marketing activities, determining target customers and business directions, enactment of relevant regulations on deposits and remittance, and management and training of deposit and remittance personnel. Besides, it is also responsible for domestic branches' performance analysis and evaluation, KPI formulating, as well as the relevant matters of planning and management of domestic branches, and service quality strategy development and implementation.
Domestic Branches (including Business Dept.)	Manage services of commercial banks approved by the competent authority, execute budgetary objectives of branches, staff deployment, administers accounting affairs, general affairs and branch safety maintenance and other tasks assigned by the headquarter.

Departments	Function
Financial Markets Division	Supervise Treasury Department, Financial Trading Department, Financial Product Department, and Financial Markets Administration Department.
Treasury Dept.	Manage bank-wide asset and debt, fund liquidation and transactions in primary and subprime markets and derivatives of fixed-income investment products, including banking book investment, gapping, launches and pricing of financial debt, short-term notes and bonds.
Financial Trading Dept.	Manage the operation of trading book of the Bank, including foreign exchange, equities, derivatives, and other approved products.
Financial Product Dept.	Manage product design, hedge trading, marketing promotion and other related matters of financial products and bond and bill underwriting and related derivative financial products.
Financial Markets Administration Dept.	Manage financial transactions related business planning, legal compliance, construction and maintenance of information hardware and software equipment and other related matters.
Business Management Dept.	Manage the Bank's strategy, plan the organization merger and acquisitions (M&A) and business integration, establish the key performance indicators (KPIs,) implement performance rating, analyze the performance, manage the domestic long-term equity investment, establish the corporate identity and marketing advertisement, research the financial markets, prepare the annual report and credit rating report, be the contact unit for the competent authority, analyze and allocate the management of Bank's asset and liability, provide pricing strategies of interest rates on deposits and internal fund transfer and manage the affairs assigned by the head.
Credit Management Department	Establish the Bank's credit policy, and the guidelines of credit checking and collateral appraisal; in charge of the establishment of the regulations governing authorization of wholesale banking business and the review regulations on the general credit products of wholesale banking business; review credit customers of wholesale banking and the credit application of financial products from TMU.
Operation Dept.	Responsible for handling the centralized back office operations of deposits and loans, and matters related to the planning, management and execution of channel deposit and remittance operations and credit review, and setting up regional operation centers according to the needs of centralized processing of operations.

Departments	Function
International Banking Dept.	Planning, management, institutionalization, and processing of foreign exchange business.
Collection Dept.	In charge of the collection and management of the Bank's unsound credit assets and other obligatory claims, as well as the summary and analysis of the Bank's unsound credit assets. It may set up regional collection centers, depending on the needs of collection operations. However, the collection operation of special products or businesses related unsound credit cases may be conducted by other units with the approval by the President.
Administration & Facilities Management Dept.	Conduct property management, including seal management, documentation, safety maintenance, construction and maintenance, procurement, and real estate rental and purchase, and other administrative affairs.; Matters relating to the reporting and registration to the competent authorities, such as the establishment, relocation and alteration of the Head Office and branch offices, the establishment, relocation, and abolition of domestic operating premises, non-operating offices, and the change of business unit managers.
Human Resources Dept.	Manage human resource affairs, including recruitment, employment, promotion, transfer, appraisal, compensation, bonus, training, insurance and benefit.
Accounting Dept.	In charge of the accounting system and procedures, accounting, compilation of the budgets, periodic financial reporting and tax affairs.
E-Commerce Dept.	Supervise the plan of the Bank's digital finance and credit card acquiring services, and integrate, promote and manage the business operation.
Compliance Affairs Dept.	Plan, manage, and execute legal compliance system, establish legal communication, consultation, coordination and communication system, establish legal compliance risk management and supervision structure, confirm the timely update of various operations and management regulations in accordance with laws and regulations, issue or sign opinions that comply with laws and internal regulations, analyze the reasons for material deficiencies or drawbacks in units' legal compliance and improvement opinions, evaluate the effectiveness of units' legal compliance operations, and ensure the effective operation of the legal compliance system.

Departments	Function
Legal Affairs Dept.	Review of the Bank's external standard and non-standard contract forms, rules and regulations, and other legal documents, as well as offer assistance and legal consultancy on non-lawsuit and lawsuit cases.
Information Technology Dept. I	In charge of planning, construction, maintenance, operation and management of information systems, and research, analysis, planning, development, construction and execution of FinTech application service systems.
Information Technology Dept. II	In charge of research, analysis, planning, development, implementation and execution of information application service systems for core and peripheral banking businesses.
Information Security Management Dept.	Formulate and implement the bank-wide information security policy, implement the Bank's information security plan and information security protection.
Financial Markets Operation Dept.	Manage the confirmation, settlements, accounting operations, internal controls, and other related matters of financial product transactions.
Anti-Money Laundering Dept.	It is the Bank's dedicated unit responsible for handling the Bank's AML/CFT related matters to ensure the effective operation of AML/CFT mechanisms
Overseas Business Dept.	Plan and manage foreign branch investment as well as analyze and evaluate its performance; plan and manage foreign long-term equity investment and its performance analysis.

### 3. Directors, Independent Directors and Managers

#### (1) Information of Directors

Base Date: January 31, 2021

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected;		Shareholding Current		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Chairman	Republic of China	Representative of Yuanta Financial Holdings: Chien Weng (Note 2)	Male	2020.10.28	3 Years	2019.06.01							<ul style="list-style-type: none"> <li>● Bachelor of Laws, Fu Jen Catholic University</li> <li>● General Auditor of Yuanta Financial Holdings;</li> </ul> General Auditor of Yuanta Bank; Director and president of Polaris Securities; Executive Director and vice president of Bank of Overseas Chinese; Chairman of Yuanta Venture Capital; Director of Yuanta Life; Chairman of Yuanta I Venture Capital	President of Yuanta Financial Holdings; Independent Director of FamilyMart	—	—
Vice Chairman	Republic of China	Representative of Yuanta Financial Holdings: Tsai Tu Chang (Note 5)	Male	2020.11.20	3 Years	2020.11.20	Shareholding when Elected: 7,394,038,982	Current Shareholding: 7,394,038,982					<ul style="list-style-type: none"> <li>● MBA, National Chengchi University</li> <li>● Chief Risk Officer of Yuanta Financial Holdings and Senior Vice President of Yuanta Life; Chief Strategy Officer of Yuanta Financial Holdings;</li> </ul> President and Executive Vice President of Yuanta Bank; Chief Financial Officer of Yuanta Financial Holdings; Executive Vice President of Yuanta Securities; Senior Vice President of Yuanta Core Pacific Securities	—	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holdings: Fan-Sheng Pu (Note 4)	Male	2020.07.24	3 Years	2020.07.24					<ul style="list-style-type: none"> <li>● MBA, National Chung Hsing University</li> <li>● President and Senior Vice President of Yuanta Bank; Vice President of Yuanta Securities</li> </ul>	President of Yuanta Bank	—	—
Director	Republic of China	Representative of Yuanta Financial Holdings: Song-Erh Chang	Male	2019.06.01	3 Years	2012.05.06					<ul style="list-style-type: none"> <li>● Bachelor of Commerce, Tamkang University</li> <li>● Chairman of Yuanta Commercial Bank; Chairman of Polaris International Securities Investment Trust Company; Chairman and President of Bank of Overseas Chinese; President of Chang Hwa Commercial Bank</li> </ul>	—	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holdings: Wei-Chen Ma (Michael)	Male	2019.06.01	3 Years	2013.06.01	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982	—	—	<ul style="list-style-type: none"> <li>● Bachelor of Business, University of Southern California, USA</li> <li>● Director of Yuanta Financial Holdings; Vice Chairman of Yuanta Commercial Bank; CEO of Syspower Corporation; Director of Yuanta Core Pacific Securities; Chairman of Tzi Fu International Corporation; Director of Yuanta Construction Development</li> </ul>	Director of TWSE; Chairman of Yuanta Foundation; Director of Yuanta Financial Holdings; Director of Yuanta Construction Development; Director of Yuanta Life; Director of Yuanta International Investment; Director of Yuan Hung Investment; Director of Yuan Hsiang Investment; Manager of Lien Heng Investment; Director of Tzi Fu International Corporation; Director of International Trade Building, World Trade Center Co., Ltd. ; Director of Sunshine City Global (PTC) Ltd. ; Director of Empire Vision Ltd.	—	—	

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holdings: Jin-Long Fang	Male	2019.06.01	3 Years	2007.06.29					<ul style="list-style-type: none"> <li>National Chiayi Senior Vocational High School</li> <li>Director of Yuanta Financial Holdings; Director of Yuanta Core Pacific Securities; Chairman of Li Ching Industry; Chairman of Yuanta United Steel Corporation ; Chairman of Yuan Kun Development</li> </ul>	Director of Yuan Kun Development	—	—
Director	Republic of China	Representative of Yuanta Financial Holdings: Jin-Sheng Duan	Male	2019.06.01	3 Years	2012.04.01	100% owned by Yuanta FHC ;				<ul style="list-style-type: none"> <li>Bachelor of Public Finance, National Chengchi University</li> <li>Chairman of Taipei Foreign Exchange Market Development Foundation; Director-General of Department of Foreign Exchange, Central Bank; Director-General of Department of the Treasury, Central Bank</li> </ul>	Assistant Vice President/ Chiao-Chia Duan/ Father-daughter relationship	—	—
Director	Republic of China	Representative of Yuanta Financial Holdings: Chung-Yuan Chen	Male	2019.06.01	3 Years	2016.06.01	Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982				<ul style="list-style-type: none"> <li>KaiNan High School of Commerce &amp; Industry</li> <li>Chairman of Taipei City Jue Xiu Temple; Director of Yangping High School; Director of Tung Hai Senior High School; Executive Yuan Political Adviser; Executive Director of Taiwan Power Company; Supervisor of Chang Jia M&amp;E Engineering Corp</li> </ul>	Director of Yuanta Financial Holdings; Chairman of Taipei City Jue Xiu Temple; Principal of Xinyi Mansion Artwork Chung-Yuan Chen; Chairman of Yangping High School	—	—



Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holdings; Yu-Feng Ko	Male	2019.06.01	3 Years	2018.01.01	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982				<ul style="list-style-type: none"> <li>● Graduate Programs in Management Science and Engineering,Stanford University,USA</li> <li>● Chairman of Duet Fashion Corporation Limited, Director of CCMedia Technology Company, and other positions</li> </ul>	Director of KYMCO Integrated Venture Capital Co., Ltd.; Chairman of Lei Ye Co., Ltd.; Chairman of Hopin Digitech Co., Ltd.; Director of Kwang Yang Motor Co., Ltd.; Director of CCMedia Technology Company; Director of FCF Co., Ltd.; Director of Lei Ye Investment Company; Supervisor of Hung Kuang Investment Co., Ltd.; Director of NCKU Venture Capital Co., Ltd.; Director of Noodee Investment Co., Ltd.; Director of Noodee Co., Ltd.; Director of Bubboe Investment Co., Ltd.; Director of Bubboe Co., Ltd.; Director of Hooloop Investment Co., Ltd.; Director of Hooloop Co., Ltd.; Director of Shuffoe Co., Ltd.; Director of Shuffoe International Investment Co., Ltd.; Director of Zappoint Investment Co., Ltd.; Director of Zappoint Co., Ltd.; Director of Ming Feng Investment Co., Ltd.; Supervisor of Hsin Sheng Investment Co., Ltd.	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holdings: Yao Ming Sung	Male	2019.06.01	3 Years	2019.06.01					<ul style="list-style-type: none"> <li>● Master of Law, Columbia University</li> <li>● Attorney-at-Law, New York, the USA; Partner, Lee and Li Attorneys-at-Law; Prosecutor assisting Ministry of Justice; Prosecutor, Taiwan Taichung District Prosecutors Office</li> </ul>	Director of Yuanta Financial Holdings; Chairman of Yuanta Asset Management; Director of UNI AIR; Director of Sunshine City Global (PTC) Ltd.	—	—
Director	Republic of China	Representative of Yuanta Financial Holdings: Kuo Yuan Liang (Note 3)	Male	2020.07.01	3 Years	2020.07.01	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982				<ul style="list-style-type: none"> <li>● PhD in Economics, Duke University</li> <li>● Chairman and Dean of Yuanta-Polaris Research Institute; Director of San Fu Chemical Co., Ltd.;</li> <li>Consultant of China Airlines</li> <li>Board of Directors Risk Committee; Executive Director and Independent Director of Chang Hwa Commercial Bank; Chairman and Dean of Polaris Research Institute</li> </ul>	Chairman and Dean of Yuanta-Polaris Research Institute; Director of San Fu Chemical Co., Ltd.	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Director	Republic of China	Representative of Yuanta Financial Holdings: Ta Ching Lee (Note 3)	Male	2020.07.01	3 Years	2020.07.01					<ul style="list-style-type: none"> <li>● PhD in Management Sciences, TamKang University</li> <li>● Director of Stark Technology Co., Ltd.; Independent Director of Howtech Technology Co., Ltd.; Vice Chairman and Chief Operating Officer of Stark Technology Co., Ltd.; President of Sun Microsystems</li> </ul>	Director of Bophie Co., Ltd.; Independent Director of Howtech Technology Co., Ltd.; Director of Stark Technology Co., Ltd.	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Ming-Ling Hsueh	Male	2019.06.01	3 Years	2016.06.01	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982				<ul style="list-style-type: none"> <li>● Master, Soochow University</li> <li>● Institute of Accounting; MBA, Bloomsburg University of Pennsylvania, USA</li> <li>● President of PwC Taiwan; Member of the Board of Examiners for Senior Professional and Technical Examination of the R.O.C.; Executive Director of Taiwan Corporate Governance Association; Adjunct Professor of College of Technology Management, National Tsing Hua University; Adjunct Professor of National Taiwan University of Science and Technology School of Management</li> </ul>	Independent Director of Yuanta Financial Holdings; Independent Director of Lite-On Technology Co.; Independent Director of TTY Biopharm Co.; Independent Director of Walsin Lihwa Co.; Executive Director of Taiwan Corporate Governance Association	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Independent Director	Republic of China	Representative of Yuanta Financial Holdings; Yin-Hua Yeh	Male	2019.06.01	3 Years	2016.06.01	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982			<ul style="list-style-type: none"> <li>● PhD in Business, National Taiwan University</li> <li>● Commissioner of Financial Supervisory Commission, Executive Yuan, R.O.C.; Committee Member of Special Committee on Corporate Governance Reform, Executive Yuan, R.O.C.; Vice-Head of The Valuation Division Financial Restructuring Fund, Executive Yuan, R.O.C.; Resident Supervisor of Taiwan Stock Exchange; Member of IPO Reviewing Committee, Taiwan Stock Exchange; Director of Securities and Futures Investors Protection Center; Member of Central Deposit Insurance Corporation Advisory Committee; Vice Chairman of Financial Research and Development Fund Management Committee; Director of Securities Investment Trust &amp; Consulting Association of the R.O.C.; Vice Chairman of Taiwan Corporate Governance Association</li> </ul>	Independent Director of Yuanta Financial Holdings; Independent Director of Yuanta Life; Member of National Financial Stability Fund Management Commission, Executive Yuan; Member of National Development Fund Management Commission, Executive Yuan, R.O.C.; Director of Securities and Futures Institute; Director of Taiwan Insurance Guaranty Fund, Supervisor of Taipei Exchange; Executive Director of Taiwan Corporate Governance Association; Professor, Institute of Information Management and Finance, NCTU; Director of Taiwan Insurance Institute			

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Ching-Shan Hung	Male	2019.06.01	3 Years	2017.06.01					<ul style="list-style-type: none"> <li>MSc in Law and Accounting, National Chengchi University</li> <li>Independent Director of Yuanta Futures; Deputy Head of PwC Taiwan; Deputy Managing Director of Taiwan CPA Association</li> </ul>	Independent Director of Yuanta Securities; Chairman of Qingsheng Financial Consultant Co., Ltd.; Supervisor of STARLUX Airlines Co., Ltd.; Director of Franz Biotech Co., Ltd.	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Kuang-Hsi Hsu	Male	2019.06.01	3 Years	2017.07.01	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982			<ul style="list-style-type: none"> <li>Master's, Indiana University</li> <li>Kelley School of Business</li> <li>Section Chief of Bureau of Monetary Affairs, Ministry of Finance; Assistant Auditor of Taxation Administration, Ministry of Finance; Research Associate of Council for Economic Planning and Development, Executive Yuan; Vice President of Bank of Communications; Chairman of Land Bank of Taiwan; Chairman of Hua Nan Financial Holdings; Chairman of Hua Nan Bank; Chairman of Mega Financial Holdings; Chairman of Mega Bank</li> </ul>	Independent Director of Yuanta Financial Holdings; Supervisor of Yu Cheng Investment Co., Ltd.; Director of Canman Cilai Co., Ltd.; Supervisor of The Promised Land Foundation; Supervisor of Ti Mo Tai Investment Co., Ltd.	—	—	

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term (Years) (Note 1)	Date First Elected	Shareholding when Elected; Current Shareholding		Shares Held by Spouse & Minors or in Others' Name		Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship	Note
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)				
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Chuang-Li Chang	Male	2019.06.01	3 Years	2019.06.01	100% owned by Yuanta FHC ; Shareholding when Elected: 7,394,038,982 Current Shareholding: 7,394,038,982	—	—	<ul style="list-style-type: none"> <li>● Bachelor of Laws, National Taiwan University</li> <li>● Prosecutor, Taichung District Prosecutors Office; Judge, Taichung District Court and Taipei District Court; Division Leading Judge, Hsinchu Taoyuan/ New Taipei/ Taipei District Court; Presiding Judge and Judge, Taiwan High Court</li> </ul>	Independent Director of Cub Elecparts Co., Ltd.; Independent Director of Amida Technology Co., Ltd.	—	—	

Note 1: The term of the 10<sup>th</sup> board is from June 1, 2019 to May 31, 2022.

Note 2: Mr. Chien Wen elected as the Chairman of the Company since October 28, 2020.

Note 3: From July 1, 2020, Yunata Financial Holdings designated Mr. Kuo-Yuan Liang and Mr. Ta-Ching Lee as the directors of the Company.

Note 4: Mr. Fan-Sheng Pu designated as a director of the Company since July 24, 2020.

Note 5: Mr. Tsai-Tu Chang designated to replace Mr. Yu-De Chuang as a director and elected as the Vice Chairman of the Company since November 20, 2020.

Note 6: Mr. Hsien-Tao Chiu resigned as a director since October 15, 2020; Mr. Chih-Chiang Fan resigned as the Chairman and a director of the Company since October 22, 2020.

## (2) Major Institutional Shareholders

Base Date : April 19, 2021

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd.	3.54%
	Yuan Hung Investment Co., Ltd.	3.54%
	Yuan Hsiang Investment Co., Ltd.	2.97%
	Yu Yang Investment Co., Ltd.	2.69%
	Singapore Government's investment account held in custody by Citibank (Taiwan)	2.41%
	Dedicated trust property account managed by Yuanta Bank	2.28%
	Bank of Taiwan	2.24%
	Teng Ta Investment Co., Ltd.	2.04%
	Lian Ta Investment Co., Ltd.	2.03%
	HO JIA Investment Limited	1.97%

Note: Data for the company's top 10 major shareholders are as of Yuanta financial Holdings' latest book closure date (04/19/2021).

## (3) Key Shareholders of Major Institutional Shareholders

Base Date : April 9, 2021

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Tsun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd	19.69%
	Lian Ta Investment Co., Ltd	19.84%
	Chiu Ta Investment Co., Ltd	18.36%
	Lien Heng Investment Co., Ltd	18.92%
	Hsing Tsai Investment Co., Ltd.	10.23%
	Victor Ma	8.27%
	Judy Tu	4.69%
Yuan Hung Investment Co., Ltd.	Mei Jia Li Investment Company Limited	45.88%
	Lien Heng Investment Co., Ltd	33.74%
	Teng Ta Investment Co., Ltd	15.38%
	Judy Tu	5.00%
Yuan Hsiang Investment Co., Ltd	Lian Ta Investment Co., Ltd	44.38%
	Lien Heng Investment Co., Ltd	19.00%
	Teng Ta Investment Co., Ltd	18.69%
	Chiu Ta Investment Co., Ltd	9.96%
	Judy Tu	5.01%
	Hsing Tsai Investment Co., Ltd	2.96%

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Yu Yang Investment Co., Ltd	Tsun Chueh Investment Co., Ltd	100%
Singapore Government's investment account held in custody by Citibank (Taiwan)	Not applicable	
Dedicated trust property account managed by Yuanta Bank	Not applicable	
Bank of Taiwan Co., Ltd	Taiwan Financial Holdings Co., Ltd	100%
Teng Ta Investment Co., Ltd	Lien Heng Investment	53.58%
	Mai Kao Venture Capital	45.87%
	Judy Tu	0.55%
Lian Ta Investment Co., Ltd	Chiao Hua International Investment Co., Ltd	45.79%
	Lieng Heng Investment Co., Ltd	37.14%
	Chiu Ta Investment Co., Ltd	14.02%
	Hsing Tsai Investment Co., Ltd	2.58%
	Judy Tu	0.47%
HO JIA Investment Limited	Chen Hai Lin	50%
	Shu Chiung Tseng	50%



(4) Information of the President, Vice Presidents, Department Heads and Branch Managers

Base Date: January 31, 2021

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others'		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
President	Republic of China	Fan-Sheng Pu	Male	2020.08.25	—	—	—	—	<ul style="list-style-type: none"> <li>● President</li> <li>● MBA, National Chung Hsing University</li> </ul>	—	—
General Auditor	Republic of China	Hsiao-Chuan Tseng	Female	2018.11.29	—	—	—	—	<ul style="list-style-type: none"> <li>● General Auditor</li> <li>● Master in Management, National Taiwan University of Science and Technology</li> </ul>	—	—
Executive Vice President	Republic of China	Allen Wu	Male	2019.07.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Supervisor and Manager of Overseas Business Dept.</li> <li>● MBA in Industrial and Business Management, University of Mississippi, USA</li> </ul>	Senior Vice President of Yuanta Financial Holdings; Chairman of Yuanta Savings Bank (Philippines); Director of Yuanta Savings Bank (Philippines)	—
Senior Vice President	Republic of China	Yuan-Chen Chen	Female	2018.10.05	—	—	—	—	<ul style="list-style-type: none"> <li>● Head of Personal Financial Services Division</li> <li>● Bachelor of Arts in Economics, Chinese Culture University</li> </ul>	Director of Yuanta Life	—
Senior Vice President	Republic of China	Chi-Liang Hsiao	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Head of Deposit and Remittance Banking Channels Division</li> <li>● MBA, California State University, San Bernardino, USA</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Vice President	Republic of China	Yu-Chun Lin	Male	2019.03.04	—	—	—	—	<ul style="list-style-type: none"> <li>● Vice Chief Executive Officer of Wholesale Banking Group, Head of Wholesale Banking Division and Group Banking Division</li> <li>● MBA, Saint John's University, USA</li> </ul>	Chairman of Yuanta Savings Bank (Korea); Director of Yuanta Savings Bank (Korea)	—
Senior Vice President	Republic of China	Wen-Ching Chiu	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Supervisor and Manager of AML Dept.</li> <li>● Bachelor of Laws, National Chengchi University</li> </ul>	Senior Vice President of Yuanta Financial Holdings; Director of Yuanta Life	—
Senior Vice President	Republic of China	Hsu-Shu Mai	Male	2017.08.18	—	—	—	—	<ul style="list-style-type: none"> <li>● Supervisor of Accounting Dept.</li> <li>● Master in Finance, National Taiwan University</li> </ul>	Vice President of Yuanta Financial Holdings; Supervisor of Yuanta Securities Finance; Director of Yuanta Life; Supervisor of Yuanta Asset Management	—
Senior Vice President	Republic of China	Hsiao-Keng Chang	Female	2017.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Supervisor of Human Resources Dept.</li> <li>● Master in Accounting, National Taiwan University</li> </ul>	Vice President of Yuanta Financial Holdings	—
Senior Vice President	Republic of China	Ching-Sun Yang	Male	2019.01.15	—	—	—	—	<ul style="list-style-type: none"> <li>● Supervisor and Manager of Administration &amp; Facilities Management Dept.</li> <li>● PhD in News &amp; Mass Communication, Jinan University.</li> </ul>	Vice President of Yuanta Financial Holdings	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree	
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title/Name/Relationship	Degree
Senior Vice President	Republic of China	Siou-Mei Chen	Female	2020.12.28	—	—	—	—	<ul style="list-style-type: none"> <li>Supervisor of Information Security Management Dept.</li> <li>MBA, National Taiwan University</li> </ul>	Senior Vice President of Yuanta Financial Holdings	—	—
Vice President	Republic of China	Su-Ching Weng	Female	2020.11.12	—	—	—	—	<ul style="list-style-type: none"> <li>Supervisor of Credit Management Dept. and Collection Dept.</li> <li>Bachelor of Business Administration, National Cheng Kung University</li> </ul>	—	—	—
Vice President	Republic of China	Chi-Jung Huang	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Supervisor of Information Technology Dept. I &amp; II, E-Commerce Dept., International Banking Dept., Operation Dept. and Financial Markets Operation Dept.</li> <li>Bachelor of Information Engineering and Computer Science, Feng Chia University</li> </ul>	Supervisor of Taiwan Mobile Payments Co., Ltd.	—	—
Vice President	Republic of China	Sim-Yu Lin	Female	2015.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>Business Supervisor and Manager of Preparatory Office of Singapore Branch</li> <li>MBA, Arizona State University, USA</li> </ul>	—	—	—
Vice President	Republic of China	Chih-Feng Yang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Vice Head of Personal Financial Services Division</li> <li>Bachelor of Banking and Finance, Tamkang University</li> </ul>	—	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Vice President	Republic of China	Chih-Sheng Pan	Male	2019.05.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Vice Head of Wholesale Banking Division and Business Supervisor</li> <li>MBA, Tunghai University</li> </ul>	—	—
Vice President	Republic of China	Chun-Huang Lu	Male	2020.02.21	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Vice Head of Wholesale Banking Division and Business Supervisor</li> <li>MBA, National Taipei University</li> </ul>	—	—
Vice President	Republic of China	Tzu-I Huang	Male	2020.07.24	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Head and Vice Head of Financial Markets Division</li> <li>Master in International Business, National Taiwan University</li> </ul>	—	—
Vice President	Republic of China	Jia-Sing Liao	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Head and Vice Head of Group Business Division</li> <li>Master in Finance, National Taiwan University</li> </ul>	—	—
Vice President	Republic of China	Chi-Ting Huang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Head and Vice Head of Retail Banking Division</li> <li>Bachelor of Laws, Chinese Culture University</li> </ul>	—	—
Vice President	Republic of China	Wun-Ci Jhou	Female	2019.12.26	—	—	—	—	<ul style="list-style-type: none"> <li>Manager of Business Management Dept.</li> <li>MBA, National Chengchi University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Vice President	Republic of China	Sung-Shan Chao	Male	2020.03.06	—	—	—	—	<ul style="list-style-type: none"> <li>Supervisor and Manager of Compliance Affairs Dept.</li> <li>Master in Laws, Soochow University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Kuang-Chung Liao	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>Business Supervisor</li> <li>MBA, National Sun Yat-Sen University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Chin Yang	Male	2020.02.16	—	—	—	—	<ul style="list-style-type: none"> <li>Manager of Risk Management Dept.</li> <li>Master in Finance, National Taiwan University of Science and Technology</li> </ul>	Senior Assistant Vice President of Yuanta Financial Holdings	—
Senior Assistant Vice President	Republic of China	Wei-Ning Chang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Manager of Accounting Dept.</li> <li>EMBA, National Chengchi University</li> </ul>	Supervisor of Yuanta International Leasing	—
Senior Assistant Vice President	Republic of China	Li-Yun Chen	Female	2014.07.14	—	—	—	—	<ul style="list-style-type: none"> <li>Manager of Human Resource Dept.</li> <li>MBA, Hofstra University, New York, USA</li> </ul>	Senior Assistant Vice President of Yuanta Financial Holdings ; Director of Yuanta International Leasing	—
Senior Assistant Vice President	Republic of China	Yen-Liang Lin	Male	2020.04.01	—	—	—	—	<ul style="list-style-type: none"> <li>Manager of Information Technology Dept. I</li> <li>Master in Information and Electrical Engineering, Feng Chia University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Assistant Vice President	Republic of China	Shun-Cheng Chang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Information Security Management Dept.</li> <li>● Master in Information Management, National Taiwan University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Siou-Ihen You	Female	2019.09.10	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Wealth Management Dept.</li> <li>● MBA, The University of Southern Queensland, Australia</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Jia-Ihieh Lu	Female	2019.05.02	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Financial Product Dept.</li> <li>● Bachelor of Economics, National Chung Hsing University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Jia-Ihieh Jian	Male	2019.05.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Treasury Dept.</li> <li>● Master in Money and Banking, National Chengchi University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Jhng-Fu Siao	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Group Business Dept. II</li> <li>● Master in Management Science, National Chiao Tung University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Chen-Kang Yang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of North Regional Center I</li> <li>● Bachelor of Economics, Soochow University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Assistant Vice President	Republic of China	Chiung-Fen Huang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of North Regional Center III</li> <li>● Master in Finance, National Taiwan University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Tsung-Chieh Lee	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Central Regional Center I</li> <li>● Master in Accounting, National Yunlin University of Science and Technology</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Pi-Ju Liao	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of South Regional Center I</li> <li>● MBA, National Sun Yat-sen University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Ching-Chi Huang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of South Regional Center II</li> <li>● Master in Finance, National Kaohsiung First University of Science and Technology</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Ming-Hung Chang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Diploma, Department of Advertisement, KaiNan Vocational High School</li> </ul>	—	—
Assistant Vice President	Republic of China	Rung-Ru Chou	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of International Banking Dept.</li> <li>● Bachelor of Business Administration, Chinese Culture University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name			Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Name	Shares			
Assistant Vice President	Republic of China	Hui-Kuo Chien	Male	2013.02.22	—	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Collection Dept.</li> <li>● Bachelor of Economics, Fu Jen Catholic University</li> </ul>	Chairman of Yuanta International Leasing; Director of Yuanta International Leasing	—
Assistant Vice President	Republic of China	Chien-Ming Tseng	Male	2017.03.01	—	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Financial Markets Operation Dept.</li> <li>● Bachelor of Finance and Banking, Aletheia University</li> </ul>	—	—
Assistant Vice President	Republic of China	Chen-Hsing Huang	Male	2020.04.01	—	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Information Technology Dept. II</li> <li>● Bachelor of Information Management, National Taiwan University of Science and Technology</li> </ul>	—	—
Assistant Vice President	Republic of China	Chiu-Yen Chen	Female	2019.09.01	—	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Operation Dept.</li> <li>● Bachelor of Political Science, National Chengchi University</li> </ul>	—	—
Assistant Vice President	Republic of China	Yong-Ren Ke	Male	2020.01.01	—	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Offshore Banking Branch</li> <li>● MBA, National Central University</li> </ul>	—	—
Assistant Vice President	Republic of China	Chao-Yen Chen	Male	2021.01.01	—	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Personal Loan Dept.</li> <li>● Bachelor of Molecular Science and Engineering, National Taipei University of Technology</li> </ul>	—	—



Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Ping-Chiu Liu	Male	2016.09.11	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Insurance Agency Dept.</li> <li>● Master in Insurance, Feng Chia University</li> </ul>	—	—
Assistant Vice President	Republic of China	Yao-Chun Huang	Male	2020.07.24	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Financial Trading Dept.</li> <li>● Master in Finance, National Chung Cheng University</li> </ul>	—	—
Assistant Vice President	Republic of China	Yao-Yi Tsai	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Corporate Product Dept.</li> <li>● Master in Investment Management, The University of London City, UK</li> </ul>	—	—
Assistant Vice President	Republic of China	Kuang-Hua Peng	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Group Business Dept. I</li> <li>● Master in International Business, National Chengchi University</li> </ul>	—	—
Assistant Vice President	Republic of China	Ya-Hui Hsieh	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of North Regional Center II</li> <li>● Master in National Development, National Taiwan University</li> </ul>	—	—
Assistant Vice President	Republic of China	Chun-Yu Kuo	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of New Taipei Regional Center</li> <li>● MBA, Oklahoma City University, USA</li> </ul>	—	—
Assistant Vice President	Republic of China	Hui-Ping Wu	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Taoyuan Regional Center</li> <li>● Associate degree of Banking and Insurance, School of Continuing Education Affiliated to National Taipei College of Business</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Hua-Hsien Tsai	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Hsinchu Regional Center</li> <li>● Bachelor of Business Administration, Chung Hua University</li> </ul>	—	—
Assistant Vice President	Republic of China	Lu-Wen Tang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Central Regional Center II</li> <li>● Bachelor of Finance, Chaoyang University of Technology</li> </ul>	—	—
Assistant Vice President	Republic of China	Chien-Sheng Wang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor and Manager of Dunhua Branch</li> <li>● Master in Finance, National Yunlin University of Science and Technology</li> </ul>	—	—
Assistant Vice President	Republic of China	Shu-Yueh Lin	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Bachelor of Public Finance, Aletheia University</li> </ul>	—	—
Assistant Vice President	Republic of China	Hui-Li Pai	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Associate degree of International Business, Takming University of Science and Technology</li> </ul>	—	—
Assistant Vice President	Republic of China	Chien-Pin Wu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Bachelor of Business Administration, National Chung Hsing University</li> </ul>	—	—
Assistant Vice President	Republic of China	Ting-I Chu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor and Chief Representative of Myanmar Yangon Representative Office</li> <li>● Master in International Financial Market, American Graduate School of International Management, USA</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Cheng-Fang Chen	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Master in Finance, National Yunlin University of Science and Technology</li> </ul>	—	—
Assistant Vice President	Republic of China	Yu-Ming Kung	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Bachelor of Business Administration, National Chung Hsing University</li> </ul>	—	—
Assistant Vice President	Republic of China	Shu-Mei Lin	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Supervisor</li> <li>● Associate degree of Finance, Yung Ta Institute of Technology and Commerce</li> </ul>	—	—
Senior Manager	Republic of China	Ming-Hsuan Huang	Male	2019.07.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Corporate Governance and Deputy Manager of Board Secretary Office</li> <li>● MBA, National Chengchi University</li> </ul>	—	—
Senior Manager	Republic of China	Wen-Chung Lee	Male	2020.11.12	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Credit Management Dept.</li> <li>● Master in Economics, Ming Chuan University</li> </ul>	—	—
Senior Manager	Republic of China	Cheng-Chi Lee	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of E-Commerce Dept.</li> <li>● MBA, University of North Alabama, USA</li> </ul>	—	—
Senior Manager	Republic of China	Yu-Wei Wang	Female	2020.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Anti-Money Laundering Dept.</li> <li>● Master in Finance, Chaoyang University of Technology</li> </ul>	Manager of Yuanta Financial Holdings	—
Senior Manager	Republic of China	Tzu-Chieh Ting	Male	2018.05.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Trust Dept.</li> <li>● MBA, National Chung Hsing University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	I-Shuai Lo	Male	2019.06.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Personal Loan Credit Dept.</li> <li>● Bachelor of Applied Business, School of Continuing Education Affiliated to National Taipei College of Business College of Business College of Business</li> </ul>	—	—
Senior Manager	Republic of China	Chao-Hsien Shao	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Financial Markets Administration Dept.</li> <li>● Master in Finance, National Chengchi University</li> </ul>	—	—
Senior Manager	Republic of China	Yuan-Chih Hsieh	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Deposit and Remittance Banking Dept.</li> <li>● Bachelor of Civil and Construction Engineering, National Taiwan University of Science and Technology</li> </ul>	—	—
Senior Manager	Republic of China	Che-Chin Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Corporate Banking Dept.</li> <li>● Master in Finance, National Taiwan University of Science and Technology</li> </ul>	—	—
Senior Manager	Republic of China	Chun-Lung Wu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Consumer Credit Dept.</li> <li>● MBA, National DonHwa University</li> </ul>	—	—
Senior Manager	Republic of China	Mei-Ching Huang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Consumer Banking Dept.</li> <li>● MBA, National Taipei University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Chung-Lin Yeh	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Business Committee</li> <li>● Master in Accounting, Chung Yuan Christian University</li> </ul>	—	—
Manager	Republic of China	Yu-Chen Shen	Female	2019.08.16	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Legal Affairs Dept.</li> <li>● Master in Laws, Soochow University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Hao-Wei Ting	Male	2018.03.13	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Hong Kong Branch</li> <li>● MBA, National Chengchi University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Chi-Wen Tso	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Wunsin Branch</li> <li>● PhD of Business Administration, Chaoyang University of Technology</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Hsi-Tung Chen	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Datong Branch</li> <li>● MBAM, Yuan Ze University</li> </ul>	—	—
Assistant Vice President	Republic of China	Sheng-Wen Chien	Male	2019.04.08	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chongde Branch</li> <li>● MBA, Chaoyang University of Technology</li> </ul>	—	—
Assistant Vice President	Republic of China	Ming-Kuan Lu	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Miaoli Branch</li> <li>● Bachelor of Statistics, National Chengchi University</li> </ul>	—	—
Assistant Vice President	Republic of China	Yu-Ling Hsu	Female	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of East Hsinchu Branch</li> <li>● MBA, National Central University</li> </ul>	—	—
Assistant Vice President	Republic of China	Cheng-Hua Chen	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Business Dept.</li> <li>● Master in Finance, Fu Jen Catholic University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Tai-Yuan Huang	Male	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Yangping Branch</li> <li>● MBA, University of North Alabama, USA</li> </ul>	—	—
Assistant Vice President	Republic of China	Pei-Ying Wang	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Ximen Branch and Zhongzheng Branch</li> <li>● Master in Finance, St. John's University, USA</li> </ul>	—	—
Assistant Vice President	Republic of China	Cheng-Hui Chen	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Taipei Branch</li> <li>● MBA, Ming Chuan University</li> </ul>	—	—
Assistant Vice President	Republic of China	Li-Ching Yu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Changgun Branch</li> <li>● Bachelor of International Business, Tunghai University</li> </ul>	—	—
Assistant Vice President	Republic of China	Lun-Chien Lin	Male	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Neihu Branch</li> <li>● Bachelor of Banking, Tamkang University</li> </ul>	—	—
Assistant Vice President	Republic of China	I-Hsuan Huang	Female	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of South Xinzhuang Branch</li> <li>● Master in Management, Fu Jen Catholic University</li> </ul>	—	—
Senior Manager	Republic of China	Chi-Chang Yu	Male	2018.03.19	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Luzhou Branch</li> <li>● Bachelor of Business, National Open University</li> </ul>	—	—
Senior Manager	Republic of China	Meng-Wei Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Shueinan Branch</li> <li>● EMBA, National Chung Hsing University</li> </ul>	—	—
Senior Manager	Republic of China	Ling-Ying Liao	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Changhsing Branch</li> <li>● Associate degree of Business Administration, Ling Tung Junior College of Accounting</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Shu-Hui Chen	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Shiquan Branch</li> <li>● Bachelor of Political Science, Soochow University</li> </ul>	—	—
Senior Manager	Republic of China	Tieh-Cheng Hsieh	Male	2019.12.20	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Ruiguang Branch</li> <li>● Bachelor of Finance, Takming University of Science and Technology</li> </ul>	—	—
Senior Manager	Republic of China	Ching-Hui Chiu	Female	2018.03.19	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Xindian and Beishin Branch</li> <li>● Bachelor of International Business, Tamkang University</li> </ul>	—	—
Senior Manager	Republic of China	Hsueh-Ling Wu	Female	2018.07.06	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Huashan Branch</li> <li>● EMBA, Soochow University</li> </ul>	—	—
Senior Manager	Republic of China	Yeh-Lu Lee	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Fusing Branch</li> <li>● Bachelor of Economics, Tunghai University</li> </ul>	—	—
Senior Manager	Republic of China	Ping-Huang Hu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Taichung Branch</li> <li>● Bachelor of Economics, Fu Jen Catholic University</li> </ul>	—	—
Senior Manager	Republic of China	Jung-Hua Huang	Male	2020.02.07	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Jianguai Branch</li> <li>● Bachelor of Business, National Taiwan University</li> </ul>	—	—
Senior Manager	Republic of China	Chih-Ming Lee	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Pingjeon Branch</li> <li>● Master of Economics and Business Decision, National Kaohsiung University of Applied Sciences</li> </ul>	—	—
Senior Manager	Republic of China	Miao-Ling Wu	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Wende Branch</li> <li>● Master in International Finance, National Taipei University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Yu-Mei Yang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Kaohsiung Branch</li> <li>● Bachelor of Business Administration, Daito Bunka University, Japan</li> </ul>	—	—
Senior Manager	Republic of China	Pao-Lin Wang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of North Taoyuan Branch</li> <li>● Bachelor of Urban Planning, Chinese Culture University</li> </ul>	—	—
Senior Manager	Republic of China	Pei-Yu Wu	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chimhua Branch</li> <li>● Associate degree of Secretarial Science, Tamsui Institute of Business Administration</li> </ul>	—	—
Senior Manager	Republic of China	Hui-Chen Chang	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Songshan Branch</li> <li>● MBA, Royal Roads University, Canada</li> </ul>	—	—
Senior Manager	Republic of China	Chiu-Hua Chou	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Nanjing East Road Branch</li> <li>● Associate degree of Information Management, Hwa Hsia College of Technology and Commerce</li> </ul>	—	—
Senior Manager	Republic of China	Fu-Hsiang Chen	Male	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Fuchen Branch</li> <li>● MBA, Tainan University of Technology</li> </ul>	—	—
Senior Manager	Republic of China	Chung-Lin Wu	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Jiali Branch</li> <li>● Master, Institute of Interdisciplinary Studies for Social Sciences, National Sun Yat-sen University</li> </ul>	—	—



Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Yu-Chien Hsu	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Hsinchu Science Park Branch</li> <li>● Bachelor of Management Science, National Chiao Tung University</li> </ul>	—	—
Senior Manager	Republic of China	Chin-Hao Wang	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Tainan and Kaiyuan Branch</li> <li>● Associate degree of Business Administration, Far East Junior College of Technology</li> </ul>	—	—
Senior Manager	Republic of China	Wen-Pin Lu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Boai Branch</li> <li>● Bachelor of Business Administration, Cheng Shiu University</li> </ul>	—	—
Senior Manager	Republic of China	Jo-Ti Yao	Female	2016.06.13	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Zuoying Branch</li> <li>● Associate degree of Radiology, Yuanpei Institute of Medical Technology</li> </ul>	—	—
Senior Manager	Republic of China	Jung-Yu Tu	Male	2018.05.16	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Beifu Branch</li> <li>● Bachelor of Laws, Chinese Culture University</li> </ul>	—	—
Senior Manager	Republic of China	Tsung-Hua Hsieh	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Beidou Branch</li> <li>● Associate degree of Banking, Tamsui Institute of Business Administration</li> </ul>	—	—
Senior Manager	Republic of China	Su-Ning Chang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Fongyuan Branch</li> <li>● Master in Management, Providence University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Chin-Mei Lin	Female	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Dounan Branch</li> <li>● Associate degree of International Business, National Taichung College of Business</li> </ul>	—	—
Senior Manager	Republic of China	Ju-Chen Lee	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Sinyi Branch</li> <li>● Associate degree of International Business, Chih Lee College of Business</li> </ul>	—	—
Senior Manager	Republic of China	Yung-Feng Chen	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Zhongli Branch</li> <li>● Associate degree of Electronic Engineering, Chien Hsin Industrial College</li> </ul>	—	—
Senior Manager	Republic of China	Chin-Tsung Huang	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Zhongshan North Road Branch</li> <li>● MBA, National Taiwan University of Science and Technology</li> </ul>	—	—
Senior Manager	Republic of China	Yen-Ling Ko	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Dachang Branch</li> <li>● Master in Finance, National Kaohsiung First University of Science and Technology</li> </ul>	—	—
Senior Manager	Republic of China	Ching-Hsing Pan	Male	2019.08.12	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Sanchong and Beisanchong Branch</li> <li>● Master in Finance, National Central University</li> </ul>	—	—
Senior Manager	Republic of China	Ming-Chia Tsai	Male	2017.06.26	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Sanduo Branch</li> <li>● Master in Economics, National Sun Yat-sen University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Shu-Ling Wang	Female	2018.03.09	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Sanmin and Kaofong Branch</li> <li>● MBA, National Kaohsiung University of Applied and Sciences</li> </ul>	—	—
Senior Manager	Republic of China	Chen-Hsiang Lan	Male	2020.06.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Heping Branch</li> <li>● Bachelor of Economics, Soochow University</li> </ul>	—	—
Senior Manager	Republic of China	Yu-Xiu Lin	Female	2020.01.03	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Hsinchu Branch</li> <li>● Bachelor of Management Science, National Chiao Tung University</li> </ul>	—	—
Senior Manager	Republic of China	Zi-Yi Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Shalu Branch</li> <li>● Bachelor of Statistics, Feng Chia University</li> </ul>	—	—
Senior Manager	Republic of China	Ying-Fen Tsai	Female	2019.05.02	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Fudong and Yongkang Branch</li> <li>● Bachelor of Business Administration, National Cheng Kung University</li> </ul>	—	—
Senior Manager	Republic of China	Jun-Hong Chen	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Shihlin Branch</li> <li>● Bachelor of Civil and Construction Engineering, National Yunlin University of Science and Technology</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Chin-Chen Ho	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Lugang Branch</li> <li>● Master in Management, Providence University</li> </ul>	—	—
Senior Manager	Republic of China	Tzu-Ling Lin	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Doushin Branch</li> <li>● Associate degree of Accounting and Statistics, Tatung Institute of Technology</li> </ul>	—	—
Senior Manager	Republic of China	Hung-Ling Wang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of NanKan Branch</li> <li>● Bachelor of Russian Foreign Trade, Heilongchang University</li> </ul>	—	—
Senior Manager	Republic of China	Yao-Hsien Yang	Male	2018.03.19	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Zhongcheng and Tiannu Branch</li> <li>● Associate degree of Business Administration, Chinese Junior College of Industrial and Commercial Management</li> </ul>	—	—
Senior Manager	Republic of China	Chen-Chieh Wu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Zhongxiao Branch</li> <li>● Bachelor of Economics, Fu Jen Catholic University</li> </ul>	—	—
Senior Manager	Republic of China	Yen-Ping Weng	Female	2021.01.18	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of East Banqiao Branch</li> <li>● Associate degree of Banking and Insurance, Chih Lee College of Business</li> </ul>	—	—
Senior Manager	Republic of China	Shan-Yu Huang	Female	2020.10.05	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Wujia Branch</li> <li>● Master in Finance and Information, National Kaohsiung University of Applied and Sciences</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Manager	Republic of China	Chia-Ming Hsiao	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of World Trade Center Branch</li> <li>Associate degree of Accounting and Statistics, Ming Chuan University</li> </ul>	—	—
Manager	Republic of China	Chen-Yeh Tsao	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Changhua Branch</li> <li>Bachelor of Nutrition and Health Sciences, Taipei Medical University</li> </ul>	—	—
Manager	Republic of China	Hsin-Ling Shen	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Yonghe Branch</li> <li>Bachelor of Economics, Shih Hsin University</li> </ul>	—	—
Manager	Republic of China	Li-Yu Pan	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Dajia Branch</li> <li>Associate degree of Banking and Insurance, National Taichung College of Business</li> </ul>	—	—
Manager	Republic of China	Li-Min Wang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Sinjhuang Branch</li> <li>Master in Technology Management, Fu Jen Catholic University</li> </ul>	—	—
Manager	Republic of China	Hui-Ping Cho	Female	2020.11.13	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Luodong Branch</li> <li>Bachelor of Accounting, National Taiwan University</li> </ul>	—	—
Manager	Republic of China	I-Shan Lee	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Jhubei Branch</li> <li>Bachelor of Accounting, I-Shou University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	I-Jung Tsai	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Minsheng Branch</li> <li>Bachelor of Environmental Engineering, National Kaohsiung University of Science and Technology</li> </ul>	—	—
Manager	Republic of China	Chia-Sheng Liu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Taosin Branch</li> <li>Bachelor of Accounting, Chinese Culture University</li> </ul>	—	—
Manager	Republic of China	Yü-Tzu Chang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Lingya Branch</li> <li>Master in Finance, National Kaohsiung First University of Science and Technology</li> </ul>	—	—
Manager	Republic of China	Hsin-Cheng Liu	Male	2020.10.05	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Shinying Branch</li> <li>Bachelor of Agricultural Economics, National Chiayi University</li> </ul>	—	—
Manager	Republic of China	Yü-Chuan Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Yongchun Branch</li> <li>Bachelor of Business Administration, Fu Jen Catholic University</li> </ul>	—	—
Manager	Republic of China	Ching-Sung Chang	Male	2020.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Dali Defang Branch</li> <li>Associate degree of Business Administration, National Taichung College of Business</li> </ul>	—	—
Manager	Republic of China	Tsung-Hsien Hsieh	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Qijin Branch</li> <li>Master in International Economics, National Chung Cheng University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Yueh-I Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Tungmen Branch</li> <li>● Master in International Finance, National Taipei University</li> </ul>	—	—
Manager	Republic of China	I-Tzu Su	Female	2019.07.05	—	—	—	—	<ul style="list-style-type: none"> <li>● Bachelor of French, Tamkang University</li> </ul>	Supervisor of FMMedia Technology	—
Manager	Republic of China	Wen-Hsiang Chien	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Taoyuan Branch</li> <li>● Bachelor of Industrial and Systems Engineering, Chung Yuan Christian University</li> </ul>	—	—
Manager	Republic of China	Yu-Shan Lee	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chengde Branch</li> <li>● Bachelor of Business Administration, Fu Jen Catholic University</li> </ul>	—	—
Manager	Republic of China	I-Yao Hsu	Male	2020.03.06	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Beitou Branch</li> <li>● Bachelor of Civil Engineering, Tunghsun University</li> </ul>	—	—
Manager	Republic of China	Jung-Chih Wu	Male	2020.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Puqian Branch</li> <li>● Bachelor of International Business, Asia University</li> </ul>	—	—
Manager	Republic of China	Chao-I Wu	Female	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Annan Branch</li> <li>● Bachelor of Finance, Southern Taiwan University of Technology</li> </ul>	—	—
Manager	Republic of China	Chih-Hao Chen	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Qianzhen Branch</li> <li>● Bachelor of Finance, Fortune Institute of Technology</li> </ul>	—	—
Manager	Republic of China	Yao-Jen Huang	Male	2020.02.07	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Shipai Branch</li> <li>● Bachelor of Civil Engineering, HungKuo Delin University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Wen-Ting Tu	Female	2019.11.11	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Wanhua Branch</li> <li>● Bachelor of Business Administration, Tamkang University</li> </ul>	—	—
Manager	Republic of China	Hsiao-Pei Chang	Female	2019.05.24	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chengzhong Branch</li> <li>● Bachelor of Accounting, Soochow University</li> </ul>	—	—
Manager	Republic of China	Li-Fen Chang	Female	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Caotun Branch</li> <li>● Bachelor of Business Administration, Ling Tung University</li> </ul>	—	—
Manager	Republic of China	Hou-Jen Yang	Male	2017.03.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Nangang Branch</li> <li>● Bachelor of Economics, Feng Chia University</li> </ul>	—	—
Manager	Republic of China	Shih-Cheng Lin	Male	2017.06.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chingmei Branch</li> <li>● Bachelor of International Business, School of Continuing Education Affiliated to Chih Lee College of Business</li> </ul>	—	—
Manager	Republic of China	Yu-Te Lin	Male	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chunggang Branch</li> <li>● Bachelor of Banking, National Chengchi University</li> </ul>	—	—
Manager	Republic of China	Hsiao-Ying Kuo	Female	2019.08.12	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Zhongshan Branch</li> <li>● Bachelor of Business Administration, Soochow University</li> </ul>	—	—
Manager	Republic of China	Yu-Te Su	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Xiulang and Shuanghe Branch</li> <li>● Bachelor of Finance, Jin Wen University of Science &amp; Technology</li> </ul>	—	—



Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Chi-Hui Chang	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of North Taichung Branch</li> <li>● MBA, National Chung Hsing University</li> </ul>	—	—
Manager	Republic of China	I-Chun Wan	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chengqing Branch</li> <li>● Bachelor of Business Administration, Louisiana State University, USA</li> </ul>	—	—
Manager	Republic of China	Hao-En Hsu	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Pingzhen Branch</li> <li>● Bachelor of Applied Languages, Nanya Institute of Technology</li> </ul>	—	—
Manager	Republic of China	Cheng-Chan Chiang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Wanli Branch</li> <li>● Bachelor of Business Administration, Southern Taiwan University of Technology</li> </ul>	—	—
Manager	Republic of China	Yu-Ling Wu	Female	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Fongren Branch</li> <li>● Master in Finance, Chaoyang University of Technology</li> </ul>	—	—
Manager	Republic of China	Sheng-Feng Chen	Male	2018.01.05	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Datong Branch</li> <li>● Master in Economics, Feng Chia University</li> </ul>	—	—
Manager	Republic of China	Yueh-Chung Wu	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Yanji Branch</li> <li>● MBA, Soochow University</li> </ul>	—	—
Manager	Republic of China	Cheng-Che Lee	Male	2018.02.02	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Pingtung Branch</li> <li>● Master in Money and Banking, National Kaohsiung First University of Science and Technology</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Chung-Hsuan Lee	Male	2018.03.05	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Qianjin Branch</li> <li>● Bachelor of Finance, Shih Chien University</li> </ul>	Director of Financial Literacy & Education Association (FINLEA)	—
Manager	Republic of China	Chih-Yun Chiang	Female	2018.03.19	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chengong Branch</li> <li>● Bachelor of Tourism &amp; Hospitality Management, Royal Melbourne Institute of Technology, Australia</li> </ul>	—	—
Manager	Republic of China	Chieh-Ping Wu	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Yuanlin Branch</li> <li>● Master in Business Education, National Changhua University of Education</li> </ul>	—	—
Manager	Republic of China	Shih-Hsun Chen	Male	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Shalu Zhongshan Branch</li> <li>● Bachelor of International Business, Shih Chien University</li> </ul>	—	—
Manager	Republic of China	Ching-Chuan Chang	Male	2018.09.10	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Toufen Branch</li> <li>● Bachelor of Finance, Chung Hua University</li> </ul>	—	—
Manager	Republic of China	Te-Yu Yuan	Male	2018.11.16	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Guting Branch</li> <li>● Bachelor of Insurance, Tamkang University</li> </ul>	—	—
Manager	Republic of China	Wen-Hsin Kao	Male	2019.12.20	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Songjiang Branch</li> <li>● MBA, Tamkang University</li> </ul>	—	—
Manager	Republic of China	San-Kuei Huang	Male	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Tungshin Branch</li> <li>● Bachelor of Accounting, Chinese Culture University</li> </ul>	—	—
Manager	Republic of China	Yu-Ta Lin	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Jonghe Branch</li> <li>● Bachelor of Finance, National Chengchi University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Yen-Shan Lee	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Daan Branch</li> <li>● Bachelor of Statistics, National Chung Hsing University</li> </ul>	—	—
Manager	Republic of China	Yung-Hui Yang	Male	2019.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Xiaogang Branch</li> <li>● Master in Management, Chung Yuan Christian University</li> </ul>	—	—
Manager	Republic of China	Tsai-Ti Hung	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Gushan Branch</li> <li>● Bachelor of Business Administration, Cheng Shiu University</li> </ul>	—	—
Manager	Republic of China	Mei-Wen Chang	Female	2018.05.16	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of South Chiayi Branch</li> <li>● Bachelor of applied economics, National Chiayi University</li> </ul>	—	—
Manager	Republic of China	Ming-Yuan Shih	Male	2018.06.08	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Kimmen Branch</li> <li>● Master in land management, Feng Chia University</li> </ul>	—	—
Manager	Republic of China	Wen-Chiung Tsai	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Youchang Branch</li> <li>● MBA, Southern Taiwan University of Technology</li> </ul>	—	—
Manager	Republic of China	Chung-Hsiang Yang	Male	2018.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Yuanshan Branch</li> <li>● Bachelor of International Business, JinWen University of Science &amp; Technology</li> </ul>	—	—
Manager	Republic of China	Chia-Jung Lee	Female	2018.08.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Hualien Branch</li> <li>● Bachelor of Applied Business, School of Continuing Education Affiliated to National Taipei College of Business</li> </ul>	—	—
Manager	Republic of China	Jin-Sheng Liu	Male	2019.04.08	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Dali Branch</li> <li>● Bachelor of International Business, Feng Chia University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Che-kang Chuang	Male	2019.11.22	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Tucheng Branch</li> <li>● EMBA, National Chengchi University</li> </ul>	—	—
Manager	Republic of China	Tzu-Ching Chen	Female	2019.12.23	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Dunan Branch</li> <li>● Bachelor of Laws, National Taipei University</li> </ul>	—	—
Manager	Republic of China	Hsiu-Ling Tsai	Female	2019.05.13	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Chiayi Branch</li> <li>● Bachelor of Business, National Open University</li> </ul>	—	—
Manager	Republic of China	Ming-Hua Huang	Male	2019.11.22	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Jincheng Branch</li> <li>● Bachelor of Industrial Management, Southern Taiwan University of Technology</li> </ul>	—	—
Manager	Republic of China	Ling-Ya Tseng	Female	2019.03.04	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Xindian Zhongzheng Branch</li> <li>● Bachelor of Finance, Hsing Wu University</li> </ul>	—	—
Manager	Republic of China	I-Chun Chen	Female	2019.04.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Linkou Branch</li> <li>● Bachelor of Business Administration, Overseas Chinese University</li> </ul>	—	—
Manager	Republic of China	Chih-Min Chuang	Male	2019.09.02	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Mingcheng and Minzu Branch</li> <li>● Master in Money and Banking, National Kaohsiung First University of Science and Technology</li> </ul>	—	—
Manager	Republic of China	Pei-Chun Tsai	Female	2019.03.19	—	—	—	—	<ul style="list-style-type: none"> <li>● Manager of Anhe Branch</li> <li>● Master in Technology Management, National University of Tainan</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Manager	Republic of China	Hui-Ling Huang	Female	2019.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Qianzhen Zhongshan Branch</li> <li>Bachelor of International Trade, Cheng Shiu University</li> <li>Deputy Manager of East Taipei Branch</li> <li>Bachelor of Cooperative Economics, Feng Chia University</li> </ul>	—	—
Manager	Republic of China	Shu-Yin Huang	Female	2019.08.12	—	—	—	—	<ul style="list-style-type: none"> <li>Manager of Xizhi Branch</li> <li>Bachelor of International Trade, National Kaohsiung University of Science and Technology</li> </ul>	—	—
Manager	Republic of China	Chiu-Lien Tsai	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Guangfu Branch</li> <li>Bachelor of Mechanical Engineering, Chung Hua University</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Hui-Chun Lin	Male	2019.07.16	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Huwei Branch</li> <li>Bachelor of Industrial Engineering and Engineering Management, National Taipei College of Business</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Kuan-Hua Lai	Female	2020.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Taiping Branch</li> <li>Bachelor of Civil Engineering, Chienkuo Technology University</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Ming-Che Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Shangsinhuang Branch</li> <li>Bachelor of Finance, Lunghwa University of Science and Technology</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Senior Deputy Manager	Republic of China	Chiung-Ying Huang	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Gongguan Branch</li> <li>● General Subject, Blessed Imelda's School</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Kuo-Chiang Yang	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Liancheng Branch</li> <li>● MBA, Vanung University</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Kuang-Yen Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Xizhi Branch</li> <li>● Bachelor of Philosophy, Fu Jen Catholic University</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Chun-Liang Chen	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Nanmen Branch</li> <li>● Bachelor of Computer Science and Information Engineering, JinWen University of Science &amp; Technology</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Hsueh-Chun Lin	Male	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Simban Branch</li> <li>● Bachelor of Finance, Shih Chien University</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Hui-Chuan Lin	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of Nantun Branch</li> <li>● Bachelor of Computer Science and Information Management, Hungkuang University</li> </ul>	—	—
Senior Deputy Manager	Republic of China	Wei Yu	Male	2020.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Deputy Manager of HuanDong Branch</li> <li>● Bachelor of Information Management, China University of Technology</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Deputy Manager	Republic of China	Kun-Fen Su	Male	2020.09.01	—	—	—	—	<ul style="list-style-type: none"> <li>Deputy Manager of Shulin Branch</li> <li>Master in Finance, Ming Chuan University</li> </ul>	—	—
Senior Assistant Vice President	Republic of China	Chen-Chun Lin	Male	2019.01.15	—	—	—	—	<ul style="list-style-type: none"> <li>Vice Manager of Administration &amp; Facilities Management Dept.</li> <li>Associate Degree of Management, National Taipei College of Business</li> </ul>	—	—
Assistant Vice President	Republic of China	Chiao-Chia Duan	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Vice Manager of Financial Markets Administration Dept.</li> <li>Master in Information Technology, Lawrence Technological University, USA</li> </ul>	—	—
Assistant Vice President	Republic of China	Su-Fen Chao	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Vice Manager of Deposit and Remittance Banking Dept.</li> <li>Associate degree of Accounting and Statistics, Takming University of Science and Technology</li> </ul>	—	—
Assistant Vice President	Republic of China	Min-Sung Weng	Male	2020.12.01	—	—	—	—	<ul style="list-style-type: none"> <li>Vice Manager of Financial Trading Dept.</li> <li>Master in Finance, National Central University</li> </ul>	—	—
Assistant Vice President	Republic of China	Mei-Chu Yeh	Female	2020.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>Vice Manager of Personal Loan Credit Dept.</li> <li>Diploma, Department of Commerce, Shixin Vocational High School</li> </ul>	—	—
Assistant Vice President	Republic of China	Chan-Feng Ma	Male	2020.09.25	—	—	—	—	<ul style="list-style-type: none"> <li>Vice Manager of Hong Kong Branch</li> <li>Bachelor of Business Administration, Soochow University</li> </ul>	—	—

Title	Nationality	Name	Gender	Date of Appointment	Shares Held		Shares Held by Spouse & Minors or in Others' Name		Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the Second Degree
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			
Assistant Vice President	Republic of China	Yun-Ting Chuang	Female	2019.10.24	—	—	—	—	<ul style="list-style-type: none"> <li>● Leader of Financial Markets Group, Hong Kong Branch</li> <li>● Master in Finance, National Taiwan University</li> </ul>	—	—
Assistant Vice President	Republic of China	Yung-Fu Lin	Male	2021.01.16	—	—	—	—	<ul style="list-style-type: none"> <li>● Leader of Security Control Management Group, Information Security Management Dept.</li> <li>● Bachelor of Information Management, Fu Jen Catholic University</li> </ul>	—	—
Assistant Vice President	Republic of China	Hsiu-Yun Tsao	Female	2021.01.01	—	—	—	—	<ul style="list-style-type: none"> <li>● Leader of Public Relations Group, Administration &amp; Facilities Management Dept.</li> <li>● Bachelor of History, Chinese Culture University</li> </ul>	—	—
Assistant Vice President	Republic of China	Hsiu-Mei Lee	Female	2018.12.16	—	—	—	—	<ul style="list-style-type: none"> <li>● Leader of Personal Loan Group, Personal Loan Dept.</li> <li>● Bachelor of Land Economics, National Chung Hsing University</li> </ul>	—	—



## 4. Corporate Governance

### (1) Disclosures made in accordance with Corporate Governance Best-Practice Principles for Banks and related regulations

Disclosed in “Corporate Governance” on the Bank’s website:

<http://www.yuantabank.com.tw/bank/>

### (2) Status of corporate governance, departures from the Corporate Governance Best-Practice Principles for Banks and reasons for such departures

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 related party have been processing their finance independently, and the performance and division of responsibilities between both parties have been defined clearly, and also audited by CPA periodically. Additionally, the Bank has also established the stakeholder query system and developed according operation procedures and the controlling mechanism all according to Article 44 and Article 45 of Financial Holdings Company Act and relevant policies of the parent company, In addition, the Bank has stipulated the “Rules Governing Financial and Financial and Business Matters Between this Corporation and its Affiliated Enterprises,” “Regulations Governing Collective Authorization for other than Credit Trading with Interested Parties of Article 45 of the Financial Holding Company Act,” “Trading Rules with Self-Regulatory Counterparties,” to implement risk control and firewall mechanisms.</p>	<p>There was no departure in this respect.</p>

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
<p>2. Composition and responsibilities of the Board of Directors:</p> <p>(1) Did the Bank's voluntary establishment of other functional committees in addition to Remuneration Committee and Audit Committee?</p> <p>(2) 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> <p>(3) Did the Bank assess the independence of the CPA periodically?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) In addition to Remuneration Committee and Audit Committee, Set up the "Risk Management Committee" to ensure the effective operation of the Bank's risk management.</p> <p>(2) In accordance with the Bank's "Board and Functional Committees Evaluation Procedures," the performance evaluation results of the Board of Directors and Functional Committees shall be sent to the Board of Directors for reporting, review and improvement before the end of the first quarter of the following year. In addition, the performance evaluation results of the Bank's Directors shall be provided to the Remuneration Committee as a reference for the determination of Directors' remuneration.</p> <p>(3) The evaluation report on the independence of certified accountants and their appointment are reported to the Audit Committee and Board of Directors for approval.</p>	There was no departure in this respect.
<p>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)?</p>	<p>✓</p>		<p>The Bank is a public company with Yuanta Financial Holdings as the sole shareholder. The Bank sets up chief corporate governance officer and corporate governance personnel in accordance with regulations to be responsible for corporate governance affairs.</p>	There was no departure in this respect.
<p>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</p>	<p>✓</p>		<p>(1) The Bank's stakeholders such as customers, vendors, etc., may file a complaint and grievance or express opinions to the Bank through business premises, telephone, email, fax, or written correspondence, etc.</p>	There was no departure in this respect.

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and “Guideline for Bank Corporate Governance” and Causes
	Yes	No	Summary	
the Bank’s website, and properly respond to important corporate social responsibility issues that stakeholders are concerned about.			<p>(2) In charge of research, analysis, planning, development, implementation and execution of information application service systems for core and peripheral banking businesses.</p> <p>(3) In order to facilitate labor-management communication, the Bank set up employee suggestion boxes as a platform for the labor-management dialogue and employee complaint and grievance.</p> <p>(4) 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>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 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>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Bank has built the Chinese and English websites to disclose to the public the important financial information and corporate governance information, including annual financial reports.</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 public announcement.</p> <p>(3) A. The Bank’s operation for each month of 2020, the 2019 annual financial report, and the first, second and third quarter financial reports of 2020 have been announced and reported in advance of the prescribed deadline. B. The Bank’s 2020 annual financial report is expected to be announced and reported by March 22, 2021. (Note: The statutory reporting period of the first quarter and third quarter financial reports is within 45 days after the end of each quarter; the statutory reporting period of the second quarter financial report is within two months after the end of the semi-year; the statutory reporting period of the annual financial report is within three months after the end of the fiscal year.)</p>	There was no departure in this respect.

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
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>Other important information enabling better understanding of the Bank's corporate governance status:</p> <p>(1) Staff Right and Employee Care: The Bank established Employees' Welfare Committee and, on the corporate website, set up Employee's Recommendation area as a communicative medium between employees and employers.</p> <p>(2) Investors Relations and Stakeholder's Rights: A. The Bank's sole investor is Yuanta Financial Holdings Co., Ltd., which is the only shareholder and has smooth relationship with the Bank. 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: 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: 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: To guard customer's rights, the Bank has developed Guidelines on Consumer Protection and regulations of personal information protection. Furthermore, the Bank acquired ISO 27001, a certificate of the Information Security Management Standard (ISMS), and BS10012, a certificate of Personal Information Management System, the Bank has been internationally certified by the ISO 10002 Complaint Handling Management System which enable the Bank to protect customers' privacy, to enhance personal data security, and to improve the quality</p>	There was no departure in this respect.

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			<p>of customer services.</p> <p>(6) Bank's Purchase of Liabilities Insurance for Directors and Supervisors: The Bank has purchased liability insurance from Union Insurance Company for directors and supervisors.</p> <p>(7) The donation to political parties, stakeholders and charities:</p> <p>A. In January 2020, the Bank donated NTD 1 million to the Center for China Studies, National Taiwan University for research purposes in order to fulfill its corporate social responsibility and enhance its corporate image.</p> <p>B. In April 2020, the Bank donated NTD 9.93 million to the Yuanta-Polaris Research Institute to fund research on macroeconomics, finance and products of Taiwan and major countries.</p> <p>C. In May 2020, the Bank donated NTD 23 million to the Yuanta Cultural and Educational Foundation for fostering talent and organizing arts, culture and public welfare activities.</p> <p>D. In May 2020, the Bank donated NTD 875,000 to the Taiwan Financial Services Roundtable for the 2020 Annual Financial Services Educational Charity Fund.</p> <p>E. In September 2020, the Bank procured the "Stimulus Love Card," which worth NTD 41.62 million (15,333 cards in total), from FamilyMart convenience store as donation for seven social welfare organizations, including Taiwan Fund for Children and Families, Syin-Lu Social Welfare Foundation, Down Syndrome Foundation, R.O.C., Spinal Cord Injury Foundation, Boyo Social Welfare Foundation, Kids' Bookhouse Foundation, and Mercy Home Holistic Education and Health Promotion Association, R.O.C., to mitigate the impact of the pandemic on their fundraising.</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). The Bank is a public and non-TWSE/GTSM-listed company so it is not listed as a company by Taiwan Stock Exchange Corporation to be evaluated on corporate governance.</p>				

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
<p>〈 Remark 〉  The Bank participated in CG6012 (2019) Corporate Governance System Assessment, conducted by Taiwan Corporate Governance Association, in 2020 and, on December 25, 2020, was honorably certified as Outstanding (valid for two years).</p>				

### (3) Implementation of Social Responsibility

Item	Implementation		
	Yes	No	Summary
1. Does the Bank conduct risk assessments on the environment, society and corporate governance related to the company's operations and formulate relevant risk management policies or strategies based on the materiality principle? (Note 4)	✓		The Bank's parent company, Yuanta Financial Holdings, has formulated the "Corporate Social Responsibility Guidelines" to manage environmental and social risks and impacts. In order to implement and promote corporate social responsibility, the Bank has set up "CSR Policy and Management Measures" and established the Center for the Promotion of CSR with functional teams covering aspects of corporate governance, environmental sustainability, and social participation. The promotion center shall regularly report the implementation effectiveness of various works to the Sustainability Committee.
2. Did the Bank establish exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies and Board of Directors authorizes top management to address such issue and report progress to the Board?	✓		The Bank cooperates with the overall specifications and work objectives set by the parent company, Yuanta Financial Holdings. At the end of 2018, Yuanta Financial Holdings established the "Corporate Sustainability Committee" to supervise and implement the formulation and execution of corporate social responsibility policies, and to evaluate the effectiveness of the Corporate Social Responsibility Promotion Center, in order to implement the corporate sustainability philosophy.
3. Environmental issues (1) Does the Bank establish appropriate environmental management systems based on its industrial characteristics?  (2) Is the Bank committed to improving various resource use efficiency and using recycled materials with low impact on the environmental load?	✓  ✓		(1) Regarding the establishment of environmental management systems (including water conservation, energy saving and carbon reduction, greenhouse gas reduction and other related environmental protection management measures): A. In line with the requirements of external laws and regulations as well as self-management, the Bank has introduced relevant ISO environmental management systems (e.g., ISO 14001 Environmental Management System, ISO 14064 Greenhouse Gas Accounting and Verification, ISO 14046 Water Footprint, and ISO 50001 Energy Management System) to establish environmental policies, management systems and performance targets for water conservation, energy saving and carbon reduction and greenhouse gas reduction, and has implemented various action plans for improvement. B. The Bank has introduced a smart energy monitoring system as the basis for data tracking of the environmental management system. (2) All practices are in accordance with the policies and regulations of Yuanta Financial Holding, the parent company. The circumstances related to the improvement of the utilization efficiency of various resources and the use of recycled materials are as follows: A. Recycle and reuse energy-intensive products, including promoting and advertising Recycling and reuse of energy-consuming products, including promotion of paper recycling, use of recycled paper and resource recovery, and implementation of the electronic signature system. B. Proper disposal of waste, including promotion of waste sorting and reduction, and waste water treatment. C. The Bank uses green, energy-saving office supplies and

Item	Implementation		
	Yes	No	Summary
(3) Does the Bank assess the potential risks and opportunities of climate change for the company now and in the future, and take response measures to address climate-related issues?	✓		<p>equipment, and has been recognized by the Taipei City Government and the Environmental Protection Administration as a green procurement enterprise every year since 2011.</p> <p>D. All types of office furniture are utilized to the fullest to avoid waste, and the waste disposal process is handled in accordance with the resource recycling method.</p> <p>(3) The Bank continues to engage in environmental sustainability and climate change and focuses on energy saving and carbon reduction although it is not a manufacturing company, in hopes of making contributions to the environment. The Bank continues to implement ISO 50001 Energy Management System, smart energy monitoring systems, and the bank-wide ISO 14064-1 Greenhouse Gas Accounting and Verification to grasp the impact of internal corporate activities on the environment. Moreover, the Bank has purchased renewable energy certificates for an accumulated total of 805,000 kWh. The Bank uses tools, such as TCFD and SBT, to assess and grasp the high-risk issues of climate change and use the tools as the basis for relevant investment and financing.</p>
(4) Does the Bank calculate the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving, carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		<p>(4) The Bank is in the financial services industry, not like the manufacturing industry which produces a lot of greenhouse gas emissions. The Bank's sources of greenhouse gas emissions are mainly electricity and water consumption and transportation oil. In order to pay attention to the changes of greenhouse gases, the Bank started to apply for various ISO environmental management systems in 2017, as follows:</p> <p>A. ISO 14064-1 Greenhouse gas Part 1: Specification with guidance (Continuous inventory every year)</p> <p>The Bank started to implement ISO14061-1 in 2017 to conduct GHG inventory and monitor its greenhouse gas emissions. The 2019 certified outlets covered 147 domestic branches, and the 2020 continuous certified outlets covered 148 domestic branches, with 100% coverage. It also obtained the certification from the British Standards Institution (BSI). The Bank's greenhouse gas emissions inventory data are as follows:</p> <p>Total CO2 emissions in 2018 were 11,216 ton-CO2e / year. Total CO2 emissions in 2019 were 9,087 ton-CO2e / year.</p> <p>B. ISO 5001:2018 Energy Management Systems (Certification date : July 9th, 2016 and Expiration date : July 18th, 2022)</p> <p>The application for ISO 50001 Energy Management certification (Chengde Building) began in 2016, and the certified outlets continued to increase in 2017 (Financial Holdings Building), 2018 (Yongkang Building and Fucheng Building), and 2019 (Kaohsiung Building and Mingcheng Building). The Bank conducts comprehensive review of electricity consumption, and implements the following energy saving and carbon reduction strategies:</p> <p>(a) T5 lamps, LEDs, cold cathode tubes and other low-energy lamps are used in those newly branches to</p>



Item	Implementation																						
	Yes	No	Summary																				
			<p>reduce electricity costs and energy consumption.</p> <p>(b) Energy-saving lamps and water-saving faucets were installed in self-owned buildings in 2019 (Taichung Building, Yongkang Building, Fucheng Building, Kaiyuan Building, Kaohsiung Building, and Mingcheng Building)</p> <p>(c) The lamps used in the 24-hour ATM areas were completely replaced by LED lamps in 2019.</p> <p>C. In 2020, the Bank conducted waste sorting, recycling and reuse, obtaining certification documents, with the following statistics:</p> <p style="text-align: right;">Unit: 1000/KG</p> <table border="1"> <thead> <tr> <th>Domestic waste</th> <th>Recycling (aluminum, copper, iron, glass, and PET bottles are combined to calculate)</th> <th>Paper</th> <th>Leftovers</th> </tr> </thead> <tbody> <tr> <td>214,213</td> <td>8,439</td> <td>101,257</td> <td>36,247</td> </tr> </tbody> </table> <p>Total renovation waste in 2020: 11.5 metric tons  Total water consumption in 2020: 33.1 metric tons  The annual water consumption and expenses are detailed in the following table:</p> <table border="1"> <thead> <tr> <th colspan="2">2020</th> <th colspan="2">2019</th> </tr> <tr> <th>Expenses (NT\$1,000)</th> <th>consumption (m<sup>3</sup>)</th> <th>Expenses (NT\$1,000)</th> <th>Consumption (m<sup>3</sup>)</th> </tr> </thead> <tbody> <tr> <td>1,199</td> <td>71,289</td> <td>1,190</td> <td>80,937</td> </tr> </tbody> </table>	Domestic waste	Recycling (aluminum, copper, iron, glass, and PET bottles are combined to calculate)	Paper	Leftovers	214,213	8,439	101,257	36,247	2020		2019		Expenses (NT\$1,000)	consumption (m <sup>3</sup> )	Expenses (NT\$1,000)	Consumption (m <sup>3</sup> )	1,199	71,289	1,190	80,937
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4. Social issues																							
(1) Did the Bank develop management policies and procedures according to regulations and International Bill of Human Rights?	✓		(1) The Bank has complied with labor regulations and codes of its parent company YFH and developed codes of work and according personnel management rules for job seekers or employees, which specify no discrimination on ethnicity, thoughts, religions, political parties, household registry, birthplace registry, sex, sexual orientation, age and marriage, in order to construct an equal employment environment and shield employee's legal rights. In addition, the labor management meeting is convened periodically to guard employee rights, expedite labor-management harmony and construct a mutually-benefiting and win-win prospect.																				
(2) Does the Bank establish and implement reasonable employee welfare measures (including compensation, leaves and other benefits etc.), and appropriately reflect the operating performance or results in employee compensation?	✓		(2) The Bank formulate regulations on performance and reward to encourage employees, and the company's operating results and personal performance will be reflected in the overall salary of employees. In addition, according to the Bank's Article of Incorporation, if there is any profit in the Bank's final accounts of the year, 0.01% to 5% of the balance after deducting accumulated losses will be appropriated to employee compensation. Information on employee compensation is disclosed in the "Corporate Governance - Articles of Incorporation" of the "About Yuanta" section on the Bank's official website.																				
(3) Did the Bank offer employees the safe and	✓		(3) To provide employees and customers with a safe and healthy environment, the Bank continues to promote workplace																				

Item	Implementation		
	Yes	No	Summary
healthy workplace and conduct safety and health education for employees periodically?			<p>environmental safety protection, and in accordance with the “Occupational Safety and Health Act” and related sub-laws, formulates Occupational Safety and Health Work Guidelines, Occupational Safety and Health Management Plan, Automatic Inspection Plan, Directions for Working Environment Monitoring, and Occupational Safety and Health Education and Training Rules, and they have been announced for implementation. In addition, the “Operation Unit Safety Maintenance Procedures” is formulated to establish a safe maintenance mechanism for the premises:</p> <ul style="list-style-type: none"> <li>A. Strict entrance guard and security check measures to fully protect the safety of our employees at work and in everyday life.</li> <li>B. Regular safety inspections of drinking water, carbon dioxide and illumination brightness.</li> <li>C. Regular report and inspected fire and public safety equipments.</li> <li>D. Regular maintained and inspect the generator, uninterruptable power supply and the elevators.</li> <li>E. Regular disinfection and sanitation of the environment.</li> <li>F. Confirming that office surveillance systems at all business locations function normally.</li> <li>G. For general employees, according to the law, the new and in-service employees’ occupational safety and health education and training, online training courses for the four major prevention plans for occupational safety and health, and disaster prevention drills will be conducted every year.</li> <li>H. For occupational safety and health business supervisors, fire management personnel, security personnel, first aid personnel and other specific business employees, annual occupational safety business management training, fire management education and training, first aid personnel education and training, disaster prevention and earthquake drills and other training are conducted to reduce occupational disaster risk, providing employees with a safe, healthy and hygienic workplace environment.</li> <li>I. Provide 36 in-office physician clinical health services per year, employ occupational safety and health managing personnel, dedicated nurses and contracted professional specialist doctors to provide employees with medical information and health consulting services for major diseases suffered by employees and the top ten abnormalities of health check-ups.</li> <li>J. Actively promote health promotion activities, occupational disease prevention measures (such as soreness improvement, etc.), management of high blood pressure, blood sugar, and cholesterol, maternal health protection, and hold health seminars, scientific fitness tests, physical fitness, mental health and other activities.</li> <li>K. Test the carbon dioxide concentration and light intensity of the office premises every six months, and obtain the “Air Quality Autonomy Management Mark.”</li> <li>L. We incorporate occupational safety and health provisions and hazard notification requirements into our procurement process and construction contracts to ensure compliance with occupational safety and workplace safety regulations.</li> </ul>

Item	Implementation																																
	Yes	No	Summary																														
(4) Did the Bank develop training programs on effective career and capability development for employees?	✓		<p>M. Our efforts in occupational safety and health have been widely recognized, including “Safe Workplace Certification” by the Ministry of Health and Welfare, “Sports Enterprise Certification” by the Sports Administration, Ministry of Education, and “Excellent Breastfeeding (Collecting) Room Certification” by the Department of Health, Taipei City Government.</p> <p>N. We introduced ISO 45001 Occupational Safety and Health Management System at the end of 2019, and in April 2020, we received the internationally recognized ISO 45001 Occupational Safety and Health Management System certificate after third-party verification.</p> <p>(4) In response to the rapid changes in the financial industry and business needs, the Bank cultivates talent according to different career development paths, such as management and finance, providing employees with general and international education and training courses on management, finance and other subjects, and assisting employees in developing multiple functions and enhancing competitiveness through project assignment and job rotation.</p> <table border="1"> <thead> <tr> <th colspan="6">2020 Training statistics</th> </tr> <tr> <th>Type</th> <th>Total Course</th> <th>Total Hours (Note1)</th> <th>Total number of persons</th> <th>Avg. training hours per person (Note 2)</th> <th>Avg. training per person (Note 3)</th> </tr> </thead> <tbody> <tr> <td>Internal</td> <td>719</td> <td>29,295</td> <td>109,942</td> <td>6.7</td> <td>25</td> </tr> <tr> <td>External</td> <td>643</td> <td>166,660</td> <td>131,333</td> <td>37.9</td> <td>29.9</td> </tr> <tr> <td>Total</td> <td>1,362</td> <td>195,955</td> <td>241,275</td> <td>44.6</td> <td>54.9</td> </tr> </tbody> </table> <p>Note 1: Total Hours = <math>\sum</math>(Total course hours*number of participants)  Note 2: Avg. training hours per person= Total hours / Total employees  Note 3: Avg. training per person = Total number of persons / Total employees</p>	2020 Training statistics						Type	Total Course	Total Hours (Note1)	Total number of persons	Avg. training hours per person (Note 2)	Avg. training per person (Note 3)	Internal	719	29,295	109,942	6.7	25	External	643	166,660	131,333	37.9	29.9	Total	1,362	195,955	241,275	44.6	54.9
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(5) Does the Bank comply with relevant regulations and international standards for customers’ health, safety, and privacy, as well as marketing and labeling of products and services, and formulate relevant consumer protection policies and grievances procedures?	✓		<p>(5)</p> <p>A. The Bank has conducted the marketing and labeling of various products and services in accordance with relevant laws and regulations.</p> <p>B. To fully serve the Bank duty in the confidentiality of customers’ personal information, the Bank developed “Guidelines on Consumer Protection,” “Personal Information Protection Policies,” “Personal Information Management Rules” and related regulations. Meanwhile, the Bank has not only disclosed Privacy Protection Statement and the measures for the confidentiality of customer data on its website, but also executed all the group’s confidentiality measures for the personal information to shield customers’ privacy and advance personal information security.</p> <p>C. The Bank has shaped the principle of “fair dealing” as its core corporate culture, and the Board of Directors is the highest supervisory unit to promote fair dealing. The “Fair Dealing Policy,” “Fair Dealing Strategy” and relevant regulations are formulated to promote compliance. The President serves as the convener of the “Fair Dealing Principle Promotion Team,” to lead the Bank’s promotion of fair dealing principles, and to hold monthly meetings for discussion and resolution on issues related to the Bank’s</p>																														

Item	Implementation		
	Yes	No	Summary
(6) Does the Bank formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	✓		<p>customer complaint situation, customer complaint case analysis and review, customer care and obtain of ISO 10002 (Quality Management – Customer Satisfaction – Guidelines for Complaints Handling in Organizations). The team will also submit reports to the Board of Directors and regularly organize the Bank’s education and training on the principle of fair dealing. The evaluation operation of the “fair dealing principle” in the financial services industry every year to implement the compliance with the principle of fair dealing, protect customers’ rights, and provide customers with better quality financial services.</p> <p>D. The Bank has formulated regulations such as the “Regulations Governing Handling of Consumer Disputes,” “Guidelines for Handling of Consumer Grievances,” etc. For consumer complaints, in addition to immediately notifying the relevant units to ensure that they have grasped the processing progress, the Bank will also inquire consumers’ opinions.</p> <p>The Bank currently provides multiple channels to handle consumer complaint as follows :</p> <ol style="list-style-type: none"> <li>Customer Feedback Forms are placed in the business hall of business units.</li> <li>The Bank’s Hotline: 0800-688-168.</li> <li>The Bank’s website and mobile banking customer service phone</li> <li>E-mail: service@yuanta.com</li> <li>Fax or mail letter.</li> </ol> <p>(6) In 2019, the Group established the Yuanta Financial Holding and Subsidiaries Guidelines for Supplier Management, which require suppliers to comply with regulations on human rights and environmental issues, and completed supplier evaluations in accordance with the Guidelines. In addition, to implement ISO 20400 Sustainable Procurement, Yuanta Financial Holding Group has specifically formulated the Yuanta Group Supplier Sustainable Procurement Guideline for suppliers to sign and to participate in the Guidelines. The Guidelines prescribe the principles of honest management, requiring suppliers to conduct business activities based on the principles of fairness, integrity, trustworthiness and transparency, implement honest management policies, actively prevent dishonest practices, and establish a code of conduct for corporate governance and integrity management.</p>
5. Does the Bank take reference to international reporting standards or guidelines to prepare reports such as CSR report, etc., that disclose the Bank’s non-financial information? Has the aforementioned report obtained the confirmation or assurance opinion of a third-party certification unit?	✓		<p>Yuanta Financial Holdings regularly issues annual non-financial information reports. In June 2020, it issued the “Yuanta Financial Holdings 2019 Corporate Social Responsibility Report”. The Chinese and English versions of the Report were announced in the section of Corporate Social Responsibility on the official website of Yuanta Financial Holdings. It covers YFH’s performance in the economic, social and environmental aspects, as well as management methods and response actions in 2018 (January 1, 2018 to December 31, 2018). This Report sets the organizational boundary according to the principle of consolidated statements, covering Yuanta Financial Holdings and its 9 subsidiaries, and taking the operating activities in Taiwan as the scope of this disclosure. The main compilation principles of this Report comply with the “core” options of GRI Standards, Rules Governing the Preparation and</p>

Item	Implementation		
	Yes	No	Summary
			Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and the integrated reporting structure; in the financial aspects, it refers to International Financial Reporting Standards, and Regulations Governing the Preparation of Financial Reports by Financial Holdings Companies; in the environmental aspects, it received the ISO 14001, ISO 14064, and ISO 50001 certified by the British Standards Institution. This report is verified by the Taiwan Branch of the British Standards Institution in accordance with AA1000 AS: 2008 Assurance Standards and GRI Standards. After verification, it is confirmed that this Report meets the “core” options of GRI Standards and AA1000 Type II moderate level of assurance.
6.			If the Bank has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: The Bank is a member of the Yuanta Financial Holdings, complying with the regulations of the Yuanta Financial Holdings’ “Corporate Social Responsibility Guidelines” and “CSR Policy and Management Measures,” and there is no difference from the regulations in the Bank’s operation situation.
7.			Other important information to facilitate better understanding of the Company’s corporate social responsibility Practices: For further details, please view our corporate and parent company Yuanta Financial Holdings website.

Note1 : If “Yes,” please explain the important policies, strategies, measures adopted and the implementation; if “No,” please explain the reasons and the plans of the relevant policies, strategies, and measures to be adopted in the future.

Note 2: If the Bank has prepared a CSR report, the reference to the CSR report and the index page may be used in lieu of stating the operation status.

Note 3: For non-listed banks, there is no need to fill in “the difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons.”

Note 4: The principle of materiality refers to those have material impacts on the company’s investors and other stakeholders in relation to environmental, social and corporate governance issues.

#### (4) The Bank's Implementation of Ethical Corporate Management

Item	Implementation		
	Yes	No	Summary
<p>1. Develop ethical corporate management policies and solutions:</p> <p>(1) Does the Bank formulate the integrity management policies approved by the Board of Directors, and state the policies and practices of ethical corporate management, as well as the commitment of the Board of Directors and senior management personnel to implementing actively of the policies in the rules and external documents?</p> <p>(2) Does the Bank establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within the business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly which at least covers the prevention measures for the acts specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"</p>	<p>✓</p> <p>✓</p>		<p>(1)</p> <p>A. In compliance with "Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings" and "Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding", specify that all companies in the Group, including Yuanta Financial Holdings, shall comply. The Bank has established good corporate governance, risk management mechanism and complete internal regulations to prevent unethical conduct and create an operational environment for sustainable development.</p> <p>B. The Bank's Board of Directors and senior management personnel have signed the "Integrity Statement" to actively implement the commitment of the integrity management policies.</p> <p>(2)</p> <p>A. The Bank, in accordance with the Integrity Management Guidelines and the Procedures for Integrity Management and Guidelines for Conduct, completed the Risk Assessment of Dishonest Practices for the year 2019 in March 2020. Based on the results of each department's self-assessment, it is inferred that each department should already have a prevention and control mechanism effective to a considerable extent for handling potential risk events and that, based on the review of the risk assessment, the prevention and control plan for dishonest acts is still appropriate and effective.</p> <p>B. The prevention plan adopted in accordance with the Procedures for Integrity Management and Guidelines for Conduct covers the behaviors described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the prevention measures of the Bank are listed below:</p> <p>a. The Bank regulates that all employees shall not exploit their authority to seek illegal interest and receive preferential treatment, endowment, rebates, speculation of public money and any other illegal interest.</p> <p>b. The Bank developed "External Donation Procedures" to be the provision of political donations, charity donation or sponsorship. All donation and sponsorship requires approval from the authorized executives, which complies with the corresponding laws and the internal procedure.</p> <p>C. In addition to complying with the foregoing regulations, the Bank's "Professional Code of Ethics" and the "Whistleblowing System and Implementation Measures", the Bank has established a comprehensive</p>

Item	Implementation		
	Yes	No	Summary
(3) Did the Bank develop programs against unethical conduct, including the detailed operating procedures, conduct guidance, penalty against violation and the dispute system, and also fully execute these programs, regularly review and revise the aforementioned plans?	✓		<p>internal control system, a compliance system, and a mechanism for including the Bank's employees involved in dishonest behavior in the notification of operational risk events and unit appraisal.</p> <p>(3)</p> <p>A. The Bank has established "Work Rules", "Professional Code of Ethics, "Whistleblowing System and Implementation Measures" and "Rules for Receiving Whistleblower Cases", which include the establishment and announcement of whistleblower channels (mailboxes, hotlines, etc.), personnel and units for receiving whistleblowers, handling process and record keeping, confidentiality and protection of the rights of whistleblowers, disciplinary actions and complaints, etc., so that both employers and employees are committed to the establishment of corporate ethics and duty ethics. The Bank also requires directors and managers to take the lead in setting an example by adhering to the principle of integrity and establishing a corporate culture of honesty, trustworthiness and truthfulness.</p> <p>B. The labor contract that the Bank and all of its staff signed includes the agreement of confidentiality, which stipulates that employees shall shoulder full obligation for confidentiality of the authorized services, tasks, documents and customers' data. Unless stipulated or approved, no disclosure is permitted. The same procedure shall be followed after employees left jobs. No browse or summarization of reports and documents unrelated to according duties are permitted.</p> <p>C. The Bank developed reward and penalty policies stipulating that any employee of material violation against ethical conduct shall be discharged or dismissed</p> <p>D. The Bank set up Human Resource Evaluation Committee for reviewing employee reward and penalty cases and disputes..</p> <p>E. The Yuanta Financial Holdings revised "Procedures for Ethical Management and Guidelines for Conduct" on September 23th, 2020.</p>
2. Fully execute ethical corporate management:			
(1) Did the Bank evaluate ethics records of its clients and sign any agreement stipulating ethical conduct?	✓		(1) The Bank has established the "Procurement Contract Signing Process Sheet", which requires all units to require vendors to issue a declaration of integrity in all cases of commodity or equipment procurement and contract signing and check the website of the Judicial Yuan to see if the subject has any public record of dishonest acts such as bribery or illegal political contributions in the Judicial Yuan in the recent year. Furthermore, all contracts must include a statement of integrity management. During the contract review process, the Bank's Legal Department staff will review the procurement contracts for compliance with the Bank's standard terms and conditions of integrity.
(2) Does the Bank regularly (at least once a year)	✓		(2) The Bank designated Compliance Affairs Dept. as the exclusive unit for ethical-management related affairs. Internal

Item	Implementation		
	Yes	No	Summary
<p>report to the Board of Directors on its ethical corporate management policies, plans to prevent unethical conduct, and the implementation of supervision?</p> <p>(3) Did the Bank develop policies against conflicts of interest, provides proper declaration channels and fully execute these policies?</p>	✓		<p>Audit Dept., Business Management Dept., Human Resource Dept., Administration and Facilities Management Dept., Legal Affairs Dept. and Compliance Affairs Dept. of the Bank are responsible for ethical management procedures. In addition, the Business Management Department summarizes the Bank's performance of integrity management and reports to Yuanta Financial Holdings and the Bank's Board of Directors every year.</p> <p>(3)</p> <p>A. The Bank's "Professional Code of Ethics" have specified a policy to prevent conflicts of interest. The Bank's personnel shall not engage in any loan of funds, major asset transactions, provision of guarantees, or other transactions that conflict with the company's interests in their own names or in the names of others. When a proposal at a board of directors meeting concerns the interests of the Directors or of the juristic person they represent, or a related transaction or relationship may give rise to a conflict of interest, the Directors shall deal with it in a lawful and appropriate manner or avoid dealing with it.</p> <p>B. It is regulated that critical financial transaction involving stakeholders shall be approved by Board of Directors. The stakeholder query system has also been established to fully ensure that transactions involving stakeholders shall not be more preferable to counterparts.</p>
<p>(4) Has the Bank, to fully execute ethical management, established effective accounting and internal audit systems and conduct periodical auditing by the internal audit unit based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, and examine accordingly the compliance with the prevention programs or appoint accountants to conduct such audit?</p>	✓		<p>(4)</p> <p>A. The Audit Office of the Bank included the operating standards relating to the internal control system in the audit of each unit in 2020 to assess the implementation and effectiveness of the internal control system. The results of the audit did not reveal any violation of the Code of Conduct for Ethical Management.)</p> <p>B. The Bank's accounting system was formulated in accordance with the Regulations Governing the Preparation of Financial Reports by Public Bank, the International Financial Reporting Standards and other relevant laws and regulations, and in line with the Bank's actual accounting practices. The Bank's quarterly financial reports are audited (reviewed) by PricewaterhouseCoopers and submitted to the Audit Committee and the Board of Directors, as well as subject to internal audits and external audits by the Financial Examination Bureau to ensure that the Bank's accounting system is designed and implemented in an effective manner.</p>
<p>(5) Did the Bank periodically host internal and external training on ethical management?</p>	✓		<p>(5) Each year, the Bank arranges directors to attend professional courses in corporate governance, and holds bank-wide statutory training courses and training for new employees. The trainings including personal data protection, interested party transactions, fair trade, anti- bribery and corruption, integrity management, insider trading, and whistleblower systems, etc., It is to enhance employees' professional knowledge and judgment ability regarding relevant laws and</p>



Item	Implementation		
	Yes	No	Summary
			integrity so that they can apply and implement them in daily operations, and ensure the implementation of the integrity management policy. The Bank is devoted to deepen “integrity” in the daily operations.
<p>3. Operation of the whistle-blowing mechanism:</p> <p>(1) Did the Bank develop a clear whistle-blowing and reward mechanism, establish convenient channels for the reporters and designate appropriate dedicated personnel for persons being reported?</p> <p>(2) Did the Bank develop standards of procedures, subsequent measures to be taken after the investigation is completed and confidentiality mechanism on the investigation of reported cases?</p> <p>(3) Did the Bank execute measures to protect reporters from improper treatment arising from whistle-blowing?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) In order to establish an ethical and transparent corporate culture and promote sound management, the Bank has set up employee feedback mailboxes as the labor-management dialogue and employee complaint and grievance platforms. To maintain the Bank's diversified whistleblowing and reporting mechanism, the Bank formulates the "Implementation Regulations Governing Whistleblowing System," specifying that anyone who finds a crime, a fraud or a violation of the law can report via writing, telephone, or email or by any means. The Legal Compliance Department is appointed as the accepting unit to transfer the case to the investigation unit (Internal Audit Dept) in accordance with the standard operating procedures for investigation and subsequent processing.</p> <p>(2) The “Implementation Regulations Governing Whistleblowing System” set by the Bank specifies the investigation principles and procedures, the follow-up handling mechanism, and that the personnel handling the whistleblowing case shall have a written statement to declare that the identity of the whistleblower and the contents of the report shall be kept confidential.</p> <p>(3) The Bank takes the following protective measures for whistleblowers :</p> <p>A. Whistleblowers shall not be fired, dismissed, and demoted, and receive a pay cut or other unfavorable treatment; whistleblowers' dueful rights and interests in accordance with laws, regulations, contracts or the custom shall not be harmed, unless it is not directed against the whistleblower, but due to the reorganization, merge or abolishment necessary in response to the Bank's business or operations, or unless the whistleblower is punished according to relevant regulations for other illegal or improper acts verified by the Bank.</p> <p>B. If the whistleblower is threatened, intimidated or otherwise disadvantaged by others, the Bank shall assist the whistleblower in reporting to the police.</p>
<p>4. Enhance information disclosure: Did the Bank disclose the content of principles of ethical management and its performance on website and Market Observation Post System?</p>	✓		Information in respect of ethical management is disclosed in the Annual, and Report on the Bank's website and posted on the Bank's official website and Market Observation Post System.

Item	Implementation		
	Yes	No	Summary
5. If the Bank has developed its practice principles of ethical management in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please explicate its implementation and any deviation from the principles: The Bank fully complies with regulation and conducts management according to “Ethical Management Principles” and “Code of Conduct”.			
6. Other important information enabling better understanding to the Bank’s implementation of ethical corporate management (such as the Bank reviews and amends its practice principles of ethical corporate management.): In addition, to implement ISO 20400 Sustainable Procurement, Yuanta Financial Holding Group has specifically formulated the Yuanta Group Supplier Sustainable Procurement Guideline for suppliers to sign and to participate in the Guidelines. The Guidelines prescribe the principles of honest management, requiring suppliers to conduct business activities based on the principles of fairness, integrity, trustworthiness and transparency, implement honest management policies, actively prevent dishonest practices, and establish a code of conduct for corporate governance and integrity management.			

### III. Financing Status and Operation Overview

#### 1. Capital and Shares

##### (1) Sources of Capital

Unit: NT\$1,000, thousand shares; Base Date: January 31, 2021

Date of Issue	Issue price	Authorized Capital		Paid-in Capital		Remarks
		Shares	Amount	Shares	Amount	Source of Capital
December 2002	\$10	1,211,514	12,115,136	1,211,514	12,115,136	
December 2003	\$10	1,050,000	10,500,000	1,050,000	10,500,000	Capital decrease to make up for loss of 161,514 thousand shares
February 2004	\$10	1,350,000	13,500,000	1,350,000	13,500,000	Private placement of 300,000 thousand shares
July 2004	\$10	1,400,000	14,000,000	1,400,000	14,000,000	Capitalization of earnings, 50,000 thousand shares
July 2005	\$10	1,800,000	18,000,000	1,800,000	18,000,000	Capitalization of earnings, 100,000 thousand shares, and private placement of 300,000 thousand shares
October 2007	\$10	2,400,000	24,000,000	2,400,000	24,000,000	Capital decrease to make up for loss of 400,000 thousand shares, and private placement of 1,000,000 thousand shares
March 2008	\$10	2,200,000	22,000,000	2,200,000	22,000,000	Capital decrease to make up for loss of 200,000 thousand shares
March 2009	\$10	2,200,000	22,000,000	1,874,509	18,745,089	Capital decrease to make up for loss of 325,491 thousand shares
March 2009	\$15	2,200,000	22,000,000	2,150,000	21,500,000	Private placement of 275,491 thousand shares
June 2010	\$10	2,200,000	22,000,000	2,181,134	21,811,335	Capitalization of earnings, 31,134 thousand shares
June 2011	\$10	2,500,000	25,000,000	2,273,313	22,733,131	Capitalization of earnings, 92,179 thousand shares
November 2011	\$16	2,700,000	27,000,000	2,510,813	25,108,131	Private placement of 237,500 thousand shares
June 2012	\$10	2,700,000	27,000,000	2,622,983	26,229,835	Capitalization of earnings, 112,170 thousand shares
September 2012	\$13.74	3,500,000	35,000,000	3,496,331	34,963,315	Private placement of 873,348 thousand shares
June 2013	\$10	3,650,000	36,500,000	3,649,693	36,496,931	Capitalization of earnings, 153,362 thousand shares
June 2014	\$10	3,800,000	38,000,000	3,769,049	37,690,490	Capitalization of earnings, 119,356 thousand shares
June 2015	\$10	3,950,000	39,500,000	3,918,362	39,183,617	Capitalization of earnings, 149,313 thousand shares
June 2016	\$10	4,200,000	42,000,000	4,152,182	41,521,815	Capitalization of earnings, 233,820 thousand shares
August 2017	\$10	8,000,000	80,000,000	4,265,285	42,652,845	Capitalization of earnings, 113,103 thousand shares
January 2018	\$10	8,000,000	80,000,000	7,394,039	73,940,390	The Bank's capital increased by 3,128,754 thousand shares due to the merger with Ta Chong Commercial Bank Co., Ltd.

Unit: thousand shares; Base Date: January 31, 2021

Types of Shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	7,394,039	605,961	8,000,000	Public offering

## (2) Shareholder Structure

Unit: thousand shares; Base Date: January 31, 2021

Quantity \ Shareholder Structure	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Others	Total
Persons	0	1	0	0	0	1
Shares Held (shares)	0	7,394,039	0	0	0	7,394,039
Shareholding Ratio (%)	0	100%	0	0	0	100%

## (3) Dispersion of Ownership

Unit: thousand shares; Base Date: January 31, 2021; Face value \$10 per share

Shareholding Category	Number of Shareholders	Shares Held	Shareholding Ratio (%)
1,000,001 and above	1	7,394,039	100%
Total	1	7,394,039	100%

## (4) List of Principal Shareholders

Unit: thousand shares; Base Date: January 31, 2021

Major Shareholders \ Shares	Shares Held	Shareholding Ratio (%)
Yuanta Financial Holdings	7,394,039	100%

**(5) Market Price, Book Value, Earnings and Dividends Per Share, and the Relevant Information Over the Most Recent Two Years**

Item		Year	2019	2020	January 31, 2021 (Note 2)
Market Price/Share	Highest		Not applicable	Not applicable	Not applicable
	Lowest		Not applicable	Not applicable	Not applicable
	Average		Not applicable	Not applicable	Not applicable
Book Value/Share	Before Distribution		NT\$16.48	NT\$16.76	NT\$16.73
	After Distribution		15.57	Note 1	Not applicable
EPS	Weighted Average Shares (thousand shares)		7,394,039	7,394,039	7,394,039
	EPS	Before Adjustment	NT\$1.36	NT\$0.93	NT\$0.10
		After Adjustment	NT\$1.36	Note 1	Not applicable
Dividend/Share (NT\$/Share)	Cash Dividends		NT\$0.91	Note 1	Not applicable
	Stock Dividends	By Earnings	—	Note 1	Not applicable
		By Capital Surplus	—	Note 1	Not applicable
	Accumulated Unpaid Dividends		—	Note 1	Not applicable
Return on Investment	P/E ratio		Not applicable	Not applicable	Not applicable
	Dividend Yield		Not applicable	Not applicable	Not applicable
	Cash Dividend Yield		Not applicable	Not applicable	Not applicable

Note 1: The appropriation of the Bank's 2020 earnings is pending until the resolution of 2021 shareholders' meeting (the Board of Directors on behalf of shareholders)

Note 2: The preliminary financial data ending January 31, 2021 were prepared by the Bank.

## 2. Financial Debentures and Capital Utilization Plan

### (1) Issuance of Financial Debentures

Type of financial debentures	3 <sup>rd</sup> term financial debentures B 2011	1 <sup>st</sup> term financial debentures A 2014	1 <sup>st</sup> term financial debentures B 2014
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10000110840 Dated April 25, 2011	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014
Date of issuance	October 27, 2011	September 4, 2014	September 4, 2014
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$4.5 billion	NT\$1.6 billion	NT\$4.7 billion
Interest rate	1.95%	1.80%	2.00%
Duration	Duration: 10 years Maturity: October 27, 2021	Duration: 7 years Maturity: September 4, 2021	Duration: 10 years Maturity: September 4, 2024
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT\$4.5 billion	NT\$1.6 billion	NT\$4.7 billion
Paid-in capital for previous year	NT\$21,811,335 thousand	NT\$36,496,931 thousand	NT\$36,496,931 thousand
Net value upon final account in the previous year	NT\$24,812,541 thousand	NT\$46,245,949 thousand	NT\$46,245,949 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	80.39% (Note1,2)	46.06%	46.06%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12, 2014 Taiwan Ratings: twA + (Debentures rating)	December 12, 2014 Taiwan Ratings: twA + (Debentures rating)

Note 1: Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-1) outstanding at NT\$1.8 billion. The debentures matured on December 22, 2011 and have been repaid in full.

Note 2: Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-2) outstanding at NT\$3 billion. The debentures matured on December 27, 2011 and have been repaid in full.

Type of financial debentures	2 <sup>nd</sup> term financial debentures 2014	3 <sup>rd</sup> term financial debentures 2014 (Note 3)	4 <sup>th</sup> term financial debentures 2014 (Note 3)
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014	Jin-Kuan-Yin-Kong-10200364540 Dated January 3, 2014	Jin-Kuan-Yin-Kong-10200364540 Dated January 3, 2014
Date of issuance	October 29, 2014	March 21, 2014	September 26, 2014
Par value	NT\$10,000,000	NT\$1,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$1.7 billion	NT\$3.5 billion	NT\$0.9 billion
Interest rate	1.85%	2.05%	2.00%
Duration	Duration: 7 years Maturity: October 29, 2021	Duration: 7 years Maturity: March 21, 2021	Duration: 7 years Maturity: September 26, 2021
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT\$1.7 billion	NT\$3.5 billion	NT\$0.9 billion
Paid-in capital for previous year	NT\$36,496,931 thousand	NT\$23,897,922 thousand	NT\$23,897,922 thousand
Net value upon final account in the previous year	NT\$46,245,949 thousand	NT\$29,521,574 thousand	NT\$29,521,574 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	49.73%	87.9%	95.2%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12, 2014 Taiwan Ratings: twA+ (Debentures rating)	January 30, 2018 Taiwan Ratings: twA+ (Debentures rating)	January 30, 2018 Taiwan Ratings: twA+ (Debentures rating)

Note 3: 3rd term financial debentures 2014, 4th term financial debentures 2014, 5th term financial debentures 2014 and 6th term financial debentures 2015 were issued by the former Ta Chong Commercial Bank.

Type of financial debentures	5 <sup>th</sup> term financial debentures 2014 (Note 3)	3 <sup>rd</sup> term financial debentures 2015	4 <sup>th</sup> term financial debentures 2015
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10200364540 Dated January 3, 2014	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015
Date of issuance	November 19, 2014	August 27, 2015	August 27, 2015
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$0.6 billion	NT\$5.55 billion	NT\$3 billion
Interest rate	2.00%	4.1%	2.1%
Duration	Duration: 7 years Maturity: November 19, 2021	Duration: Perpetual Maturity: N/A	Duration: 10 years Maturity: August 27, 2025
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Early redemption or buy-back from the market upon 10 years after issuance is subject to the approval by the competent authority	Repayment in a lump sum upon maturity
Outstanding balance	NT\$0.6 billion	NT\$5.55 billion	NT\$3 billion
Paid-in capital for previous year	NT\$23,897,922 thousand	NT\$37,690,491 thousand	NT\$37,690,491 thousand
Net value upon final account in the previous year	NT\$29,521,574 thousand	NT\$51,073,449 thousand	NT\$51,073,449 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	This debenture has no maturity date or specified redemption date. The Bank may early redeem or buy back this debenture from the market upon 10 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if	None



Type of financial debentures	5 <sup>th</sup> term financial debentures 2014 (Note 3)	3 <sup>rd</sup> term financial debentures 2015	4 <sup>th</sup> term financial debentures 2015
		planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date	
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	97.9%	67.36%	73.85%
Eligible entity capital and type	Yes, Tier II	Yes, Tier I	Yes, Tier II
Credit rating organization, date of rating and rating score	January 30, 2018 Taiwan Ratings: twA+ (Debentures rating)	January 20, 2021 Taiwan Ratings: twAA	January 20, 2021 Taiwan Ratings: twAA

Type of financial debentures	5 <sup>th</sup> term financial debentures 2015	6 <sup>th</sup> term financial debentures 2015 (Note 3)	1 <sup>st</sup> term financial debentures 2016
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	Jin-Kuan-Yin-Kong-10400027100 Dated February 16, 2015	Jin-Kuan-Yin-Kong-10400296320 Dated December 24, 2015
Date of issuance	September 29, 2015	March 30, 2015	February 23, 2016
Par value	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT\$1.45 billion	NT\$2 billion	NT\$5 billion
Interest rate	4.1%	2.08%	1.8%
Duration	Duration: Perpetual Maturity: N/A	Duration: 7 years Maturity: March 30, 2022	Duration: 10 years Maturity: February 23, 2026
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	None	None	None
Certification CPA	None	None	None
Certification financial Institution	None	None	None
Repayment	Early redemption or buy-back from the market upon 10 years after issuance is subject to the approval by the competent authority	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity or early redemption or buy-back from the market upon 5 years after issuance is subject to the approval by the competent authority
Outstanding balance	NT\$1.45 billion	NT\$2 billion	NT\$5 billion
Paid-in capital for previous year	NT\$37,690,491 thousand	NT\$27,890,766 thousand	NT\$37,690,491 thousand
Net value upon final account in the previous year	NT\$51,073,449 thousand	NT\$32,603,788 thousand	NT\$51,345,873 thousand
Performance	None	None	None
Terms of redemption or early repayment	This debenture has no maturity date or specified redemption date. The Bank may early redeem or buy back this debenture from the market upon 10 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital	None	The Bank may early redeem or buy back this debenture from the market upon 5 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the

Type of financial debentures	5 <sup>th</sup> term financial debentures 2015	6 <sup>th</sup> term financial debentures 2015 (Note 3)	1 <sup>st</sup> term financial debentures 2016
	instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date		debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	76.98%	97.6%	79.08%
Eligible entity capital and type	Yes, Tier I	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	January 20, 2021 Taiwan Ratings: twAA	January 30, 2018 Taiwan Ratings: twA+ (Debentures rating)	January 20, 2021 Taiwan Ratings: twAA

## (2) Acquisitions or Assignment of Other Financial Institutes

- A. CPA's opinions on share exchange ratio for mergers and acquisitions or assignment of other financial institutions for the most recent year:

None.

- B. Upon the resolution of the Board of Directors on any merger or acquisition of other financial institution through new share issuance in the recent year and until the date of publication of the annual report (January 31, 2020), the enforcement thereof and basic information of the merged or acquired financial institutions shall be disclosed:

None.

## (3) Implementation Capital Utilization Plan

- A. With approval from the authority, the Bank issued subordinated debentures of NT\$10 billion on April 25, 2011, issued subordinated debentures of NT\$5 billion on January 3, 2014, issued subordinated debentures of NT\$8 billion on June 27, 2014, issued subordinated debentures of NT\$6 billion on February 16, 2015, issued subordinated debentures of NT\$10 billion(or equivalent to foreign currency) on June 12, 2015 and issued subordinated debentures of NT\$10 billion (or equivalent to foreign currency) on December 24, 2015.

The Bank issues financial debentures in order to enhance capital adequacy ratio, fulfill capital demand for loans and financial operation, and reduce liquidity risk.

- B. As of January 31,2021, the Bank has issued debentures of NT\$34.5billion. Applying amount and the according execution are itemized as follows:

Date of Approval & Approval Document No.	Total Amount	Execution
Jin-Kuan-Yin-Kong-10000110840 dated April 25, 2011	The subordinated financial debentures of NT\$10 billion	<ul style="list-style-type: none"><li>The 3<sup>rd</sup> term (2011) subordinated financial debentures B of NT\$4.5 billion were issued on October 27, 2011.</li></ul>
Jin-Kuan-Yin-Kong-10200364540 dated January 3, 2014	The subordinated financial debentures of NT\$5 billion	<ul style="list-style-type: none"><li>The 3<sup>rd</sup> term (2014) subordinated financial debentures of NT\$3.5 billion were issued on March 21, 2014.</li><li>The 4<sup>th</sup> term (2014) subordinated financial debentures of NT\$0.9 billion were issued on September 26, 2014.</li><li>The 5<sup>th</sup> term (2014) subordinated financial debentures of NT\$0.6 billion were issued on November 19, 2014.</li></ul>
Jin-Kuan-Yin-Kong-10300180640	The financial debentures of NT\$8 billion	<ul style="list-style-type: none"><li>The 1<sup>st</sup> term (2014) subordinated financial debentures A of NT\$1.6 billion were issued on</li></ul>

Date of Approval & Approval Document No.	Total Amount	Execution
dated June 27, 2014		September 4, 2014. <ul style="list-style-type: none"> <li>• The 1<sup>st</sup> term (2014) subordinated financial debentures B of NT\$4.7 billion were issued on September 4, 2014.</li> <li>• The 2<sup>nd</sup> term (2014) subordinated financial debentures of NT\$1.7 billion were issued on October 29, 2014.</li> </ul>
Jin-Kuan-Yin-Kong-10400027100 dated February 16, 2015	The financial debentures of NT\$6 billion	<ul style="list-style-type: none"> <li>• The 6<sup>th</sup> term (2015) subordinated financial debentures of NT\$2 billion were issued on March 30, 2015.</li> </ul>
Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	The subordinated financial debentures of NT\$10 billion (or equivalent to foreign currency)	<ul style="list-style-type: none"> <li>• The 3<sup>rd</sup> term (2015) perpetual non-cumulative subordinated financial debentures of NT\$5.55 billion were issued on August 27, 2015.</li> <li>• The 4<sup>th</sup> term (2015) subordinated financial debentures of NT\$3 billion were issued on August 27, 2015.</li> <li>• The 5<sup>th</sup> term (2015) perpetual non-cumulative subordinated financial debentures of NT\$1.45 billion were issued on September 29, 2015.</li> </ul>
Jin-Kuan-Yin-Kong-10400296320 dated December 24, 2015	The subordinated financial debentures of NT\$10 billion (or equivalent to foreign currency)	<ul style="list-style-type: none"> <li>• The 1<sup>st</sup> term (2016) subordinated financial debentures of NT\$5 billion were issued on February 23, 2016.</li> </ul>

### 3. Business Overview

#### (1) Business Performance for 2019~2020

##### A. Revenue Breakdown

Unit: NT\$1,000; %

Item \ Year	2020		2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Net interest income	12,620,747	62.28	13,466,946	57.62
Net service fee and Commission Income	4,869,613	24.03	5,679,413	24.30
Gain (loss) on financial assets and financial liabilities at fair value through profit or loss	1,085,812	5.36	746,098	3.19
Realized gain on financial assets at fair value through other comprehensive income	1,597,703	7.88	1,355,627	5.80
Gain arising from derecognition of financial assets measured at amortised cost	341,217	1.68	-	-
Foreign exchange gain	934,910	4.61	1,969,497	8.43
Impairment loss on asset	(1,356,670)	(6.69)	(8,570)	(0.04)
Other non-interest income	171,617	0.85	162,538	0.70
Net Revenue	20,264,949	100.00	23,371,549	100.00

##### B. Deposit

Unit: NT\$ in million; %

Item \ Year	2020		2019		Comparison with 2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion(%)
Checking Deposits	5,259	0.42	5,184	0.46	75	1.45
Demand Deposits	183,684	14.74	146,193	12.85	37,491	25.64
Demand Saving Deposits	529,132	42.45	405,124	35.62	124,008	30.61
Time Deposits	305,144	24.48	357,347	31.42	(52,203)	(14.61)
Time Saving Deposits	223,147	17.91	223,399	19.64	(252)	(0.11)
Total	1,246,366	100.00	1,137,247	100.00	109,119	9.60

Note: The deposits include NTD and foreign currency deposits but not the deposits from the Central Bank and Other Banks.

### C. Loan

Unit: NT\$ in million; %

Item \ Year	2020		2019		Comparison with 2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
<b>Corporate Loans</b>	378,563	48.36	392,484	51.66	(13,921)	(3.55)
General Corporate Loans	227,511	29.07	245,653	32.33	(18,142)	(7.39)
Small-and-medium Business Loans	150,416	19.22	145,472	19.15	4,944	3.40
Government Loans	—	—	—	—	—	—
Delinquent	636	0.08	1,359	0.18	(723)	(53.20)
<b>Consumer Loans</b>	393,589	50.29	357,566	47.06	36,023	10.07
Mortgage	335,075	42.81	308,984	40.67	26,091	8.44
Auto Loans	44,327	5.66	36,950	4.86	7,377	19.96
Consumer Unsecured Loans	12,194	1.56	9,684	1.27	2,510	25.92
Stock-secured Loan	1,080	0.14	1,362	0.18	(282)	(20.70)
Delinquent	198	0.03	433	0.06	(235)	(54.27)
Other (Note)	715	0.09	153	0.02	562	367.32
<b>Overseas Subsidiaries</b>	10,606	1.35	9,693	1.28	913	9.42
<b>Total</b>	782,758	100.00	759,743	100.00	23,015	3.03

Note: Including certificate of deposit loan and composite overdraft.

### D. Foreign Exchange

Unit: US\$1,000; %

Item \ Year	2020		2019		Comparison with 2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Import Business	980,837	2.12	1,178,530	2.59	(197,693)	(16.77)
Export Business	243,384	0.53	316,766	0.70	(73,382)	(23.17)
Outward Remittance	22,295,044	48.30	21,106,727	46.42	1,188,317	5.63
Inward Remittance	22,641,678	49.05	22,867,657	50.29	(225,979)	(0.99)
<b>Total</b>	46,160,943	100.00	45,469,680	100.00	691,263	1.52

## E. Trust Business

Unit: NT\$1,000; %

Item \ Year	2020	2019	Comparison with 2019		
			Amount Increase (Decrease)	Increase (Decrease) Proportion(%)	
Total Balance of Trust Assets	214,007,780 (Note 1)	208,314,564 (Note 2)	5,693,216	2.73%	
Other Consigned Items	4,461,684	3,770,703	690,981	18.32%	
Total Revenue of Trust Business Service Fee	2,846,406	2,861,711	(15,305)	(0.53%)	
Scale of Assets under Custody of Investment Insurance Policy	4,273	9,055	(4,782)	(52.81%)	
The Custody Asset in Discretionary Investment Account	4,403,997	2,079,897	2,324,100	111.74%	
Scale of Assets under Custody of Foreign Investment	26,328,002	24,803,149	1,524,853	6.15%	
The Custody of Other Property	81,840	0	81,840	--	
Scale of Assets under Custody of Business Guarantee Bond	2,255,000	2,255,000	0	0.00%	
Custodian Service Fee Income	21,222	21,308	(86)	(0.40%)	
Certification of Securities	Amount of Certification	27,103,218	32,872,927	(5,769,709)	(17.55%)
	Revenue of Certification Service Charges	5,125	4,759	366	7.69%

Note 1: Including OBU trust property in the amount of NT\$2,928,027 thousands.

Note 2: Including OBU trust property in the amount of NT\$2,126,702 thousands.

## F. Insurance

Unit: NT\$ in million; %

Commission income \ Year	2020	2019	Comparison with 2019	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Non-investment insurance	846	1,292	(446)	(34.52)
Investment insurance	346	368	(22)	(5.98)
Property insurance	21	20	1	5.00

## G. Credit Card

Unit: NT\$ in million; %

Item \ Year	2020	2019	Comparison with 2019	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Cards in Circulation (Card)	1,161,323	1,171,979	(10,656)	(0.91)
Valid number of cards	591,895	692,028	(100,133)	(14.47)
Transaction Amount (NT\$ million)	51,400	72,963	(21,564)	(29.55)
Revolving Balance (NT\$ million)	1,340	1,542	(202)	(13.10)



## H. Investment

Unit: NT\$ in million; %

Item \ Year	2020	2019	Comparison with 2019	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Bond Trading Volume	287,970	233,157	54,813	23.51
Bill Trading Volume	3,584,371	3,176,371	408,000	12.84

Unit: US\$ in million; %

Item \ Year	2020	2019	Comparison with 2019	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Spot Transaction	8,351	8,872	(521)	(5.87)
Forward Exchange Transaction	8,300	3,567	4,733	132.69
Foreign Exchange SWAP	27,005	35,857	(8,852)	(24.69)
Option Transaction	0	809	(809)	(100)

## I. E-Banking

Unit: in thousands

Item \ Year	2020	2019	Comparison with 2019	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Total Internet Banking Transactions	22,740	22,156	584	2.63
Total Mobile Banking Transactions	70,282	40,878	29,404	71.93
Total Online Corporate Banking Transactions	5,077	4,656	421	9.04
Total Cross-border Payment Transactions	39	511	(472)	(92.36)

## **(2) 2019 Operating Plan**

In 2020, the Bank shall continue to have the business scale expansion, balance business and profit structure as the main operation pillars. By strengthening product design and cross-selling, and cultivating customer relationships, implementation of risk control and legal compliance mechanisms are needed for each business execution in order to maintain stable growth in profitability. The summary of the business plan is as follows :

### **A. Business Development**

- a. For deposit and remittance business, the Bank will increase core deposits through planning marketing activities such as time-limited preferential deposit projects and special accounts, based on the analysis of customer transactions and product holdings. It will also help to stabilize the source of funds and build a solid foundation for the development of the wealth management business. At the same time, the Bank will promote the direct payroll deposit business and the collection of payment flow integration services through the integration of cross-department and group resources to rise the proportion of general current deposits.
- b. In terms of the wholesale banking business, the Bank will strengthen the expansion of high-yield products, actively strive to participate as the leading bank or co-leading bank of syndicated loans, and increase interest and fee income. It will continue to expand the civil engineering financing business and fishery industry chain loans by leveraging on the advantages it has been cultivating for many years. For the operation of large and medium-sized group customers, it will strengthen the ability to cross-sell products, meet customers' overseas and cross-border financial needs, and continue to expand its customer base.
- c. For personal banking business, the Bank will strengthen capacities of various types of loan business and increase the effectiveness of cross-selling strategy toward customers. The mortgage business continues to lock in the demand for self-occupied home purchases. The focus will be on collateral in metropolitan areas and with good liquidity. In addition to deeply cultivating the new car brand channel and strengthening the auto loan refinancing business, the car loan business will also actively explore car loan business outside the original factory and non-contracted dealers. Combining with channel resources, credit loans

launch stock subscriptions or general loan projects for high-quality corporate employees, targeting employees with stable income in high-quality companies to promote credit business. The credit card business will plan equity and innovation activities to maintain product competitiveness.

- d. The bank will continue to uphold the attentive in wealth management business, caring and sincere attitude and provide customers with comprehensive wealth management planning, and continue to expand and strengthen the wealth management business team through actions such as the reserve financial advisor plan, investment advice of the consulting team and the branch's sharing of practical experiences. In terms of customer management, the Bank will improve the planning of the "Fuju Family" customer courtesy plan, expand family members and business owner members, and use various marketing projects and cross-industry cooperation to achieve new customer and new fund addition and expansion of wealth management scale. At the same time, the Bank also actively develops more convenient digital trading services, such as loyalty point platform, URL quick order placing, mobile insurance, 24-hour trading of ETF /overseas stocks, etc., to effectively improve the customer activation rate and contribution, further improving customer satisfaction and stickiness.

## **B. Channel Development**

- a. Domestic physical channel outlets are set up according to the commercial and wealth situations in the regions, and localized operations are implemented. The Head Office units effectively improve the performance of the channel operation through regular performance review and guidance measures.
- b. For those overseas institutions, the Hong Kong branches and subsidiaries in Korea and the Philippines have expanded the customer bases, deposit and loan business scales, based on their local political and economic characteristics, with the influx of the Group's resources. At the same time, the Head Office units continue to assist in the evaluation and improvement of the procedures such as process flows, loan review, investment, etc., as well as to enhance the security, function and performance of the information system, and implement the legal compliance and risk management work.
- c. For digital channel development, in response to the trend of financial technology

development and changes in consumer payment patterns, the Bank continuously promotes innovative financial services centered on “customers,” and takes “actively promoting digital transformation and optimizing internal processes,” “emphasizing user experience and staying close to daily scenarios” and “combining new technologies and innovating FinTech development” as the main development strategies. Through continuous optimization of the ease of use of the channel platform, the Bank provides diverse product lines and personalized services to improve customer satisfaction.

### **C. Risk Management**

- a. Solidify the Bank’s managerial capability in credit, market and operational risk through the deployment of risk models and databases. Build up the risk warning mechanism riding on the deeply understanding of each industry and country risk, so as to effectively reduce the risk.
- b. Comply with the external laws and regulations, and continue to strengthen the completeness of the system or operating procedures such as AML/CFT, information security, personal information protection, fair hospitality, etc. Announce and revise internal regulations in real time in response to the latest financial laws and regulations changes information. Ensure the complete compliance of various laws and regulations, through education and training, and self-assessment and assessment operations for compliance with laws and regulations, etc. In addition, conduct case analysis and advocate the correct practices of penalized cases in the industry, enhancing employees' c awareness of legal compliance.
- c. Strengthen risk control, legal compliance and internal audit and control management of overseas branches and subsidiaries.

### **D. Personnel Training:**

Implement pre-employment and on-the-job training, and train multi-functional talents through job rotation mechanism. Execute talent development plan, and build a pool of business and management personnel in response to the needs of business development, building the foundation for the Bank’s sustainable development.

### (3) Overview of financial product research and business development

A. The size and profit and loss of major financial products and added business units in the most recent two years and as of the printing date of the annual report:

The main financial products in the past two years are various TWD and foreign currency deposits, consumer loans, corporate loans, import and export foreign exchange, foreign exchange, wealth management, trust, and credit cards. In response to the needs of business development, the Group Banking Division was added in the Head Office in the past two years, and the Group Business Department I, Group Business Department II, and Corporate Product Department were newly established. For the business development scale and the profit and loss situation, please refer to the overview of 2019-2020 consolidated business development in Section 3 of this chapter.

#### B. R&D expenditures and results in the most recent two years, and outline of future R&D plans :

a. R&D expenditures :

Unit: NT\$ in thousands

Year	2020	2019
Amount	192,821	87,161

b. R&D results :

- i. NTD core system platform upgrading project (Phase 1).
- ii. Insurance agency system - mobile insurance (including electronic signature) project.
- iii. New treasury implement project.
- iv. OPEN API (Phase 2).
- v. Taiwan Pay QR Code service to implement the HCE credit card project
- vi. Car loan incoming system development project.
- vii. Corporate internet banking HSM upgrading project.
- viii. Hong Kong branch network optimization project.
- ix. BASEL IV capital requirement system.
- x. Microsoft Windows Server upgrading and database upgrading.
- xi. IBM POWER 6 development/test host upgrading project.
- xii. Development/test environment storage equipment replacement.
- xiii. Remote control room network expansion construction and branch network equipment replacement project.

xiv. Basic information security testing of mobile applications.

c. IT Research and Development Projects

- i. Information system development and upgrade: NTD core system platform upgrading project (Phases 2-4), mobile insurance project (Phase 2 - investment type), RPA (robotic process automation) project (Phase 2), book-entry central government securities system construction project, bills central clearing settlement system construction project, network banking revision (including English version) (Phase 2), capital requirement system (Phase 2), OPEN API (Phase 3), passbook entry system Microsoft Windows Server upgrading project, bank account linking electronic payment project, bank internet user construction project, emerging technology network-based construction project, new generation bandwidth manager construction project, IBM hosts upgrading, and other important information projects.
- ii. Important security projects: such as the endpoint defense enhancement project, information security scan detection project, computer system information security assessment project(Class I), electronic payment institution information system standards and security control operation assessment, vulnerability scanning management platform, and ISO22301 business continuity management establishment,, etc.

**(4) The Long-Term and Short-Term Business Plans**

**A. Short-Term Business Development Plans**

- a. Expand deposit/loan business scale and adjust the structure thereof
  - i. Increase the core deposits, continue to expand the capital of stable deposits and wealth management basis, and raise the current deposit scale by developing the payroll operations and corporate accounts' cash management service.
  - ii. The wholesale banking business adopts the centralized depository system in regional centers. Meanwhile, to upgrade the wholesale banking business momentum, the Bank will plan a wholesale banking business improvement project to boost the business growth and control asset quality by setting forth mid- and long-term strategies and policies.

- iii. The retail banking business will continue to adopt the strategies, such as market segment and product differentiation marketing, to promote the number of products held by customers and customers' contribution. For the credit card business, the Bank will continue the business model to develop the specific credit card business among the target customers.
- b. Control Strengthen the wealth management operations in depth and width
  - i. The wealth management business will work with wholesale banking and retail banking to develop high-asset and high-consumption customer bases, and provide the perfect wealth management customer membership plan and develop the bonus point platform available for customers to exchange discretionarily by clustering the customers in groups to manage and promoting the family membership system, in order to expand the scale of wealth management customers and AUM and upgrade the number of active customers and customers' contribution.
  - ii. Promote the multinational financial service professionals training plan; select the senior wealth management advisors of high-asset customers from and among the internal excellent senior wealth management specialists; and, arrange and provide wealth management advanced training programs, including but not limited to, analysis of enterprises' financial statements, retirement and property transfer planning, cross-border finance and global taxation planning, organization of property rights and organizational design, and family wealth or business transfer, in order to expand the wealth management specialists' knowledge and global vision.
- c. Improve the functions of digital financial platforms and application of UM patents.
  - i. On a customer-oriented basis, continue to develop the online services and availability and diversity thereof on the platforms, including mobile banking, online banking, online corporate banking, and Yuanta e-counter, et al..
  - ii. Promote Taiwan Pay and Line Pay Money service to link the payment scenario in the customers' daily life and also the payment life circle by integration of multiple payment tools.
  - iii. Increase the media exposure and interaction with customers via operation of social media to achieve the effect of the word of mouth marketing.

- iv. Engage in horizontal cooperation via Open API to create the financial scene.
  - v. With respect to highly repetitive and logical operations, evaluate the implementation of RPA (Robotic Process Automation) to upgrade the operating efficiency and reduce errors.
- d. Fulfill Enhance consumers protection and practice Fair Dealing
- i. In order to strengthen the promotion of Fair Dealing, the “Fair Dealing Principles Promotion Taskforce” has been promoted and became the “Fair Dealing Promotion Committee” governed by the President to supervise the Bank’s fair dealing practices since January 1, 2021.
  - ii. Build the three lines of defense under the fair dealing principles; the fair dealing will be practiced by regularly reviewing and following up adoption of related systems and regulations, and execute training program, care for customers, prevention of fraud and anti-money laundering, optimization of operating procedures, and upgrading of customer service satisfaction and processing of customers’ complaints.
  - iii. Value customers’ assets, monitor the market messages and price fluctuation closely and practice the customer care mechanism.
- e. Fulfill compliance with laws and risk management, and maintain stable asset quality.
- i. Comply with external laws and regulations, and continue to strengthen the completeness of such operating procedures as anti-money laundering, information security and personal data protection, and corporate governance, etc.. Conduct the case study on the sanctions in the same trade and promote the correct countermeasures against individual cases to enhance the clerks’ compliance concept.
  - ii. For compliance with AML/CTF requirements, continue to adjust the system's functions per the need for integration of practices and implement the data comparison and search operations into the automated procedure to upgrade the operational efficiency.
  - iii. Collect and publish the latest update in financial laws and regulations, and amend the internal regulations in a timely manner; ensure the compliance with various laws and regulations through training, execution of compliance self-assessment and appraisal.



- i. Enhance the risk control, compliance and internal audit/internal control of overseas branch and subsidiaries.

## **B. Long-Term Business Development Plans**

- a. Upgrade the channel's value and operation performance to hit the record of earnings again.
  - i. Expand the customer base through product design, marketing, and system's aid, strengthening cross-selling to and sprout management of the existing customers.
  - ii. Control the business opportunities posed by the industrial consolidation and Taiwan-based 5G manufacturers' supply chain development; integrate the Group's resources to provide omnibus financial service and financing program, and actively solicit for transactions with an excellent corporate customer base.
  - iii. Enhance the professional consulting services provided by the wealth management team and the wealth management product and convenient trading platforms that satisfy customers' demand; maintain the competitiveness in the market and promote the growth of commission revenue.
  - iv. Continue to integrate the tangible and digital channels to enable the tangible channels to exert the characteristics of local deepened development service, and the digital channels to provide the convenient services linked with the wealth management, deposits, loan, payment or application under various scenarios to make the banking service available everywhere.
- b. Strengthen the practical application and development of FinTech, and expand and the scope of services and market competitiveness.
  - i. Control the market trend to enhance the development of FinTech products and services, or provide the innovative financial services needed by customers via external cooperation.
  - ii. Implement the big data analysis, and develop new financial instruments and adopt precision marketing based on customers' needs to upgrade their loyalty and contribution via customized services.

- iii. Comply with the government's digital finance policies, continue to work with Financial Information Service Co., Ltd. or research institutes to develop such FinTech application services like blockchain, mobile payment and robo-advisor, etc.
- c. Expand the overseas institutions' customer bases and develop niche businesses to enhance their contribution to earnings.
  - i. Hong Kong Branch aims to expand the customer base to reduce the centralization of deposits, and to deepen the business cooperation between domestic branches and Hong Kong Branch. It also will continue to develop the syndicated loan, cross-border financial services and actively strive to cultivate more local enterprises with bilateral loans in Hong Kong to expand the general business scale.
  - ii. The subsidiary in Korea strengthens the cooperation with Yuanta Securities (Korea), develops the wholesale banking business scope, and evaluates the new types of loan to expand the loan scale in a more diversified and stable manner. Further, the Bank will expand the time deposit service for pension funds by developing digital channels.
  - iii. The subsidiary in Philippines will well develop local corporate business market segment, including the corporations invested by Taiwan companies and public corporations in Philippines, helping clients various business activities in Philippines and South Eastern Asia area. Meanwhile establishing the foundation for future Southern expansion.

## (5) Employee Composition

Year	2019	2020	January 31, 2021	
Number of Staff	4,432	4,398	4,264	
Average Age	41.11	41.32	41.10	
Average Seniority	9.54	9.78	9.58	
Education Level Ratio	PhD	0.11%	0.09%	0.09%
	Master Degree	14.12%	14.30%	14.35%
	University/ College	81.00%	81.60%	81.36%
	Senior High School	4.71%	3.97%	4.16%
	Lower than Senior High School	0.06%	0.04%	0.04%
Certificates and Licenses Held by Yuanta Commercial Bank Employees	Certificates/Licenses	Number of Staff	Certificates/Licenses	Number of Staff
	Internal Control	2,680	Investment Insurance Salesperson	1,346
	Trust Salesperson	2,621	Financial Knowledge and Ethics	2,185
	Life Insurance Salesperson	2,461	Financial Planning Specialist	567
	Property Insurance Salesperson	2,012	Other Financial Certificates/Licenses	9,596
	Life Insurance Salesperson to Sell Foreign Currency Receipts and Disbursements Non-investment Insured Goods			1,543

Note: On January 31, 2021, number of staff of Yuanta Savings Bank (Philippines) is 52.

Note: On January 31, 2021, number of staff of Yuanta Savings Bank (Korea) is 61.

## (6) Corporate Social Responsibilities and Ethics

The Bank has been making donations to Yuanta Foundation for social services in cultural and education fields. Yuanta Foundation centers on caring for public welfare with initiatives on education in four educational approaches: (1) educate and train youth's independence; (2) involvement in volunteers public welfare platform; (3) aid for disadvantaged group caring for children and juvenile; (4) inclusive finance/innovation & cultivation; (5) healthcare, care for the elderly; (6) community service & environmental protection. The Foundation upholds the spirit of "what is taken from the society is used in the interests of the society." Through action and practice, it sets an example for others to follow, hoping to create a more caring, harmonious, equal and beautiful charitable society. The Foundation upholds the spirit of "what is taken from the society is used in the interests of the society."

Yuanta Foundation was involved in organizing 577 events in 2020, including 132 self-organized events, 380 events co-organized with others and 65 sponsored events, and honored the "Outstanding Group in Promotion of Youth Volunteer Services 2019" and "Enterprise-Aided Charity and Education Business Crystal Prize" by Ministry of Education. A total of 1,420 volunteers participated in the events and the events benefited more than 570,000 participants. It worked with generous members of the community to enhance the

“charity public welfare platform” by continuously investing personnel and human resources, provide opportunities, gather volunteers and call more volunteers to join the events, integrate the resources from various sectors, work together to help the people who deserve the help, and deepen and spread the power of good deeds.

Since Yuanta Foundation was founded for 18 years, it has never felt feared of any critical epidemic, but just moved forward based on what it believes. It adhered to the core philosophy about education and care, broke through the restrictions on distance for epidemic prevention, always insisted that “public welfare” should refer to continuous contribution, and devoted itself to the public welfare, upgrade the education for the disadvantaged group, and help others make their dream come true, transform life, find the truth about happiness, and create the heartwarming power for “cycles of good deeds.” The Foundation is going to organize the “Dream Big Yuanta Social Welfare Plan” for the 5th year. In the 4th term, it has worked with 24 educational and social welfare groups to practice dreams. In addition to engaging in the public welfare platform, the Foundation also integrates Yuanta Group's extensive channels and plentiful human resources to promote volunteer services. In response to the epidemic, it organizes multiple types of activities. It insists on practicing the real intent of public welfare services, e.g. participation in the “Good Neighbor in Child Protection” campaign organized by TFCF (Taiwan Fund for Children and Families), which combines the power from 305 subsidiaries' business locations to enhance the exposure of child protection and exercise the function of Yuanta “Public Welfare Platform” to the utmost.

For the “Aid for Disadvantaged Group Caring for Children and Juvenile,” in response to the epidemic prevention policy, will elaborate large-scale activities into small ones accommodating only hundreds of people, and also continue to visit rural areas throughout Taiwan in order to extend its affectionate concerns to the schoolchildren's hometowns. “Yuanta Happiness Day” can be identified as one of the representative activities self-organized by it. It has been organized for 9 consecutive years, helping more than 5,000 schoolchildren engage in such educational entertainment activities and visit performance art theaters to experience different art education programs. Also, the Foundation called on 1,528 volunteers inside and outside the Group to provide the escorting services. It gave exclusive gifts to communicate the affectionate concerns from the Group and all volunteers in order to encourage these schoolchildren to study hard and pursue their dreams bravely. Yuanta “Public Welfare Platform” not only provides economic aids but also matches adequate supplies to be donated to the units in need. For example, it donates second-hand

books to schools in the rural areas, and combines the public welfare and its expertise in finance, researches and develops innovative teaching materials, trains professional volunteer trainers, practice inclusive finance education goals. By means of the teaching materials, children are taught about the investment concept and market information to learn by doing and managing their own finance from childhood.

To educate and train youth's independence, the "Yuanta Dreams Take Flight Scholarship" Program has been running for 10 years and has helped provide education to 5 graduated school students and 103 excellent university students. A total of 1,435 students have also received Yuanta scholarships. Meanwhile, the Foundation also organized the "Yuanta Excellent Talents Scholarship," which was granted to a total of 283 excellent but economically disadvantaged students from 16 senior high schools and 6 colleges/universities in the past 5 years, to enable many young excellent students to be concentrated on studies. These "Yuanta Children" who were awarded the scholarship also applied for participating in public welfare activities voluntarily to provide volunteer service and feed back to the society and thereby exercised the heartwarming power for "cycles of good deeds." Meanwhile, the Foundation spares no effort to preserve talents for enterprises and the society.

Based on the spirit of corporate social responsibility and humane care, the Bank offers cardholders the opportunity to make donations to 28 social organizations by credit card. This year, the Bank has added online donation service to help social welfare organizations expose their advertisements through the Bank's promotional channels (e.g., bills and EDM) while providing cardholders with more opportunities to participate in social welfare by making it more convenient to donate.

**(7) The Number of Full-Time Non-supervisor Employees, Annual Average and Median Salary of Full-Time Non-supervisor Employees and the Differences from the Previous Year**

Item \ Year	2020	2019	Comparison with 2019
The Number of Full-Time Non-supervisor Employees	3,962	3,973	(11)
Annual Average Salary of Full-Time Non-supervisor Employees	1,142,966	1,158,467	(15,501)
Annual Median Salary of Full-Time Non-supervisor Employees	963,685	980,031	(16,346)

## **(8) IT Development Projects**

### **A. Hardware Configuration and maintenance of major information system hardware and software:**

The Bank's main information systems including NTD deposit/loan, remittance, cross bank service, foreign exchange, trust, accounting, data warehousing, wealth management and credit card authorization are configured in the various operating system servers, such as IBM p-Series, IBM AS/400 i-Series, Oracle T7, EMC Greenplum, Solaris, Linux, Windows x86 and other hosts.

### **B. Future Development or procurement and installation plans:**

In line with the continuous operation and business development and the implementation of information security management, the Bank expects to initiate the following projects: EDR (endpoint defense and response) enhancement, information security scanning detection, computer system information security assessment (Category 1), electronic payment platform security assessment, vulnerability scanning management platform, introduction of ISO 22301 business continuity management, NTD core system platform upgrading project (Phases 2-4), mobile insurance project (Phase 2 - investment type), RPA (robotic process automation) project (Phase 2), book-entry central government securities system construction project, bills central clearing settlement system construction project, network banking revision (including English version) (Phase 2), capital requirement system (Phase 2), OPEN API (Phase 3), passbook entry system Microsoft Windows Server upgrading project, bank account linking electronic payment project, bank internet user construction project, emerging technology network-based construction projects, new generation bandwidth manager construction project, IBM hosts upgrading projects, and other important information projects.

### **C. Emergency Recovery and Security Measures**

In order to safeguard the smoothness of major system operation, local backup and remote backup mechanisms are devised for the host of each connectivity system according to the service features and conduct corresponding fail-over maneuvers to the system levels. It is not only the responding capability of the trainers, but also the effectiveness of the backup recovery procedures reviewed. In order to safeguard the equipment of the system and data storage, the Bank plans the following safety preventive measures:

a. Computer Room Security

The computer facilities of the Bank are installed with equipment against earthquake, fire, thunder and disasters. The access control system and the monitoring system are also well executed to tightly control entry and exit. Vital computers and equipments are maintained and tested periodically to safeguard the equipment operation.

b. System and Network Security

i. Firewall

Critical gateways in the internal network are shielded with Back To Back dual layer firewall to achieve double defense with different brands of hardware and software firewalls. Major external websites are setup on the N-tier structure. While the web server is placed in the DMZ area behind the layer 1 firewall, major application servers and database servers are placed behind the layer 2 firewall.

ii. IP Address Protection

The user terminal of the Bank adopted MAC and IP address blocking system to protect the internal IP addresses of the Bank from being mistakenly or falsely used.

iii. Weakness Scanning and Flaw Repair

Scanned the weakness of servers and automatically fix the system flaws of personal computers to improve system security.

iv. External Service Website Penetration Testing

Proactively conducted the penetration testing on external e-commerce websites, in order to identify security issues proactively for protection.

v. Anti-virus Mechanism

All of personal computers, servers and emails are devised with anti-virus and anti-spam mail mechanism.

vi. The Intrusion Detection System

Establish an intrusion detection system on critical gateways of external

websites. Actively detect hacker's invasion and attack and have operators instantly supervise and report such matter 24 hours a day.

vii. The Application Firewall

Establish the application firewall on critical gateways of the external website. Actively analyze and filter OSI L4-L7 Internet behavior. For illegal programming or any penetration and attack against the flaws of the system or programs, the application firewall will actively quarantine, block and report such matter to fortify the Internet defense and system security.

viii. Source Code Security detection :

The source code security detection mechanism that has been set up automatically analyzes hidden flaws and security vulnerabilities in electronic trading programs during the development stage to eliminate security concerns, such as external hacker attacks, caused by poor program quality and enhance program quality and security.

ix. Open Source Software security detection :

Build an open source software security detection mechanism to identify the weaknesses of third-party components, version updates and validity of License through regular detection scanning, to enhance program quality and security.

x. Monitor the Changes of Files

Launch the file changed monitoring system on the e-commerce website to avoid malicious damages or false information implantation.

xi. Mobile Device Management Mechanism

Strengthen enterprise' internal management of mobile devices to ensure the data security through the establishment of Mobile Device Management Mechanism, including managing mobile device components, enhancing content security for mobile devices and establishing Internet security mechanisms for mobile devices.

xii. Protection against Distributed Denial of Service (DDoS) Attack

Subscribe to the service of protection against Distributed Denial of



Service (DDoS) Attack with the Internet Service Provider for the external network, accompanied by ISP's sandbox protection, in order to avoid DDoS attack and ensure financial services of e-banking.

xiii. ATM Application Whitelisting

Establish the managerial system for ATM application whitelisting in order to advance recognition of executable applications at ATM lest any malicious software should be planted or activated in ATMs.

xiv. External DNS protection :

Implement cloud DNS protection mechanism to avoid DNS blocking attacks.

xv. Security Information Event Management (SIEM)

Build an information security event management system (SIEM) to strengthen the monitoring of information, analysis capabilities of event management, and detection of abnormal behavior, improving the information system security protection capability.

c. Information Security and Personal Data Protection

In order to advance the quality of financial service, information security management and personal Data protection, the Bank utterly implements every procedure in "ISO 27001:2013 Information Security Management Systems" and "BS 10012:2009 Personal Information Management Systems" and engages in semi-annual review and triennial re-assessment by BSI. In addition, in order to comply with the requirements of the competent authorities and adapted to the management of digital financial information security, the Bank regularly conducted "Computer System Information Security Assessment", "E-payment System Security Management Assessment", "Automatic Teller Machine (ATM) Information Security Attack and Defense Drill", "DDos Attack and Defense Drill", "Security Detection of Mobile App" and "Cyber and System Penetration Testing", the Bank is persistently devoted to the enhancement of managerial mechanism of information security and personal Data protection and risk management and to stronger awareness of security across the Bank in order to safeguard the confidentiality, integrity and availability of information asset so that our clientele can enjoy financial services of stronger security and higher

quality. We promote the introduction of the “ISO 22301 Business Continuity Management” to strengthen the Bank’s ability to continue to operate in the event of a crisis, protect the Bank from disruptive events, and ensure recovery from such events.

**(9) Employee Welfare**

- A. In addition to enrolling employees in labor insurance and national health insurance in accordance with Government’s laws and regulations, the Bank also enrolled employees in group insurance, including term life insurance, injury insurance, critical illness insurance, accidental medical insurance, cancer insurance and occupational disaster insurance, etc.
- B. Established Employees Welfare Committee and stipulated the relevant reimbursement procedures, such as providing subsidies to marriage, maternity, disease, injury, death, emergency, children scholarship.
- C. Provided employees meal reimbursement.
- D. Provided preferential interest rates for savings accounts of employees, mortgages, property remodeling loans and consumer loans.
- E. Provided employees with Employee Stock Ownership Trust.

## IV. Financial Information and Risk Management

### 1. Financial Review 2016~2020

#### (1) Condensed Consolidated Balance Sheet for 2016~2020

Unit: NT\$1,000

Item	Year	Financial Information (Note 1)				
		2020	2019	2018	2017 (Note 3)	2016
Cash and cash equivalents, Due from Central Bank and call loans to other banks		74,056,925	71,241,820	67,745,895	80,563,892	111,051,887
Financial assets at fair value through profit or loss		166,389,485	148,571,375	134,709,206	114,446,191	75,856,017
Financial assets at fair value through other comprehensive income		153,197,610	101,295,739	107,072,776	—	—
Investments in debt instruments at amortised cost		218,228,224	201,309,106	180,208,887	—	—
Bills and bonds purchased under resale agreements		2,098,668	5,310,000	—	9,180,000	6,249,307
Receivables – net		18,497,098	23,575,197	26,471,731	25,822,208	18,768,134
Current income tax assets		1,557,562	2,434,100	2,426,227	2,486,626	2,852,044
Assets classified as held for sale-net		203,730	533,632	910,934	—	—
Bills discounted and loans – net		771,040,472	747,243,764	731,029,935	729,645,514	490,845,954
Available-for-sale financial assets – net		—	—	—	260,594,686	84,420,516
Held-to-maturity financial assets – net		—	—	—	26,743,729	14,741,656
Other financial assets – net		281,484	165,899	136,630	34,780,031	49,570,202
Property and equipment – net		13,669,631	12,510,636	12,390,152	12,775,897	6,079,960
Right of use assets – net		10,571,258	10,687,982	—	—	—
Investment property- net		816,689	843,889	867,763	1,159,501	1,083,277
Intangible assets – net		9,464,148	11,038,196	11,285,222	12,908,241	2,545,091
Deferred income tax assets		936,981	838,639	611,830	383,565	437,751
Other assets – net		2,470,307	2,082,050	12,233,100	3,387,081	2,409,515
<b>Total Assets</b>		<b>1,443,480,272</b>	<b>1,339,682,024</b>	<b>1,288,100,288</b>	<b>1,314,877,162</b>	<b>866,911,311</b>
Deposits from Central Bank and other banks		15,412,299	13,107,028	22,047,274	13,520,162	25,624,867
Due to Central Bank and other banks		675,000	—	—	—	—
Financial liabilities at fair value through profit or loss		3,014,414	3,568,060	4,823,707	7,107,229	5,332,985
Bills and bonds sold under repurchase agreements		—	1,550,312	16,226,824	11,240,704	7,786,562

Item	Year	Financial Information (Note 1)				
		2020	2019	2018	2017 (Note 3)	2016
Payables		9,270,831	12,317,900	13,008,154	13,565,951	13,277,873
Current income tax liabilities		756,047	1,810,146	801,009	688,059	918,818
Liabilities of assets classified as held for sale		—	—	2,115	—	—
Deposits and remittances		1,246,503,535	1,137,390,287	1,062,903,982	1,089,415,938	713,029,940
Financial debentures payable		34,500,000	34,500,000	38,000,000	43,500,000	38,000,000
Other financial liabilities		3,349,248	6,714,309	10,762,290	16,261,911	2,234,695
Provisions		1,262,012	1,451,149	1,860,508	2,788,530	1,197,338
Lease liabilities		2,683,736	2,658,761	—	—	—
Deferred income tax liabilities		420,877	315,443	392,512	198,927	194,232
Other liabilities		1,689,533	2,424,310	1,620,799	2,410,521	1,060,123
Total Liabilities	Before distribution	1,319,537,532	1,217,807,705	1,172,449,174	1,200,697,932	808,657,433
	After distribution	Note 2	1,224,568,379	1,176,524,269	1,205,840,446	811,296,504
Equity attributable to owners of the parent company		123,942,740	121,874,319	115,651,114	114,179,230	58,253,878
Share capital	Before distribution	73,940,390	73,940,390	73,940,390	42,652,845	41,521,815
	After distribution	Note 2	73,940,390	73,940,390	42,652,845	42,652,845
Capital surplus		25,960,441	25,960,441	25,960,441	6,038,882	6,038,882
Retained earnings	Before distribution	20,859,402	20,392,923	14,832,758	14,111,826	11,172,970
	After distribution	Note 2	13,632,249	10,757,663	8,969,312	7,402,869
Other equity interest		3,182,507	1,580,565	917,525	9,603	(479,789)
The equity of attributable to former owner of business combination under common control		—	—	—	51,366,074	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	123,942,740	121,874,319	115,651,114	114,179,230	58,253,878
	After distribution	Note 2	115,113,645	111,576,019	109,036,716	55,614,807

Note 1: The above financial information was audited by accountants.

Note 2: The appropriation of the Bank's 2020 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

Note 3: The Company merged with the Ta Chong Bank on January 1, 2018, and the merger is an organizational restructuring of entities under common control. Thus, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods. The Ta Chong Bank was incorporated into the subsidiary of Yuanta Financial Holdings on March 22, 2016. Therefore, March 22, 2016 was the beginning merger date.

Note 4: As of the printing date of the annual report, 2021 financial information has not been, audited or reviewed by an independent external auditor.

## (2) Condensed Consolidated Statements of Comprehensive Income for 2016~2020

Unit: NT\$1,000

Item	Year	Financial Information (Note 1)				
		2020	2019	2018	2017 (Note 2)	2016
Interest income		18,904,851	22,611,119	23,039,102	22,844,096	13,777,724
Less: Interest expense		6,284,104	9,144,173	9,021,599	8,212,759	5,180,125
Net interest income		12,620,747	13,466,946	14,017,503	14,631,337	8,597,599
Net non-interest income		7,644,202	9,904,603	7,950,331	8,593,115	5,404,309
Net revenue		20,264,949	23,371,549	21,967,834	23,224,452	14,001,908
Provision for bad debt expenses, commitment and guarantee reserve		1,942,978	1,066,650	666,380	525,154	1,006,950
Operating expenses		10,290,144	10,797,597	11,255,799	12,963,750	6,642,951
Income from continuing operations before income tax		8,031,827	11,507,302	10,045,655	9,735,548	6,352,007
Income tax expense		(1,135,956)	(1,461,072)	(1,438,055)	(1,486,972)	(757,052)
Net income from continuing operations		6,895,871	10,046,230	8,607,600	8,248,576	5,594,955
Gain (loss) on discontinued operations		—	—	—	(350,195)	—
Net income		6,895,871	10,046,230	8,607,600	7,898,381	5,594,955
Other comprehensive (loss) income (net of tax)		1,933,224	275,488	(972,627)	955,776	(118,393)
Total comprehensive income		8,829,095	10,321,718	7,634,973	8,854,157	5,476,562
Net income attributable to: Parent company		6,895,871	10,046,230	8,607,600	6,743,007	5,594,955
Net income (loss) attributable to: Former owner of business combination under common control		—	—	—	1,255,627	—
Net income (loss) attributable to: Non-controlling interests		—	—	—	(100,253)	—
Comprehensive income attributable to: Parent company		8,829,095	10,321,718	7,634,973	7,198,349	5,476,562
Comprehensive income (loss) attributable to: Former owner of business combination under common control		—	—	—	1,756,061	—
Comprehensive income (loss) attributable to: Non-controlling interests		—	—	—	(100,253)	—
EPS(NT\$)		0.93	1.36	1.16	1.08	1.31

Note 1: The above financial information was audited by accountants.

Note 2: The Company merged with the Ta Chong Bank on January 1, 2018, and the merger is an organizational restructuring of entities under common control. Thus, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods. The Ta Chong Bank was incorporated into the subsidiary of Yuanta Financial Holdings on March 22, 2016. Therefore, March 22, 2016 was the beginning merger date.

Note 3: As of the printing date of the annual report, 2021 financial information has not been audited or reviewed by an independent external auditor.

**(3) Condensed Separate Balance Sheet for 2016~2020**

Unit: NT\$1,000

Item	Year	Financial Information (Note 1)				
		2020	2019	2018	2017 (Note 3)	2016
Cash and cash equivalents, Due from Central Bank and call loans to other banks		70,989,066	67,645,382	65,300,164	78,344,761	106,013,194
Financial assets at fair value through profit or loss		166,389,485	148,571,375	134,709,206	114,446,191	75,856,017
Financial assets at fair value through other comprehensive income		152,215,988	100,413,010	106,222,389	—	—
Investments in debt instruments at amortised cost		218,122,761	201,115,927	179,925,213	—	—
Bills and bonds purchased under resale agreements		2,098,668	5,310,000	—	9,180,000	6,249,307
Receivables – net		18,441,259	23,504,234	26,168,202	25,461,410	18,319,774
Current income tax assets		1,557,461	2,433,421	2,425,746	2,485,786	2,848,594
Assets classified as held for sale-net		203,730	533,632	868,288	—	—
Bills discounted and loans – net		760,528,904	737,626,205	720,651,097	718,574,889	490,029,141
Available-for-sale financial assets – net		—	—	—	259,716,476	83,750,635
Held-to-maturity financial assets – net		—	—	—	26,533,847	14,513,341
Equity investments accounted for under the equity method– net		4,458,062	4,747,629	5,208,251	5,180,010	4,983,889
Other financial assets – net		35,042	77,553	6,003	34,591,086	49,478,502
Property and equipment – net		13,583,396	12,415,059	12,290,864	12,679,330	5,818,750
Right of use assets – net		10,437,892	10,573,282	—	—	—
Investment property- net		816,689	843,889	867,763	1,159,501	1,083,277
Intangible assets – net		9,423,352	10,592,029	10,807,589	12,459,121	2,125,491
Deferred income tax assets		918,957	827,380	600,465	363,868	406,092
Other assets – net		3,147,511	2,738,343	12,048,017	3,135,894	2,174,629
<b>Total Assets</b>		<b>1,433,368,223</b>	<b>1,329,968,350</b>	<b>1,278,099,257</b>	<b>1,304,312,170</b>	<b>863,650,633</b>
Deposits from Central Bank and other banks		15,412,299	13,107,028	22,047,274	13,520,162	25,624,867
Due to Central Bank and other banks		675,000	—	—	—	—
Financial liabilities at fair value through profit or loss		3,014,414	3,568,060	4,823,707	7,107,229	5,332,985
Bills and bonds sold under repurchase agreements		—	1,550,312	16,226,824	11,240,704	7,786,562
Payables		9,099,826	12,121,114	12,815,557	13,420,429	13,212,014
Current income tax liabilities		750,367	1,809,941	796,365	686,854	918,499

Item	Year	Financial Information (Note 1)				
		2020	2019	2018	2017 (Note 3)	2016
Deposits and remittances		1,236,742,507	1,128,024,552	1,053,292,520	1,079,154,520	709,988,729
Financial debentures payable		34,500,000	34,500,000	38,000,000	43,500,000	38,000,000
Other financial liabilities		3,349,248	6,714,309	10,762,290	16,261,911	2,234,695
Provisions		1,246,528	1,437,171	1,735,809	2,664,341	1,076,576
Lease liabilities		2,539,411	2,537,997	—	—	—
Deferred income tax liabilities		416,992	313,811	390,634	198,449	182,081
Other liabilities		1,678,891	2,409,736	1,557,163	2,378,341	1,039,747
Total Liabilities	Before distribution	1,309,425,483	1,208,094,031	1,162,448,143	1,190,132,940	805,396,755
	After distribution	Note 2	1,214,854,705	1,166,523,238	1,195,275,454	808,035,826
Equity attributable to owners of the parent company		123,942,740	121,874,319	115,651,114	114,179,230	58,253,878
Share capital	Before distribution	73,940,390	73,940,390	73,940,390	42,652,845	41,521,815
	After distribution	Note 2	73,940,390	73,940,390	42,652,845	42,652,845
Capital surplus		25,960,441	25,960,441	25,960,441	6,038,882	6,038,882
Retained earnings	Before distribution	20,859,402	20,392,923	14,832,758	14,111,826	11,172,970
	After distribution	Note 2	13,632,249	10,757,663	8,969,312	7,402,869
Other equity interest		3,182,507	1,580,565	917,525	9,603	(479,789)
The equity of attributable to former owner of business combination under common control		—	—	—	51,366,074	—
Total equity	Before distribution	123,942,740	121,874,319	115,651,114	114,179,230	58,253,878
	After distribution	Note 2	115,113,645	111,576,019	109,036,716	55,614,807

Note 1: The above financial information was audited by accountants.

Note 2: The appropriation of the Bank's 2020 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

Note 3: The Company merged with the Ta Chong Bank on January 1, 2018, and the merger is an organizational restructuring of entities under common control. Thus, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods. The Ta Chong Bank was incorporated into the subsidiary of Yuanta Financial Holdings on March 22, 2016. Therefore, March 22, 2016 was the beginning merger date.

Note 4: As of the printing date of the annual report, 2021 financial information has not been audited or reviewed by an independent external auditor.

#### (4) Condensed Separate Statements of Comprehensive Income for 2016~2020

Unit: NT\$1,000

Item	Year	Financial Information (Note 1)				
		2020	2019	2018	2017 (Note 2)	2016
Interest income		18,278,282	21,904,151	22,304,036	22,419,362	13,618,315
Less: Interest expense		6,106,605	8,904,730	8,786,722	8,105,762	5,141,414
Net interest income		12,171,677	12,999,421	13,517,314	14,313,600	8,476,901
Net non-interest income		7,701,204	9,965,763	8,081,151	8,524,688	5,295,425
Net revenue		19,872,881	22,965,184	21,598,465	22,838,288	13,772,326
Provision for bad debt expenses, commitment and guarantee reserve		1,919,004	1,063,211	665,321	439,374	1,002,168
Operating expenses		9,936,777	10,405,832	10,916,495	12,722,465	6,427,822
Income from continuing operations before income tax		8,017,100	11,496,141	10,016,649	9,676,449	6,342,336
Income tax expense		(1,121,229)	(1,449,911)	(1,409,049)	(1,478,034)	(747,381)
Net income from continuing operations		6,895,871	10,046,230	8,607,600	8,198,415	5,594,955
Gain (loss) on discontinued operations		—	—	—	(199,781)	—
Net income		6,895,871	10,046,230	8,607,600	7,998,634	5,594,955
Other comprehensive (loss) income (net of tax)		1,933,224	275,488	(972,627)	955,776	(118,393)
Total comprehensive income		8,829,095	10,321,718	7,634,973	8,954,410	5,476,562
Net income attributable to: Parent company		6,895,871	10,046,230	8,607,600	6,743,007	5,594,955
Net income (loss) attributable to: Former owner of business combination under common control		—	—	—	1,255,627	—
Comprehensive income (loss) attributable to: Parent company		8,829,095	10,321,718	7,634,973	7,198,349	5,476,562
Comprehensive income (loss) attributable to former owner of business combination under common control		—	—	—	1,756,061	—
EPS(NT\$)		0.93	1.36	1.16	1.08	1.31

Note 1: The above financial information was audited by accountants.

Note 2: The Company merged with the Ta Chong Bank on January 1, 2018, and the merger is an organizational restructuring of entities under common control. Thus, when preparing the financial statements in the previous periods, it is deemed in accordance with the regulations that the merger has been occurred at the beginning of the periods to re-prepare the financial statements in the previous periods. The Ta Chong Bank was incorporated into the subsidiary of Yuanta Financial Holdings on March 22, 2016. Therefore, March 22, 2016 was the beginning merger date.

Note 3: As of the printing date of the annual report, 2021 financial information has not been audited or reviewed by an independent external auditor.



**(5) Independent Auditors Over the Past Five Years and their Audit Opinions**

Year	Independent Auditing Firm	CPA	Consolidated Financial Report Auditor's Opinion
2016	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Unqualified opinion
2017	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Unqualified opinion
2018	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Unqualified opinion with emphasis of matter and other matter
2019	PricewaterhouseCoopers, Taiwan	Jason Lo & Maria Chen	Unqualified opinion with other matter
2020	PricewaterhouseCoopers, Taiwan	Jason Lo & Maria Chen	Unqualified opinion with other matter

## (6) Consolidated Financial Analysis for 2016~2020

Item (Note 7)		Financial Analysis (Note 1)				
		Year	2020	2019 (Note 4)	2018 (Note 3)	2017 (Note 2)
Operating Performance	Ratio of deposits to loans (%)	62.55	66.51	69.55	67.56	69.34
	NPL ratio (%)	0.14	0.16	0.23	0.24	0.21
	Ratio of interest cost to annual average deposits (%)	0.44	0.68	0.64	0.61	0.59
	Ratio of interest income to annual average loans outstanding (%)	1.98	2.44	2.49	2.37	2.19
	Total assets turnover (times)	0.01	0.02	0.02	0.02	0.02
	Average operation revenue per employee (thousand NT\$)	4,382	5,077	4,638	4,370	4,892
	Average profit per employee (thousand NT\$)	1,491	2,183	1,817	1,486	1,955
Profitability	Return on tier I capital (%)	6.85	10.30	11.52	11.74	10.70
	Return on assets (%)	0.50	0.76	0.66	0.59	0.66
	Return on equity (%)	5.61	8.46	7.52	6.99	9.99
	Net income ratio (%)	34.03	42.98	39.18	34.01	39.96
	EPS (NT\$)	0.93	1.36	1.16	1.08	1.31
Financial Structure	Ratio of liabilities to assets (%)	91.40	90.89	91.00	91.30	93.24
	Ratio of property and equipment to equity (%)	11.03	10.27	10.71	11.19	10.44
Growth rate	Rate of assets growth (%)	7.75	3.80	-2.00	-3.14	5.98
	Rate of earnings growth (%)	(30.20)	14.55	3.19	53.27	12.62
Cash flow	Cash flow ratio (%)	23.23	110.82	Note 5	Note 5	41.43
	Cash flow adequacy ratio (%)	169.15	152.19	70.84	205.42	296.59
	Cash flow coverage ratio (%)	497.28	27,091.21	Note 5	Note 5	1,335.73
Ratio of liquidity reserve (%)		37.00	34.00	35.00	36.00	33.00
Total balance of secured loans of related parties (thousand NT\$)		8,723,639	6,378,105	6,207,805	4,608,871	4,885,495
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.10	0.83	0.82	0.91	0.93
Scale of operations (Note 6)	Asset market share (%)	2.25	2.29	2.25	1.60	1.65
	Net-worth market share (%)	2.76	2.83	2.89	1.67	1.61
	Deposits market share (%)	2.65	2.64	2.50	1.87	1.82
	Loans market share (%)	2.31	2.36	2.32	1.61	1.72
<p>The specified reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)</p> <ol style="list-style-type: none"> <li>In 2020, all profitability-related ratios declined from 2019, mainly due to the decrease in the net interest income and the net fee income from 2019 and in the recognized asset impairment losses in 2020.</li> <li>The decline in the ratio of interest expense to average annual deposit balance was mainly due to a decrease in the interest expenditure in 2020.</li> <li>The rise in the asset growth rate was mainly due to an increase in the assets in 2020.</li> <li>The decline in the cash flow ratio and the cash flow adequacy ratio in 2020 was mainly due to a decrease in the net cash inflow from operating activities from 2019.</li> </ol>						

- Note 1: The above financial information was audited by accountants.
- Note 2: The Bank merged with the Ta Chong Bank on January 1, 2018, and it was deemed that the 2017 financial statements shall be re-prepared as the merger occurred at the beginning of the period in accordance with the regulations (the value of the return on tier I capital in 2017 was not retroactively recalculated)
- Note 3: The average assets and net worth are calculated after the reorganization of the organization and the retroactive application of IFRS 9 to the balance of January 1, 2018.
- Note 4: The average assets and net worth are calculated based on the retroactive application of IFRS 16 to the balance of January 1, 2019.
- Note 5: Because cash flows from operating activities in statement of cash flows are cash outflow in 2017 and 2018, it is not included for the calculation of cash flow ratio and cash flow coverage ratio.
- Note 6: Because of inaccessibility to information, market share of operating scale is calculated according to separate financial statements.
- Note 7: The formulas of various ratios are as follows:
1. Operating Performance
    - (1) Ratio of deposits to loans = Annual average loans outstanding / Annual average deposit (Including postal savings re-deposits)
    - (2) NPL ratio = Total NPL / Total loans outstanding
    - (3) Ratio of interest cost to annual average deposits = Total interest cost from deposits / Annual average deposits
    - (4) Ratio of interest income to annual average loans outstanding = Total interest income from loans / Annual average amount of loans outstanding
    - (5) Total assets turnover (times) = Operating income / Average total assets
    - (6) Average operation revenue per employee (Note 11) = Operating Revenues / Annual average total number of employees
    - (7) Average profit per employee = Net income after tax / total employees
  2. Profitability
    - (1) Return on tier I capital = Before-tax profit or loss / Total amount of tier I capital
    - (2) Return on assets = Net income / Average total assets
    - (3) Return on Equity = Net income / Average total equity
    - (4) Net income ratio = Net income / Total operating revenues
    - (5) EPS = (Net profit attributable to parent company-preferred stock dividend) / Weighted average number of shares issued (Note 9)
  3. Financial structure
    - (1) Ratio of Liabilities to Assets = Liabilities / Total assets
    - (2) Ratio of Property and Equipment to Equity = Property and equipment assets / Total equity
  4. Growth rate
    - (1) Rate of Assets growth = (Total assets for current year - Total assets for previous year) / Total assets for previous year
    - (2) Rate of earnings growth = (Before-tax profit or loss for current year - Before-tax profit or loss for previous year) / Before-tax profit for previous year
  5. Cash flow (Note 12)
    - (1) Cash flow ratio = Net cash flow from operating activities / (interbank lending and overdraft + payable commercial paper + Financial liabilities at fair value through profit or loss + RP + Payable accounts-current portion)
    - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the latest five years / (Capital expenditure + cash dividends for the latest five years)
    - (3) Cash flow coverage ratio = Net cash flow from operating activities / net cash flow from investing activities
  6. Ratio of liquidity reserve = Liquidity assets defined by Central Bank / Accrual liquidity reserve liabilities
  7. Scale of operations
    - (1) Asset market share = total assets / total assets of all financial institutions able to engage in deposit and loan business (Note 10)
    - (2) Net-worth market share = net worth / total net worth of all financial institutions able to engage in deposit and loan business
    - (3) Deposit market share = total value of deposits / total value of deposits at all financial institutions able to engage in deposit and loan business
    - (4) Loan market share = total value of loans / total value of loans at all financial institutions able to engage in deposits and loan business
- Note 8: The total liabilities have deducted allowance for guarantee liability and allowance for accidental loss.
- Note 9: The following shall be noted in the equations of EPS of the preceding paragraph:
1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.
  2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.
  3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.
  4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
  5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.
- Note 10: The financial institutions which could do the deposit and loan business include domestic banks, local branches of foreign and

Mainland Chinese banks, credit co-operative associations and credit departments of farmers and fishermen's associations.

Note 11: The income means the total interest income and non-interest income.

Note 12: The following shall be considered in measuring of cash flow analysis:

1. Net cash flow from operating activities means the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure means the cash outflow from capital investment per year.
3. Cash dividends include of common and preferred stocks.

## (7) Separate Financial Analysis for 2016~2020

Item		Year	Financial Analysis (Note 1)				
			2020	2019 (Note 4)	2018 (Note 3)	2017 (Note 2)	2016
Operating performance	Ratio of deposits to loans (%)	62.18	66.20	69.19	67.17	69.51	
	NPL ratio (%)	0.12	0.15	0.21	0.24	0.19	
	Ratio of interest cost to annual average deposits (%)	0.43	0.67	0.63	0.60	0.59	
	Ratio of interest income to annual average loans outstanding (%)	1.94	2.39	2.44	2.35	2.18	
	Total assets turnover (times)	0.01	0.02	0.02	0.02	0.02	
	Average operation revenue per employee (thousand NT\$)	4,413	5,149	4,709	4,415	5,049	
	Average profit per employee (thousand NT\$)	1,531	2,253	1,877	1,546	2,051	
Profitability	Return on tier I capital (%)	6.96	10.48	11.77	12.12	10.94	
	Return on assets (%)	0.50	0.77	0.67	0.60	0.67	
	Return on equity (%)	5.61	8.46	7.52	7.18	9.99	
	Net income ratio (%)	34.70	43.75	39.85	35.02	40.62	
	EPS (NT\$)	0.93	1.36	1.16	1.08	1.31	
Financial Structure	Ratio of liabilities to assets (%)	91.34	90.82	90.93	91.22	93.22	
	Ratio of property and equipment to equity (%)	10.96	10.19	10.63	11.10	9.99	
Growth rate	Rate of assets growth (%)	7.77	3.86	(1.97)	(3.11)	5.67	
	Rate of earnings growth (%)	(30.26)	14.77	3.52	52.57	12.54	
Cash flow	Cash flow ratio (%)	25.67	104.82	Note 5	Note 5	44.94	
	Cash flow adequacy ratio (%)	171.15	152.39	76.96	217.37	313.69	
	Cash flow coverage ratio (%)	554.71	10,847.22	Note 5	Note 5	493.57	
Ratio of liquidity reserve (%)		37.00	34.00	35.00	36.00	33.00	
Total balance of secured loans of related parties (thousand NT\$)		8,723,639	6,378,105	6,207,805	4,608,871	4,885,495	
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.10	0.83	0.82	0.91	0.93	
Scale of operations	Asset market share (%)	2.25	2.29	2.25	1.60	1.65	
	Net-worth market share (%)	2.76	2.83	2.89	1.67	1.61	
	Deposits market share (%)	2.65	2.64	2.50	1.87	1.82	
	Loans market share (%)	2.31	2.36	2.32	1.61	1.72	
The specified reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)							
<ol style="list-style-type: none"> <li>In 2020, all profitability-related ratios declined from 2019, mainly due to the decrease in the net interest income and the net fee income from 2019 and in the recognized asset impairment losses in 2020.</li> <li>The decline in the non-performing loan ratio was mainly due to the decrease in the amount of non-performing loans in 2020.</li> <li>The decline in the ratio of interest expense to average annual deposit balance was mainly due to a decrease in the interest expenditure in 2020..</li> <li>The rise in the asset growth rate was mainly due to an increase in the assets in 2020.</li> <li>The decline in the cash flow ratio and the cash flow adequacy ratio in 2020 was mainly due to a decrease in the net cash inflow from operating activities from 2019.</li> </ol>							

Note 1: The above financial information was audited by accountants.

Note 2: The Bank merged with the Ta Chong Bank on January 1, 2018, and it was deemed that the 2017 financial statements shall be re-prepared as the merger occurred at the beginning of the period in accordance with the regulations (the value of the return on tier I capital in 2017 was not retroactively recalculated)

Note 3: The average assets and net worth are calculated after the reorganization of the organization and the retroactive application of IFRS 9 to the balance of January 1, 2018.

Note 4: The average assets and net worth are calculated based on the retroactive application of IFRS 16 to the balance of January 1, 2019.

Note 5: Because cash flows from operating activities in statement of cash flows are cash outflow in 2017 and 2018, it is not included for the calculation of cash flow ratio and cash flow coverage ratio.

Note 6: Because of inaccessibility to information, market share of operating scale is calculated according to separate financial statements.

### (8) Consolidated Capital Adequacy for 2016~2020

Unit: NT\$1,000

Item		Year	Consolidated Capital Adequacy Ratio				
			2020	2019	2018	2017	2016
Regulatory Capital	Common Equity Tier 1 Capital		112,621,903	108,234,328	102,190,820	58,769,676	54,546,613
	Additional Tier 1 Capital		7,000,000	6,549,768	6,552,514	6,913,076	6,912,792
	Tier 2 Capital		20,423,469	23,596,563	27,131,454	20,594,951	22,651,404
	Regulatory Capital		140,045,372	138,380,659	135,874,788	86,277,703	84,110,809
Risk-weighted Assets	Credit Risk	Standardized Approach	710,299,359	755,272,256	759,426,981	502,593,162	552,690,922
		Internal ratings-based Approach	—	—	—	—	—
		Securitization	—	—	—	—	—
	Operational Risk	Basic Indicator Approach	—	—	—	—	—
		Standardized Approach	40,154,208	40,682,988	41,023,677	24,185,623	22,704,950
		Advanced Measurement Approaches	—	—	—	—	—
	Market Risk	Standardized Approach	60,140,425	75,038,125	62,686,325	50,058,350	37,699,975
		Internal Models Approach	—	—	—	—	—
	Total Amount of Risk-weighted Assets		810,593,992	870,993,369	863,136,983	576,837,135	613,095,847
	Capital Adequacy Ratio (%)		17.28	15.89	15.74	14.96	13.72
Tier 1 Capital Ratio (%)		14.76	13.18	12.60	11.39	10.02	
Common Equity Tier 1 Ratio (%)		13.89	12.43	11.84	10.19	8.90	
Leverage Ratio (%)		8.03	8.34	8.22	7.08	6.60	
Please specify the reasons for the changes of capital adequacy ratios for the past two years: (If the variation does not reach 20%, the analysis can be omitted)							
The changes of capital adequacy ratios for the past two years are less than 20% and waived from explanation.							

Note 1: The regulatory capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "calculation method and table of self-owned capital and risk-weighted assets".

Note 2: The relevant formulas are as follows:

1. Regulatory capital = Common equity Tier1 capital + Additional Tier 1 capital + Tier 2 capital
2. Total amount of risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) \* 12.5
3. Capital adequacy ratio = Regulatory capital / Total amount of risk-weighted assets
4. Tier 1 capital ratio = (Common equity Tier 1 capital + additional Tier 1 capital) / Total amount of risk-weighted assets
5. Common equity Tier 1 ratio = Common equity Tier 1 capital / Total amount of risk-weighted assets
6. Leverage Ratio = Tier 1 capital / Exposure measurement

Note 3: The above financial information was audited by accountants.

**(9) Separate Capital Adequacy for 2016~2020**

Unit: NT\$1,000

Item		Year	Capital Adequacy Ratio				
			2020	2019	2018	2017	2016
Regulatory Capital	Common equity Tier 1 Capital		111,561,319	107,500,816	101,366,390	57,923,794	53,720,241
	Additional Tier 1 Capital		5,885,484	5,362,861	5,250,451	5,618,074	5,666,820
	Tier 2 Capital		18,037,550	21,093,417	24,383,747	18,004,946	20,159,459
	Regulatory Capital		135,484,353	133,957,094	131,000,588	81,546,814	79,546,520
Risk-weighted Assets	Credit Risk	Standardized Approach	698,221,207	745,186,037	747,940,387	490,386,975	549,276,054
		Internal Ratings-based Approach	—	—	—	—	—
		Securitization	—	—	—	—	—
	Operational Risk	Basic Indicator Approach	—	—	—	—	—
		Standardized Approach	39,357,742	40,086,554	40,674,805	23,700,674	22,196,068
		Advanced Measurement Approaches	—	—	—	—	—
	Market risk	Standardized Approach	60,140,425	75,038,125	62,686,325	50,058,350	37,699,975
		Internal Models Approach	—	—	—	—	—
	Total Amount of Risk-weighted Assets		797,719,374	860,310,716	851,301,517	564,145,999	609,172,097
	Capital Adequacy Ratio (%)		16.98	15.57	15.39	14.45	13.06
Tier 1 Capital Ratio (%)		14.72	13.12	12.52	11.26	9.75	
Common Equity Tier 1 Ratio (%)		13.99	12.50	11.91	10.27	8.82	
Leverage Ratio (%)		7.95	8.27	8.13	6.95	6.41	

Note 1: The regulatory capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Regulatory capital = Common equity Tier1 capital + Additional Tier 1 capital + Tier 2 capital
2. Total amount of risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) \* 12.5
3. Capital adequacy ratio = Regulatory capital / Total amount of risk-weighted assets
4. Tier 1 capital ratio = (Common equity Tier 1 capital + additional Tier 1 capital) / Total amount of risk-weighted assets
5. Common equity Tier 1 ratio = Common equity Tier 1 capital / Total amount of risk-weighted assets
6. Leverage Ratio = Tier 1 capital / Exposure measurement

Note 3: The above financial information was audited by accountants.

## 2. Consolidated Financial Report for 2020

Please refer to “Appendix Consolidated Financial Report for 2020” in this annual report.

## 3. Risk Management and Other Significant Events

### (1) Information of Credit Risk Management

#### A. Credit Risk Management System in 2020

Item	Contents
1. Strategies, objectives, policies and procedure of credit risk	<p>1. Strategies and Objectives:</p> <ul style="list-style-type: none"> <li>(1) Comply with Basel III requirements. Uplift the capability of risk management and unify worldwide.</li> <li>(2) Set appropriate risk management framework and control process, and ensure its deployment in practice.</li> <li>(3) Strengthen the integration of management information, risk analytics and effectiveness of early warning mechanism, build the aggressive risk management culture and value.</li> </ul> <p>2. Credit Risk Policies:</p> <ul style="list-style-type: none"> <li>(1) Establish the culture to value the importance of credit risk management. Develop the business strategies riding on the well quantitative and qualitative assessment from management perspective.</li> <li>(2) Establish the comprehensive risk management framework, control the credit risk within the acceptable risk appetite and achieve the business goal in risk reward balance.</li> <li>(3) Delegate the appropriate authorities to personnel within the risk management functions; ensure the corresponding duties and responsibilities of assisting Board of directors and management to oversee the implementation of credit risk policies.</li> <li>(4) Establish effective methods and monitoring procedures to ensure the adequacy of capital, and express business performance in a proper manner through the risk adjustment, and maximize shareholders’ value.</li> </ul> <p>3. Management Procedure: Credit risk identification, measurement, monitoring and management, credit risk report and credit risk performance management.</p>
2. Structure and organization of credit risk management	<p>1. Board of Directors:</p> <ul style="list-style-type: none"> <li>(1) The Board of Directors is the Bank’s supreme policy-making entity for risk management, responsible for authorizing the Bank’s risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank’s entire credit risk management objectives.</li> <li>(2) Audit Committee to review the risk-related proposal before proposing to the Board of Directors and communicate with the risk implementation entities.</li> </ul> <p>2. Senior Management: Risk Management Committee is subordinated to the Chairman, and Asset &amp; Liability Management Committee, Non-Performing Loan Management Committee and Credit Evaluation Committee are subordinated to the President.</p> <p>3. Risk Management Department:</p> <ul style="list-style-type: none"> <li>(1) Responsible for researching or suggesting the amendments of the</li> </ul>



Item	Contents
	<p>Bank's credit risk management policies and guidelines to be proposed to the Board of Directors for approval.</p> <p>(2) Establish the Bank's entire structure of measuring, controlling and evaluating quantitative risk.</p> <p>(3) Responsible for enforcing and controlling the Bank's credit risk management and credit risk management regulations for the various businesses to ensure all businesses apply strictly with the Bank's credit risk management policies and guidelines.</p> <p>4. Credit Management Units and Other Business Units: Manage credit risks of crediting cases according to stratified empowerment, including credit review, credit management and post-loan management.</p> <p>5. Internal Audit: The independent internal audit entities review the enforcement of the Bank's credit risk management systems periodically and disclose it in the audit report truly, and ensure that the relevant entities have taken the corrective actions in a timely manner.</p>
<p>3. Scope and characteristics of credit risk report and measurement systems</p>	<p>1. Scope and characteristics of credit risk report:</p> <p>(1) Report to Board of Directors. (Regularly)/(Integrated risk report)</p> <p>(2) Report to Audit Committee. (Regularly)/(Integrated risk report)</p> <p>(3) Monthly report to Asset &amp; Liability Management Committee. (Integrated risk report)</p> <p>(4) Monthly report to Risk Management Committee. (Integrated risk report)</p> <p>(5) Monthly report to Risk Management.</p> <p>(6) Monthly monitoring and disclosing the large exposure-related information such as the usage rate of the country, industry, group, single person(natural &amp; juristic), real estate and China Exposure.</p> <p>(7) Daily monitor the loan concentration ratio and early warning notification incidents stipulated in Article 72(2) of the Banking Act.</p> <p>2. Credit risk measurement systems include:</p> <p>(1) Capital requirements calculation platform information system.</p> <p>(2) The credit information and investigation system: Credit rating.</p> <p>(3) The collection system: Asset appraisal.</p> <p>(4) The Bank's credit risk alarming system: The credit risk alarming mechanism.</p> <p>(5) Mid-term crediting management platform. (Including post loan management and the review platform)</p> <p>(6) Scorecards of consumer banking and credit rating models of corporate banking.</p> <p>(7) Large exposure system.</p>
<p>4. Credit risk hedging or risk reduction policies, and strategies and procedures for controlling the ongoing effectiveness of hedging and risk reduction tools</p>	<p>1. Credit risk hedging or risk reduction policies:</p> <p>(1) Review the credit risk hedging plan and execution of the centralized risk or higher risk businesses.</p> <p>(2) Plan to amend the Bank's regulations of risk reduction and controlling system to follow the risk reduction regulations in the Basel III.</p> <p>(3) Regularly review financial products' risk weights.</p> <p>2. Strategies and procedures for controlling effectiveness of hedging and risk reduction: Establish the collateral management system in accordance with Basel III risk reduction regulations, and ensure the ongoing effective mess of risk reduction of collaterals through periodical revaluation of collaterals, loan-to-value ratio alert, analysis of centralization and stress testing.</p>
<p>5. Approach for regulatory capital requirements</p>	<p>Standardized Approach.</p>

**B. Risk Exposure after Risk Mitigation and Capital Requirements under Credit Risk Standardized Approach**

Unit: NT\$1,000 ; Base Date: December 31, 2020

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Requirements
Sovereigns	284,418,003	0
Non-central Government Public Sector Entities	0	0
Banks (Multilateral Development Banks Included)	74,720,346	2,153,874
Corporations (Securities Firms and Insurance Companies Included)	326,349,182	21,384,576
Retail Exposures	74,870,253	4,474,043
Real Estate Exposure Class	526,586,386	24,882,301
Equity-securities Investment	5,765,619	461,249
Equity investments in funds and venture capitals	0	0
Other Assets	37,022,837	2,489,822
<b>Total</b>	<b>1,329,732,626</b>	<b>55,845,865</b>

Note: Capital requirements are equal to the risk exposure after risk mitigation multiplied by legal minimum capital adequacy ratio.

## (2) Information of Securitization Management

### A. Securitization Management System in 2020

Item	Contents
1. The strategies and procedure of securitization risk management	<p>In terms of asset securitization, at present, The bank engages only in securities investments. The bank currently does not serve as originating bank.</p> <p>The procedure of securitized product investment:            Investment in securitized products should be authorized by the delegation of approval authority.            Before the business department invests in securitized products within the scope of authorization, it should first conduct investment analysis according to the credit worthiness, liquidity and profitability of the product, and submits to the supervisor for approval.</p>
2. The organization and structure of securitization management	<p>For the risk of investment in asset securitization, the Board of Directors is on the top level of management, the Treasury Department is the business execution unit, the Risk Management Department is the risk monitoring and control unit, and the Financial Markets Operation Department is the operation settlement unit of this bank.</p>
3. Scope and characteristics of securitization risk report and measurement systems	<ol style="list-style-type: none"> <li>1. The use of asset securitization investment positions and risk limits for other financial product positions should be monthly/quarterly disclosed to the Risk Management Committee/ Board of Directors. When the loss on valuation exceeds the specific proportion of cost, the business execution unit should make reviews in a timely manner and propose corresponding solutions to be approved by authorized level.</li> <li>2. Asset securitization products with a quotation on the public market should be marked to market according to that quotation every day. If there is no quotation on the public market, products should be marked to market according to the quotation of provided by counterparty.</li> </ol>
4. The hedge of securitization or risk mitigation policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk mitigation tools	<p>When there is a larger risk exposure risk, assessments will be conducted to reduce risk exposure; or the approved risk mitigation methods will be implemented to reduce risk to a controllable range.</p>
5. Approach for regulatory capital requirements	<p>Standardized Approach.</p>
6. Requirement on comprehensive qualitative disclosure, including: (1) Objectives for securitization activities, risk types undertaken and retained from the Bank's re-securitization activities. (2) Other risks involved in securitized asset (such as liquidity risk). (3) Various roles that the Bank plays during the securitization process and the level in which the bank is involved in each process. (4) The description on the procedures monitoring the changes in credit and market risk involved in securitization risk exposure. (5) The Bank's management policies	<p>The Bank has never served as an originator of asset securitization so no information shall be disclosed in this item.</p>

Item	Contents
regarding the credit risk mitigation taken against the risk retained in securitization and re-securitization.	
7. Description on the Bank’s accounting policies on securitization	
8. The names in terms of ECAI used in banking books for securitization and their usage in each type of asset securitization exposure	
9. Explanation on any significant changes in any quantitative information from last reported period (such as any transfer of asset between banking books and trading books)	

**B. Engagement in Securitization**

As of December 2020, the Bank has never been the originator for securitization.

**C. Risk Exposure and Capital Requirements for Securitization**

As of December 2020, the Bank didn’t hold any investments in securitized product.

**D. Information of Investment in Securitization Products**

As of December 2020, the Bank didn’t hold any investments in securitized product.

### (3) Information of Operational Risk Management

#### A. Operational Risk Management System in 2020

Item	Contents
1. The strategies and procedure of operational risk management	<ol style="list-style-type: none"> <li>1. Formed a risk-oriented operational model and straightened business development to achieve its operation goals and maximize shareholder value. The Bank developed risk management policies, operational risk management principles, defined the scope and duties of operational risk management, and executed risk identification, risk evaluation and reporting processes including operational risk assessment and process analysis.</li> <li>2. In response to existing or potential operational risks, all divisions in the Bank take effective improvement practices and persistently track the according implementation. Before the undertaking or during the planning of new services, all related operational risks must be identified and the controls of the process marked. The Bank additionally constructed contingency plans and conducted necessary simulation to assure incessant operation amid possible severe accidents.</li> </ol>
2. The organization and structure of operational risk management	<ol style="list-style-type: none"> <li>1. Board of Directors: The supreme authority in the Bank, in charge of approving risk management policies and according principles and monitoring execution of all systems in order to achieve the goals of operational risk management.</li> <li>2. Risk Management Committee In order to facilitate the integration and implementation of the Bank's risk management policies and systems, the Risk Management Committee is established under the Board of Directors. The Chairman serves as the Committee Chair to regularly convene meetings. In addition to assisting the Audit Committee and the Board of Directors to perform risk management duties, the main tasks of the committee are as follows:               <ol style="list-style-type: none"> <li>(1) Reviewing annual risk limits</li> <li>(2) Reviewing Risk Management Report</li> <li>(3) Integrating and coordinating common risk management issues among subsidiaries</li> <li>(4) Declaring and communicating important risk management issues</li> </ol> </li> <li>3. Senior Management:               <ol style="list-style-type: none"> <li>(1) According to the risk management policies approved by the Board of Directors, the Bank establishes its risk management guidelines and regulation, to ensure it has clear authorities and responsibilities for risk management, effective risk management procedures and appropriate risk management systems.</li> <li>(2) Authorize appropriate employees to implement risk management operations, and confirm that they have sufficient capabilities and expertise to perform risk management operations and comply with relevant policies and procedures.</li> </ol> </li> <li>4. Risk Management Department:               <ol style="list-style-type: none"> <li>(1) Responsible for the development of the operational risk management framework of the Bank and the review of the implementation status, and proposing necessary adjustment plans.</li> <li>(2) Develop the operational risk management guidelines and related policies of the Bank.</li> <li>(3) Supervise the Bank's major operational risks and loss exposure.</li> <li>(4) Regularly collate the operational risk events notified by each departments and business units.</li> <li>(5) Coordinate operational risk management with all divisions and branches.</li> </ol> </li> <li>5. Compliance Affairs Department: Plan, manage, appraise and execute the legal compliance system of the Bank; establish the legal conveyance, consultancy, coordination and</li> </ol>

Item	Contents
	<p>communication system; confirm instant update of all procedures and managerial rules according to the regulations; present and sign opinions conforming to the laws and bylaws; and analyze reasons and corrective opinions for major drawbacks or abuses of all division in legal compliance.</p> <p>6. All departments in Head Office, supervising divisions and branches: According to operational risk management regulations, all departments and supervising divisions developed according business regulations as standards for execution of all business divisions.</p> <p>7. Internal Audit Department: Incorporate the operational risk management of each department and business unit into the review items.</p>
3. Scope and characteristics of operational risk report and measurement systems	The Bank identifies, measures and monitors operational risk with various risk management instruments, such as operational risk loss data collection, operational risk control self-assessment (RCSA), and operational risk indicators. All divisions in the Bank conduct online risk event reporting and self-assessment through the operational risk report system and the RCSA system. Risk Management Department conducts operation process examination, compiled analysis and improvement practice tracking with the trend of risk indicator changes, internal and external losses, and the RCSA of all divisions. The result of risk identification, measurement and monitoring are periodically reported to the executives.
4. Operational risk hedging or risk mitigation policies, and strategies procedures for controlling the continuously effectiveness of hedging and risk mitigation tools	<p>The Bank has developed regulations on operational risk hedging and risk mitigation. In response to possibilities and severity of risk, the Bank will adopt the following risk measures and procedures for risk bearing, risk averse, risk transfer, risk reduction, according indicators, risk warning, control mechanism, and corrective plans of every major products:</p> <ol style="list-style-type: none"> <li>1. Risk bearing and tighter operation control shall be conducted for smaller loss amounts and lower frequencies.</li> <li>2. Risk reduction or risk control, more intense personnel training, operating procedure improvement or system control advancement shall be conducted for smaller loss amounts and higher frequencies.</li> <li>3. Risk transfer or risk mitigation shall be conducted for larger loss amounts and lower frequencies. Proper insurance and outsourcing should be undertaken after cautious evaluation.</li> <li>4. Risk averse shall be conducted for large loss amounts and higher frequencies while the according business or service should not be launched or shall be stopped.</li> </ol> <p>Outsourcing or insurance shall require periodical evaluation on its risk, effect or the claim payment ability of the insurance company in order to ensure the risk mitigation tools will be effective constantly.</p>
5. Approach for regulatory capital requirements	Standardized Approach.

## B. Capital Requirements for Operational Risk

Unit: NT\$1,000 ; Base Date: December 31, 2020

Year	Gross Income	Capital Requirements
2018	22,394,394	
2019	22,285,920	
2020	19,579,849	
Total	64,260,163	3,148,619

#### (4) Information of Market Risk Management

##### A. Market Risk Management System in 2020

Item	Content
1. Market risk management strategies and processes	<ol style="list-style-type: none"> <li>1. In order to establish the sound risk management system and well found the development of business to boost the proper risk management-oriented business model and achieve the operation objectives and increase shareholders' value, the Bank's Board of Directors approves the risk management policies to fulfill the well-founded risk management system and create stable and high-quality profitability for shareholders.</li> <li>2. Based on the existing risk management policies and guidelines, fulfill the quantification of market risk step by step and establish the management and appraisal mechanism for value at risk and optimal allocation of capital.</li> <li>3. Scope of business and trading products: enact the market risk management guidelines, define the scope of market risk management; the scope of businesses may include transactions in foreign exchange market, money market and capital market, and transactions of financial derivatives.</li> <li>4. Define the risk management procedure and application of measurement methods (e.g. sensitivity analysis, value at risk calculation, scenario simulation and stress testing, etc.); require the relevant units to set the limits of the various financial product, e.g. the limit of risk exposure, loss limit, value at risk limit and also the approving authority and guidelines to process the excess in the limit. In order to enhance the transparency of the information about market risk, the risk management entities shall inspect and submit the risk management report on a daily basis, and shall continue supervising and following up on extraordinary circumstances in the transactions, if any.</li> </ol>
2. Market risk management organization and structure	<ol style="list-style-type: none"> <li>1. Board of Directors:               <ol style="list-style-type: none"> <li>(1) The Board of Directors is the Bank's supreme policy-making unit of risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire market risk management objectives.</li> <li>(2) Audit Committee to review the risk-related proposal before being proposed to the Board of Directors and communicate with the risk implementation entities.</li> </ol> </li> <li>2. Senior Management:               Risk Management Committee is subordinated to the Chairman while Asset &amp; Liability Management Committee is subordinated to the President.               <ol style="list-style-type: none"> <li>(1) Develop the Bank's market risk management guidelines and rules according to the market risk management policies approved by Board of Directors, and ensure that the Bank has the express functions and operations for market risk management, effective market risk management procedure and proper market risk management system.</li> <li>(2) Authorize competent employees to execute the market risk management operation and ensure that they have the ability and expertise affordable to execute the market risk management business and comply with the relevant policies and procedures.</li> </ol> </li> <li>3. Risk Management Department:               <ol style="list-style-type: none"> <li>(1) Responsible for researching and drafting or amending the Bank's risk management policies and market risk management guidelines to be proposed to Board of Directors for approval.</li> <li>(2) Work with proprietary trading entities to research and draft or amend the various financial products business control rules, and propose them to the Chairman or President for approval.</li> <li>(3) Plan and establish the Bank's framework of identifying, measuring and controlling market risk, execute the limit management report and inspection to alert excess in limit, in order to ensure that the various financial products businesses may strictly comply with the Bank's risk management policies</li> </ol> </li> </ol>

Item	Content
	<p>and regulations.</p> <p>4. Business Unit: In charge of foreign exchange, securities and financial derivatives trading, and cross-Bank capital management, as well as executing transactions within limit according to the Bank's risk-control standard.</p> <p>5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the Market of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units.</p>
<p>3. Scope and characteristics of market risk report and measurement systems</p>	<p>1. To provide the market risk daily management reports to disclose the positions, sensitivity analysis, value at risk, profit and loss of the various financial products.</p> <p>2. The Bank measures and supervises market risks according to related risk management guidelines and employs the VaR model for quantitative integrated management of market risks. Through daily presentation of the market risk report and position analysis, the Bank is fully aware of any changes in risks.</p>
<p>4. The hedge of market risk or risk mitigation policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk mitigation tools</p>	<p>When the market risk exposure is getting higher, the Bank will take some approaches such as risk exposure reduction or approved hedge to lower the market risk to the controllable level.</p>
<p>5. Approach for regulatory capital requirements</p>	<p>Standardized Approach.</p>



## B. Capital Requirements for Market Risk

Unit: NT\$1,000; Base Date: December 31, 2020

Type of Risk	Capital Requirements
Interest Rate Risk	3,980,363
Equity Risk	215,353
Foreign Exchange Risk	615,518
Commodity Risk	0
Total	4,811,234

## C. Value at Risk for Trading Position (99%, one day)

Unit: NT\$1,000

Item	2020			
	December 31, 2020	Average VaR	Minimum VaR	Maximum VaR
Interest Rate	76,334	71,876	32,062	86,303
Equity	16,931	11,778	5,734	25,686
Foreign Exchange	13,632	13,926	6,422	27,724
Commodity	0	0	0	0
Subtotal	106,897	97,580	44,218	139,713
Diversified Effect	-30,280	-21,414	-	-
Total Value at Risk	76,617	76,166	32,055	96,070

## (5) Information of Liquidity Risk Management

### A. Structure Analysis of Time to Maturity (NT\$)

Unit: NT\$1,000; Base Date: December 31, 2020

	Total	0-10 days	11-30 days	31-90days	91-180 days	181-365 days	Over 365 days
Primary Funds Inflow upon Maturity	1,268,913,752	225,155,154	122,641,996	97,090,727	75,589,176	117,129,074	631,307,625
Primary Funds Outflow upon Maturity	1,477,209,693	32,609,360	70,314,511	166,640,632	181,426,517	281,208,813	745,009,860
Gap	(208,295,941)	192,545,794	52,327,485	(69,549,905)	(105,837,341)	(164,079,739)	(113,702,235)

Note: The table represents NT\$ amount of the whole bank.

### B. Structure Analysis of Time to Maturity (US\$)

Unit: US\$1,000; Base Date: December 31, 2020

	Total	0-30 days	31-90days	91-180 days	181-365days	Over 365 days
Primary Funds Inflow upon Maturity	5,667,952	1,316,544	539,137	272,454	511,034	3,028,783
Primary Funds Outflow upon Maturity	6,233,430	1,528,930	846,693	859,118	1,317,774	1,680,915
Gap	(565,478)	(212,386)	(307,556)	(586,664)	(806,740)	1,347,868

Note: The table represents US\$ amount of the whole bank.

### C. Liquidity Management of the Bank's Asset and Funding Gap

The Bank's primary principles of liquidity management lie in the diverse, stable and reliable source of fund, diversified use of fund, and conservative and moderate funding flexibility. Market liquidity risks involve the concerns of the centralization of holding position and market volume, especially if the massive positions are impacted by market prices movement, so that quantitative and qualitative management of market liquidity risk can be conducted.

Funding liquidity risks concern on-balance-sheet items and off-balance-sheet transactions. The Bank measures possible liquidity risks and, according to different periods, periodically evaluates fund inflow, outflow and gap. According to the result of cost-benefit analysis, assets and liabilities are appropriately allocated for effective liquidity management.

The Bank manages its quantitative and qualitative liquidity risk tolerance after periodical reviewed and approved by Board of Directors every year. Meanwhile, indicators on various liquidity risks, such as Liquidity Coverage Ratio, are set with warning values for indicators set up, which are periodically reported to ALCO and Board of Directors. Periodical simulation and stress tests are conducted to manage factors against liquidity. Analysis and proper responsive measures will be adopted to minimize its impact.

**(6) Effect of Changes in Foreign/Domestic Important Policies and Regulations on the Bank's Financial Business, and Responsive Action Thereof**

See page 4~5

**(7) The Effect of Changes in the Bank's Image on the Bank's Financial Business , and Responsive Action Thereof**

See page 4~5

**(8) Predicted Benefit, Possible Risks and Countermeasures on Consolidation and Expansion of Business Locations**

The expected benefits which results from the Bank's acquisition include expanding its service network to provide more convenient financial services, broadening the Bank's client base to acquire business opportunities. Additionally, through the acquisition, asset of the Bank can be rapidly accumulated and economy of scale and scope can be achieved to advance profitability and competence. Nevertheless, in the course of this acquisition, the integration of organization culture, personnel, workforce, systems, policies and management styles will be the toughest challenges after acquisition. The Bank plans to counteract these risks through its expertise and experiences in acquisition. The Bank will cautiously conduct preceding evaluation to minimize the asymmetric information risk before acquisition. Further, after the acquisition, the likelihood of integration failure will be minimized through deliberate integration plans to maximize the acquisition synergy.

**(9) Risks and Reponses for Service Centralization**

**A. Group Centralization Risk**

The Bank has developed regulations and set up the limits for different groups and companies. These limits are adjusted timely to decentralize risk exposure the Bank undertakes.

## **B. Industry Centralization Risk**

The Bank has developed regulations and set up the industry limits for different industries. Extra limits and guidelines have been set for China's high risk industries. These will be reviewed and amended timely in order to lest risks be excessively concentrated and to diversify risk exposure of the Bank's credit, investment and financial trading business.

## **C. Country Centralization Risk**

Guidelines and limits to risky countries in trade have been set accordingly. The Bank's also set limit on the capital flow to China country. In order to diversify the Bank's risk exposure of its credit, investment and financial trading business, these guidelines and limits will be timely reviewed and adjusted.

## **D. Concentration risk of real estate lending :**

In addition to daily monitoring of the ratio of residential mortgage and corporate construction loans to the balance of deposits and bank debentures sold in accordance with Article 72-2 of the Banking Act, other concentration control indicators of real estate lending, including purchasing residential mortgage plus renovation loans as a ratio of total lending, construction loans as a ratio of total lending, land financing as a ratio of total lending, residential mortgage and corporate construction loan exclusion items as a ratio of total lending, etc., are added. The warning thresholds and limitations are set to be approved and monitored by the Board of Directors. When the ratio is up to 90%, there will be a yellow light warning to be used for early warning and notification; and when the ratio is over the limitation, there will be a red light warning, the new transactions should be suspended, and Risk Management Dept. should negotiate the corresponding measures with the relevant departments.

## **(10) The Effect, Risks and Responsive Actions of Changes in the Management Rights**

The Bank is a subsidiary 100% held by Yuanta Financial Holdings. Management rights did not change.

## (11) Litigation and Non-Litigation

Unit:Dollar (NT\$/KRW\$/US\$)

Event	Subject-Matter Amounts of Money	Starting Date	Principal Interested Parties	Status as of the Annual Report Publication Date	Remark
Trust Investment filed a complaint with the Korean Financial Services Commission in March 2016 claiming that Yuanta Savings Bank (Korea), a subsidiary of Yuanta Bank, overcharged it in a loan project and, therefore, Yuanta Savings Bank (Korea) should refund KR₩4 billion which was charged inadequately. Yuanta Savings Bank (Korea) considered such claim groundless and, therefore, filed an action with the Court for a declaratory judgment of non-existence of the obligation to clarify the dispute.	KR₩\$4,024,468,690	September 2016	Plaintiff: Yuanta Savings Bank (Korea)  Defendant: Trust Investment	1. Yuanta Bank reached an agreement with the original shareholder of HanShin Savings Bank, AON BGN Limited Liability Company, when acquiring and merging Yuanta Savings Bank (Korea) (formerly known as HanShin Savings Bank) that the original shareholder should pledge KR₩\$5 billion in favor to Yuanta Bank to secure the damages caused by this case. 2. The Seoul Southern District Court rendered the judgment in favor of Yuanta Savings Bank (Korea) in the first instance on June 16, 2017. In the second instance, the Seoul High Court still rendered the judgment in favor of Yuanta Savings Bank (Korea) on May 25, 2018. Notwithstanding, Trust Investment filed an appeal with the Supreme Court of Korea for the third instance. As a result, the Supreme Court of Korea rendered the judgment in favor of Yuanta Savings Bank (Korea) in the third instance on March 12, 2020. Accordingly, the judgment became final and irrevocable.	Yuanta Savings Bank (Korea) has obtained the favorable and conclusive judgement. Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity
Due to the dispute arising from the foreign exchange financial derivatives transactions between SINO UNITED INTERNATIONAL CO., LTD. and PLOSA INTERNATIONAL CO., LTD. on the one side, and Ta Chong Bank, on the other side, the two (2) companies filed a civil action claiming damages with the court.	Priority claim: US\$3,123,399.47 Alternative claim: US\$1,445,000 plus interest	June 2016	Plaintiff: SINO UNITED INTERNATIONAL CO., LTD. and PLOSA INTERNATIONAL CO., LTD.  Defendant: Ta Chong Bank (Ta Chong Bank was merged with Yuanta Bank on January 1, 2018. Yuanta Bank subsequently assumed this litigation)	1. Due to losses arising from settling the foreign exchange financial derivatives transactions with Ta Chong Bank, SINO and PLOSA filed a legal action against said losses with the Taipei District Court, claiming that Ta Chong Bank should compensate such losses. 2. The Taiwan Taipei District Court rendered the judgment in favor of Yuanta Bank in the first instance on January 26, 2018. Then, the Taiwan High Court also rendered the judgment in favor of Yuanta Bank in the second instance on March 12, 2019. SINO and PLOSA filed an appeal with the Supreme Court for the third instance. Notwithstanding, the appeal filed by PLOSA was dismissed by the court as PLOSA failed to pay the court fees pursuant to laws, and the judgment became final. As of January 31, 2021, the appeal filed by SINO was still pending trial in the Supreme Court.	Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity.
Pentagon City claimed that Yuanta Savings Bank (Korea), a subsidiary of Yuanta Bank, violated the restriction on the threshold (10%) of shareholdings in unlisted companies under the Mutual Savings Bank Act	KR₩\$19,599,160 thousand	September 2018	Plaintiff: Pentagon City  Defendant: Yuanta Savings Bank (Korea)	1. Yuanta Savings Bank (Korea) (formerly known as HanShin Bank) granted the loan to Pentagon City from 2006 to 2008 and exercised the pledge at different times to acquire 33.3% of the shares in Pentagon City. Given that such case shall be deemed as an exceptional case, the threshold (10%) of shareholdings in unlisted companies held by a savings bank	Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity.

Event	Subject-Matter Amounts of Money	Starting Date	Principal Interested Parties	Status as of the Annual Report Publication Date	Remark
<p>(old) of the Republic of Korea and, therefore, filed the legal action claiming a refund of the unjustified enrichment with respect to the capital reduction amount in excess of the 10% threshold received by Yuanta Savings Bank (Korea) from Pentagon City (KR₩19,599,160 thousand).</p>				<p>under the Mutual Savings Bank Act (old) of the Republic of Korea shall not apply. Besides, the relevant regulations under the Mutual Savings Bank Act (old) of the Republic of Korea serve merely as a restriction on certain actions, which will not render the relevant actions void. The related transactions shall still be held effective. Therefore, the claim raised by Pentagon City shall be groundless.</p> <p>2. Upon examination, the Seoul Central District Court rendered the judgment in favor of Yuanta Savings Bank (Korea) in the first instance on June 20, 2019. For disagreement with the judgment, Pentagon City filed an appeal on July 8, 2019. Upon examination by the Seoul High Court, the Court rendered the judgment revoking the appeal on November 3, 2020, and Yuanta Savings Bank (Korea) won the case in the second instance. Notwithstanding, Pentagon City, still disagreeing with the judgment, filed an appeal for the third-instance trial on November 18, 2020. As of January 31, 2021, the case is still pending trial in the Supreme Court of Korea.</p>	

## (12) Information of Crisis Management

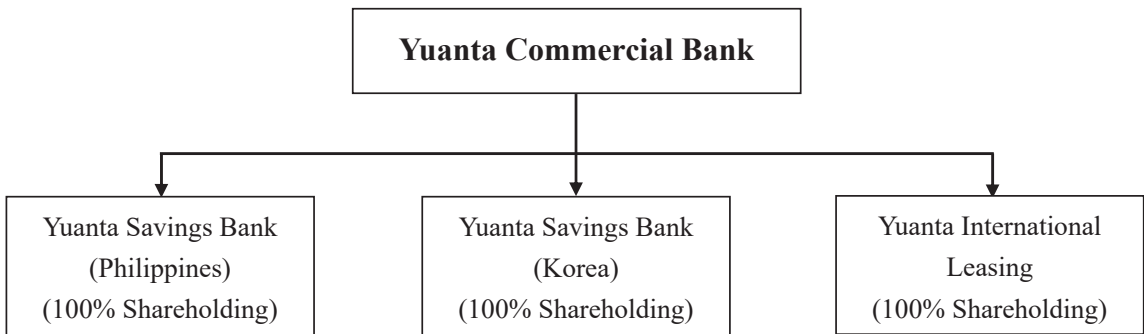
In order to perfect the Bank’s crisis prevention and response mechanism, the Bank has defined the “Crisis Management Policies and Procedures” and “Manual for Crisis Management Response”, so that supervisors of related units may report the emergency via the various channels and research and draft responsive practices in the case of any risk or likelihood of risk, so as to restore the operation of the Bank’s businesses expeditiously and effectively to minimize the damage.

## V. Special Items

### 1. Information of Affiliates

#### (1) Organization Chart

Base Date: January 31, 2021



Unit: NT\$1,000; PHP\$1,000; KRW\$1,000

Name of Corporation	Date of Establishment	Address	Paid-in Capital	Scope of Business
Yuanta International Leasing Co., Ltd	November 15, 2012	5F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City	NT\$100,000	Leasing
Yuanta Savings Bank Philippines, Inc.	November 5, 1997	Ground Floor, Chatham House Building, 116 Valero corner Rufino Streets, Salcedo Village, Makati City, Philippines	PHP\$1,200,000	Deposits, Lending and Foreign Exchange
Yuanta Savings Bank Korea Co., Ltd.	June 20, 1988	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	KRW\$67,580,120	Deposits and Lending

## (2) Directors, Supervisors and Managers

Base Date: January 31, 2021

Name of Corporation	Position	Name of Individual or Representative(s)	Shareholdings (to the nearest 1000 shares)
Yuanta International Leasing	Chairman Director Supervisor President	Yuanta Commercial Bank Statutory Representatives: Hui-Kuo Chien Li-Yun Chen 、 Pei- Wen Yang Wei-Ning Chang Pei- Wen Yang	10,000 100.00%
Yuanta Savings Bank Philippines, Inc.	Chairman Director Independent Director Independent Director Independent Director President	Yuanta Commercial Bank Statutory Representatives: Allen Wu Regina V. Saga Arturo E. Manuel, Jr. Celia Mojica Escareal-Sandejas Senen L. Matoto Regina V. Saga	1,200,000 100%
Yuanta Savings Bank Korea Co., Ltd.	Chairman of Board Representative Director External Director President	Yuanta Commercial Bank Statutory Representatives: Yu-Chun, Lin Young-Seok, Jung Chang-Gyun, Park Young-Seok, Jung	13,516 100%

## (3) Business Overview

Unit: NT\$1,000; Base Date: December 31, 2020

Name of Corporation	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT\$) (after tax)
Yuanta International Leasing	100,000	106,912	1,409	105,503	1,305	794	1,105	0.11
Yuanta Savings Bank Philippines, Inc.	785,507	2,038,514	1,458,623	579,891	60,728	(27,564)	(35,646)	(0.03)
Yuanta Savings Bank Korea Co., Ltd.	1,923,330	13,222,951	9,453,487	3,769,464	403,937	115,695	109,051	8.07



## 2. Branches and Overseas Offices

Base Date: March 31, 2021

Name	Tel	Fax	Address
Huashan Branch	(02) 2321-6600	(02) 2341-8217	1F., No.88, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Daan Branch	(02) 2395-8199	(02) 2395-6619	No.148-1, Sec. 1, Xincheng S. Rd., Taipei City 100, Taiwan
Zhongzheng Branch	(02) 2311-3166	(02) 2375-9911	1F., No.45, Sec. 1, Hankou St., Zhongzheng Dist., Taipei City 100, Taiwan
Chengjihong Branch	(02) 2382-2888	(02) 2381-8399	No.42, Hengyang Rd., Taipei City 100, Taiwan
Nanmen Branch	(02) 2321-3300	(02) 2341-5222	No. 83, Sec. 1, Nanchang Rd., Zhongzheng Dist.,
Ximen Branch	(02) 2388-2768	(02) 2388-1928	No.69, Baoqing Rd., Taipei City 100, Taiwan
Yanping Branch	(02) 2558-9222	(02) 2558-1700	No.57, Sec. 2, Yanping N. Rd., Taipei City 103, Taiwan
Chengde Branch	(02) 2592-0000	(02) 2592-1209	No.210, Sec. 3, Chengde Rd., Taipei City 103, Taiwan
Datong Branch	(02) 2558-5869	(02) 2550-0879	No.66, Nanjing W. Rd., Taipei City 103, Taiwan
Zhongshan Branch	(02) 2563-0900	(02) 2563-1886	1F., No.59, Sec. 1, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Zhongshan North Road Branch	(02) 2521-7888	(02) 2521-0678	No.135, Sec. 2, Zhongshan N. Rd., Taipei City 104, Taiwan
Yuanshan Branch	(02) 2598-6598	(02) 2598-6799	1F., No.47, Sec. 3, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Songjiang Branch	(02) 2516-8608	(02) 2516-1078	No.109, Songjiang Rd., Taipei City 104, Taiwan
Nanjing East Road Branch	(02) 2545-8777	(02) 2545-8118	No.221, Sec. 3, Nanjing E. Rd., Taipei City 104, Taiwan
Chengtung Branch	(02) 2562-1998	(02) 2562-2058	No. 77, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Minsheng Branch	(02) 8712-9666	(02) 8712-7077	No.52-1, Sec. 4, Minsheng E. Rd., Taipei City 105, Taiwan
East Taipei Branch	(02) 2577-1015	(02) 2578-4922	1F., No.112, Guangfu N. Rd., Songshan Dist., Taipei City 105, Taiwan
Dunhua Branch	(02) 2545-5569	(02) 2712-0196	1F., No.201, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan
Business Department	(02) 2173-6680	(02) 2772-1909	No.66, Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Yanji Branch	(02) 2778-6398	(02) 2778-1538	1F., No.387, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan
Da Heping Branch	(02) 2343-2233	(02) 2392-3131	1F., No.197-1, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan
Guangfu Branch	(02) 8773-6667	(02) 8773-5068	3F.-1, No.300, Sec. 4, Zhongxiao E. Rd., Taipei City 106, Taiwan
Dongmen Branch	(02) 2321-8833	(02) 2391-0202	1F., No.33, Sec. 2, Jinshan S. Rd., Da'an Dist., Taipei City 106, Taiwan
Sinyi Branch	(02) 2703-2569	(02) 2703-1908	No. 133, Sec. 1, Anhe Rd., Da'an Dist., Taipei City 106, Taiwan
Taipei Branch	(02) 2705-7888	(02) 2755-3751	No.56, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan
Gongguan Branch	(02) 2369-3955	(02) 2369-3983	No.275, Sec. 3, Roosevelt Rd., Taipei City 106, Taiwan
Guting Branch	(02) 2365-4567	(02) 2368-5959	No.37, Sec. 3, Roosevelt Rd., Taipei City 106, Taiwan
Dunan Branch	(02) 2775-3668	(02) 2775-5288	No. 97, Sec. 1, Da an Rd., Da an Dist., Taipei City 106, Taiwan

Name	Tel	Fax	Address
Wanhua Branch	(02) 2308-6558	(02) 2308-6500	No. 123, Sec. 1, Xiyuan Rd., Wanhua Dist., Taipei City 108, Taiwan
Zhongxiao Branch	(02) 8786-7778	(02) 8786-7758	No.400, Sec. 5, Zhongxiao E. Rd., Taipei City 110, Taiwan
Yungchun Branch	(02) 2723-0688	(02) 2723-0716	1F., No.478, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Songshan Branch	(02) 8785-7618	(02) 8785-9711	No.675, Sec. 5, Zhongxiao E. Rd., Taipei City 110, Taiwan
Shihmao Branch	(02) 2377-8568	(02) 2736-3866	No. 123, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan
Shihlin Branch	(02) 2837-6638	(02) 2835-5886	No.314, Zhongzheng Rd. , Taipei City 111, Taiwan
Tianmu Branch	(02) 2871-2558	(02) 2871-1117	No.14, Tianmu W. Rd., Taipei City 111, Taiwan
Zhongcheng Branch	(02) 2838-5959	(02) 2838-0101	1F., No.27, Sec. 1, Zhongcheng Rd., Shilin Dist., Taipei City 111, Taiwan
Beitou Branch	(02) 2898-2121	(02) 2897-9667	No.35, Sec. 2, Beitou Rd., Taipei City 112, Taiwan
Shipai Branch	(02) 2823-0857	(02) 2823-0758	1F., No.120, Sec. 2, Shipai Rd., Beitou Dist., Taipei City 112, Taiwan
Wende Branch	(02) 2797-7988	(02) 2797-0858	No.68, Wende Rd., Taipei City 114, Taiwan
Neihu Branch	(02) 8751-8759	(02) 8751-9858	No.189, Gangqian Rd., Taipei City 114, Taiwan
Ruiguang Branch	(02) 2627-1000	(02) 2627-1919	1F., No.21, Ln. 583, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan
Huandong Branch	(02) 2793-7708	(02) 2793-7606	2F., No. 386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114, Taiwan
Nangang Branch	(02) 2783-2600	(02) 2783-1556	No.28, Park St., Taipei City 115, Taiwan
Chingmei Branch	(02) 8663-6766	(02) 8663-3139	No.3, Jingwun St., Taipei City 116, Taiwan
Sinban Branch	(02) 2953-6677	(02) 2953-8866	1F., No.156-3, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Banqiao Branch	(02) 2953-6789	(02) 2953-3386	No.69, Sec. 1, Zhongshan Rd., New Taipei City 220, Taiwan
Puqian Branch	(02) 8952-0788	(02) 8952-0828	No.125, Sec. 2, Zhongshan Rd., New Taipei City 220, Taiwan
East Banqiao Branch	(02) 2955-9966	(02) 8953-3033	1F., No.443, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Jiangcui Branch	(02) 2258-1188	(02) 2258-2298	1F., No.321, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City 220, Taiwan
Xizhi Branch	(02) 2641-7266	(02) 2641-7822	1F., No.285, Zhongxiao E. Rd., Xizhi Dist., New Taipei City 221, Taiwan
Xindian Zhongzheng Branch	(02) 2911-0058	(02) 2911-7858	No.225, Zhongzheng Rd., New Taipei City 231, Taiwan
Xindian Branch	(02) 2912-5799	(02) 2914-1255	No.252, Sec. 2, Beixin Rd., New Taipei City 231, Taiwan
Beixin Branch	(02) 2218-1399	(02) 2218-1655	1F., No.91, Minquan Rd., Xindian Dist., New Taipei City 231, Taiwan
Xiulang Branch	(02) 8921-9218	(02) 8921-9238	1F., No.253, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan
Yonghe Branch	(02) 8231-1288	(02) 8231-1277	No.657, Zhongzheng Rd., New Taipei City 234, Taiwan
Shuanghe Branch	(02) 2245-7198	(02) 2245-0698	2F.-1, No.232, Zhonghe Rd., New Taipei City 235, Taiwan
Jhonghe Branch	(02) 2245-6789	(02) 2245-5676	No.1 & No.3, Taihe St., New Taipei City 235, Taiwan

Name	Tel	Fax	Address
Liancheng Branch	(02) 2240-5100	(02) 2240-2830	1F., No.87, Liancheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan
Tucheng Branch	(02) 2270-3030	(02) 2260-5151	No.255, Sec. 1, Zhongyang Rd., New Taipei City 236, Taiwan
Jincheng Branch	(02) 2273-2899	(02) 2273-5559	1F., No.46,Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan
Shulin Branch	(02) 2675-7268	(02) 2675-7255	No.99, Sec. 1, Zhongshan Rd., New Taipei City 238, Taiwan
Beisanhong Branch	(02) 2982-9192	(02) 2989-3060	No.195, Jhengyi N. Rd., New Taipei City 241, Taiwan
Sanchong Branch	(02) 2983-2255	(02) 2988-5810	No.111, Sec.3, Chongsin Rd. , New Taipei City 241, Taiwan
South Xinzhuang Branch	(02) 2203-7676	(02) 2202-6017	1F., No.107, Siwei Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Shangxinzhuang Branch	(02) 2990-0999	(02) 2993-3222	No.173, Siyuan Rd., New Taipei City 242, Taiwan
Xinzhuang Branch	(02) 2996-7999	(02) 8992-6322	No.246, Xintai Rd., New Taipei City 242, Taiwan
Luzhou Branch	(02) 2281-8958	(02) 2281-0266	No.10, Zhongshan 1st Rd., New Taipei City 247, Taiwan
Luodong Branch	(03) 956-8966	(03) 956-2333	No.38, Zhongzheng N. Rd., Yilan County 265, Taiwan
Hsinchu Branch	(03) 545-6688	(03) 545-6008	No.276, Minsheng Rd., Hsinchu City 300, Taiwan
Hsinchu Science Park Branch	(03) 666-7888	(03) 666-7688	No.267, Sec. 1, Guangfu Rd., Hsinchu City 300, Taiwan
Datong Branch	(03)523-6600	(03) 525-7700	No.196, Linsen Rd., Hsinchu City 300, Taiwan
East Hsinchu Branch	(03) 564-3500	(03) 564-1873	1F., No.23, No.25, Guanxin Rd., East Dist., Hsinchu City 300, Taiwan
Jhubei Branch	(03) 555-9199	(03) 555-7200	No.85, Guangming 6th Rd., Hsinchu County 302, Taiwan
Xinli Branch	(03) 494-3000	(03) 494-3648	1F., No.152, Sec. 2, Zhongyang W. Rd., Zhongli Dist., Taoyuan City 320, Taiwan
Zhongli Branch	(03) 426-6007	(03) 426-6017	No.7, Zhongyang E. Rd., Taoyuan City 320, Taiwan
Pingjhen Branch	(03) 494-2690	(03) 494-3061	No.18, Huannan Rd., Taoyuan City 324, Taiwan
North Taoyuan Branch	(03) 326-1234	(03) 326-0707	1F., No.194, Sec. 1, Daxing W. Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Chenggong Branch	(03) 337-8588	(03) 336-6666	11F., No.32, Sec. 1, Chenggong Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Taoyuan Branch	(03) 356-5000	(03) 356-5001	No.375, Sec. 1, Zhuangjing Rd., Taoyuan City 330, Taiwan
Taosin Branch	(03) 338-5518	(03) 338-5618	No.51-2, Fusing Rd., Taoyuan City 330, Taiwan
Linkou Branch	(03) 328-8999	(03) 328-8668	No.118, Wenhua 3rd Rd., Taoyuan City 333, Taiwan
Changgeng Branch	(03) 397-5678	(03) 397-4567	No. 11-5, Wenhua 2nd Rd., Guishan Dist., Taoyuan City 333, Taiwan
Nankan Branch	(03) 312-9550	(03) 312-9551	No.309, Zhongzheng Rd., Taoyuan City 338, Taiwan
Toufen Branch	(037) 663-763	(037) 663-761	No. 79, Heping Rd., Toufen City, Miaoli County 351, Taiwan
Miaoli Branch	(037) 336-678	(037) 336-718	No.460, Zhongzheng Rd., Miaoli County 360, Taiwan
Taichung Branch	(04) 2227-1799	(04) 2220-7499	No.8, Sec. 2, Ziyou Rd., Taichung City 400, Taiwan

Name	Tel	Fax	Address
Fusing Branch	(04) 2261-6889	(04) 2262-1060	No.269, Sec. 1, Fusing Rd., Taichung City 402, Taiwan
North Taichung Branch	(04) 2226-8800	(04) 2226-8700	1F., No.213, Sec. 3, Sanmin Rd., North Dist., Taichung City 404, Taiwan
Chongde Branch	(04) 2232-9961	(04) 2233-1818	No.46, Sec. 2, Chongde Rd., Taichung City 406, Taiwan
Shuinan Branch	(04) 2293-8998	(04) 2296-2702	1F., No.239, Sec. 3, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan
Wunsin Branch	(04) 2297-0068	(04) 2296-5966	No.337, Sec. 3, Wunsin Rd., Taichung City 407, Taiwan
Chunggang Branch	(04) 2465-0889	(04) 2465-0989	No.900, Sec. 4, Taiwan Blvd., Taichung City 407, Taiwan
Nantun Branch	(04) 2471-6066	(04) 2471-6266	1F., No.271, Sec. 2, Wuquan W. Rd., Nantun Dist., Taichung City 408, Taiwan
Taiping Branch	(04) 2270-2688	(04) 2273-6000	No. 62, Zhongxing E. Rd., Taiping Dist., Taichung City 411, Taiwan
Dali Branch	(04) 2492-2288	(04) 2496-9422	No.724, Tucheng Rd., Taichung City 412, Taiwan
Dali Defang Branch	(04) 2418-0538	(04) 2418-0738	1F., No.113, Sec. 2, Defang Rd., Dali Dist., Taichung City 412, Taiwan
Fengren Branch	(04) 2515-6777	(04) 2515-9299	1F., No.6, Ren'ai St., Fengyuan Dist., Taichung City 420, Taiwan
Fongyuan Branch	(04) 2529-3366	(04) 2524-0028	No.23, Yuanhuan W. Rd., Taichung City 420, Taiwan
Shalu Zhongshan Branch	(04) 2662-1999	(04) 2662-2050	1F., No.428, Zhongshan Rd., Shalu Dist., Taichung City 433, Taiwan
Shalu Branch	(04) 2665-6656	(04) 2663-3852	No.535, Zhongshan Rd., Taichung City 433, Taiwan
Dajia Branch	(04) 2688-6088	(04) 2688-6366	No.833, Sec. 1, Zhongshan Rd., Taichung City 437, Taiwan
Changhua Branch	(04) 726-7001	(04) 726-6992	No.898, Sec. 2, Zhongshan Rd., Changhua County 500, Taiwan
Changxing Branch	(04) 729-1688	(04) 729-2199	1F., No.140, Zhongxingzhuang, Changhua City, Changhua County 500, Taiwan
Lugang Branch	(04) 778-5799	(04) 777-9779	No.321, Zhongshan Rd., Changhua County 505, Taiwan
Yuanlin Branch	(04) 835-6403	(04) 835-2653	No.283, Sec. 2, Datong Rd., Changhua County 510, Taiwan
Beidou Branch	(04) 887-3881	(04) 887-3886	No.166, Guangfu Rd., Changhua County 521, Taiwan
Caotun Branch	(049) 232-1661	(049) 232-1800	No.88, Zhongxing Rd., Nantou County 542, Taiwan
Chiayi Branch	(05) 232-7469	(05) 232-6415	No.185, Zhongxing Rd., Chiayi City 600, Taiwan
South Chiayi Branch	(05) 229-0666	(05) 223-9630	1F., No.198, Xinrong Rd., West Dist., Chiayi City 600, Taiwan
Douan Branch	(05) 597-1138	(05) 597-1139	No.67, Zhongshan Rd., Yunlin County 630, Taiwan
Huwei Branch	(05) 633-9169	(05) 633-9423	No.1, Heping Rd., Yunlin County 632, Taiwan
Doushin Branch	(05) 535-1799	(05) 535-1313	No.29, Wunhua Rd., Yunlin County 640, Taiwan
Fuchen Branch	(06) 228-1281	(06) 222-2415	No.165, Sec. 1, Minsheng Rd., Tainan City 700, Taiwan
Tainan Branch	(06) 293-8688	(06) 293-8699	No.348, Sec. 1, Yonghua Rd., Tainan City 700, Taiwan
Chinhua Branch	(06) 223-0006	(06) 228-6651	No. 230, Sec. 3, Jinhua Rd., West Central Dist., Tainan City 700, Taiwan
Fudong Branch	(06) 268-7815	(06) 267-3371	No.348, Sec. 2, Dongmen Rd., Tainan City 701, Taiwan

Name	Tel	Fax	Address
Wanli Branch	(06) 262-3260	(06) 262-5069	1F., No.12-6, Aly. 88, Ln. 211, Wanli Rd., South Dist., Tainan City 702, Taiwan
Beifu Branch	(06) 226-6120	(06) 226-7357	1F., No.157, Sec. 3, Ximen Rd., North Dist., Tainan City 704, Taiwan
Kaiyuan Branch	(06) 238-3125	(06) 236-3661	No.461, Shengli Rd., Tainan City 704, Taiwan
Anhe Branch	(06) 255-1236	(06) 256-9941	No.226, Sec. 1, Anhe Rd., Tainan City 709, Taiwan
Annan Branch	(06) 355-9083	(06) 356-2440	1F., No.279, Sec. 5, Anhe Rd., Annan Dist., Tainan City 709, Taiwan
Yongkang Branch	(06) 312-6789	(06) 312-1528	No.511, Siaodong Rd., Tainan City 710, Taiwan
Jiali Branch	(06) 721-4888	(06) 721-0249	No.278, Wunhua Rd., Tainan City 722, Taiwan
Xinying Branch	(06) 633-3300	(06) 633-7033	1F., No.117, Zhongshan Rd., Xinying Dist., Tainan City 730, Taiwan
Kaohsiung Branch	(07) 282-2101	(07) 282-2168	No.143, Zhongzheng 4th Rd., Kaohsiung City 801, Taiwan
Qianjin Branch	(07) 272-2766	(07) 272-6595	1F., No.217, Zhonghua 3rd Rd., Qianjin Dist., Kaohsiung City 801, Taiwan
Lingya Branch	(07) 223-5550	(07) 2247-638	1F., No.58, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan
Gushan Branch	(07) 550-5378	(07) 550-5376	No. 15, Mingcheng 4th Rd., Gushan Dist., Kaohsiung City 804, Taiwan
Qijin Branch	(07) 571-5898	(07) 571-0704	1F., No.106, Miaoqian Rd., Qijin Dist., Kaohsiung City 805, Taiwan
Sanduo Branch	(07) 332-2726	(07) 332-2662	No.83, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Qianzhen Zhongshan Branch	(07) 336-2020	(07) 335-6673	1F., No.2, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Qianzhen Branch	(07) 821-4581	(07) 815-1607	1F., No.517, Caoya 2nd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan
Sanmin Branch	(07) 395-1588	(07) 395-3288	No.462, Minzu 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Shiquan Branch	(07) 316-0699	(07) 323-5290	1F., No.218, Bo'ai 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Dachang Branch	(07) 381-4488	(07) 385-8095	1F., No.501, Juemin Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Minzu Branch	(07) 341-3587	(07) 341-2517	No. 569-1, Minzu 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan
Youchang Branch	(07) 364-9911	(07) 365-6634	1F., No.803-1, Houchang Rd., Nanzi Dist., Kaohsiung City 811, Taiwan
Xiaogang Branch	(07) 806-3799	(07) 807-0399	1F., No.678, Hanmin Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan
Zuoying Branch	(07) 581-0898	(07) 581-0798	No.158, Zuoying Avenue, Kaohsiung City 813, Taiwan
Mingcheng Branch	(07) 556-7188	(07) 556-7371	1F., No.359, Mingcheng 2nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan
Boai Branch	(07) 558-6088	(07) 558-3699	No.491, Mingcheng 2nd Rd., Kaohsiung City 813, Taiwan
Gaofeng Branch	(07) 740-3699	(07) 710-6619	1F., No.342, Zhongshan W. Rd., Fengshan Dist., Kaohsiung City 830, Taiwan
Wujia Branch	(07) 831-9900	(07) 822-8863	1F., No.490, Wujia 2nd Rd., Fengshan Dist., Kaohsiung City 830, Taiwan
Chengqing Branch	(07) 732-6501	(07) 732-6758	1F., No.123, Dapi Rd., Niasong Dist., Kaohsiung City 833, Taiwan
Kinmen Branch	(082) 322-566	(082) 373-102	No.188-1 Mincyuan Rd., Kinmen County 893, Taiwan
Pingrong Branch	(08) 722-6060	(08) 722-6039	1F., No.115, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan

Name	Tel	Fax	Address
Pingtung Branch	(08) 735-0426	(08) 737-0121	No.690, Guangdong Rd., Pingtung County 900, Taiwan
Tungshin Branch	(089) 324-351	(089) 324-734	No.427, Sec. 1, Zhonghua Rd., Taitung County 950, Taiwan
Hualien Branch	(03) 831-1708	(03) 832-1169	No.167, Guolian 1st Rd., Hualien County 970, Taiwan
Offshore Banking Unit(OBU)	(02) 2173-6699	(02) 2772-2513	3F., No.66 , Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Hong Kong Branch	(852) 2511-1719	(852) 2511-1897	Room 2508, 25/F, Tower 1, Admiralty Centre, No.18 Harcourt Road, Hong Kong

Overseas Subsidiary	Tel	Fax	Address
Yuanta Savings Bank Philippines, Inc.	(63) 2 88453838	(63) 2 88453839	Ground Floor, Chatham House Building, 116 Valero Cor. V.A. Rufino Streets, Salcedo Village, Makati City, Philippines
Yuanta Savings Bank Korea Co., Ltd.	(82) 2 6022 3700	(82) 2 519 2753	542, Gangnam-daero, Gangnam-gu, Seoul, Korea
Yuanta Savings Bank Korea Co., Ltd. Euljiro Branch	(82) 2 6022 3700 ext. 3	(82) 2 915 1196	International Building 13F, 109, Namdaemun-ro, Jung-gu, Seoul, Korea

Overseas Office	Tel	Fax	Address
Yangon Representative Office	(95) 1 202051	-	422/426 Corner of Strand Road and Botahtaung Pagoda Road, #09-07, Botahtaung Township, Yangon, Myanmar

Affiliate	Tel	Fax	Address
Yuanta International Leasing Co., Ltd.	(02) 2781-1999	(02) 2772-5825	5F., No.69, Baoqing Rd., Taipei City 100, Taiwan

**Appendix : Consolidated Financial Report for 2020**

**YUANTA COMMERCIAL BANK CO., LTD.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**



## INDEPENDENT AUDITORS' REPORT

PWCM20000543

To the Board of Directors and Shareholders of Yuanta Commercial Bank Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Yuanta Commercial Bank Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic in China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Yuanta Commercial Bank Co., Ltd. and its subsidiaries' consolidated financial statements of the current period are stated as follows:



### ***Impairment evaluation of bills discounted and loans***

#### Description

For the accounting policy of the impairment evaluation of bills discounted and loans, please refer to Note 4(9); for critical accounting estimates and assumption uncertainty of impairment of bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Notes 6(8) and 12(4). Total bills discounted and loans ( including adjustment for premium or discount) and their allowance for credit losses as at December 31, 2020, were NTD 782,770,760 thousand and NTD 11,730,288 thousand, respectively.

The impairment evaluation of bills discounted and loans is conducted in accordance with IFRS 9, ‘Financial Instruments’, “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” and relevant regulations. The management’s considerations on bills discounted and loans impairment appropriation are primarily based on reasonable and supportable information about past events, current conditions, and forecasts of future economics. At each financial reporting date, bills discounted and loans are categorized into one of the following three stages based on whether there has been significant increase in credit risk since initial recognition: no significant increase in credit risk or low credit risk at balance sheet date, significant increase in credit risk and credit-impaired and considered relevant laws and regulations of the allowance for credit losses. Because the amount of bills discounted and loans is material with respect to the total consolidated assets and impairment evaluation involves management’s professional judgment and is highly uncertain, we have thus included the impairment evaluation of bills discounted and loans as one of the key audit matters.

#### How our audit addressed the matter

We obtained and gained an understanding of Yuanta Commercial Bank Co., Ltd.’s policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans and performed sample tests. We conducted the following procedures on the impairment evaluation of bills discounted and loans as at December 31, 2020: sample examined the stage classification for expected credit losses; sample tested the calculation of the probability of default, loss given default, and exposure at default; sample examined documents regarding management’s individual evaluation of future cash flows and collateral value; and evaluated whether the provision for impairment loss amount complied with the competent authority’s related regulations.

### ***Impairment evaluation of goodwill***

#### Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Notes 4(16) and 4(17); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(14).

The book value of goodwill and accumulated impairment loss as at December 31, 2020, were NTD 10,600,300 thousand and NTD 2,786,237 thousand, respectively.

Management of Yuanta Commercial Bank Co., Ltd. periodically performs impairment assessments on goodwill at the end of each year. Such assessments are based on cash generating units identified through operating segments and the experts are engaged to assist in measuring the recoverable amounts of cash generating units based on future cash flows. Since the amount of goodwill is material and the parameters used to determine the recoverable amount are subject to the management's professional judgement, which is classified as critical accounting estimates, we have thus included the impairment assessment of goodwill as one of the key audit matters.

#### How our audit addressed the matter

Our main audit procedures included obtaining asset impairment evaluation data prepared by management and impairment testing reports; inspecting the authorization procedures for impairment testing reports, and assessing management's identification of cash generating units and estimation process for future cash flows. In addition, we and our valuation specialist reviewed the management's prior year operation plan execution result; sample assessed the reasonableness of key assumptions used in impairment testing models, and examined the calculation formulas of impairment testing models.

#### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Yuanta Commercial Bank Co., Ltd. as at and for the years ended December 31, 2020 and 2019.

#### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Yuanta Commercial Bank Co., Ltd. and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Yuanta Commercial Bank Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Yuanta Commercial Bank Co., Ltd.'s financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yuanta Commercial Bank Co., Ltd. and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Yuanta Commercial Bank Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Yuanta Commercial Bank Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Lo, Chiao-Sen*

LO, CHIAO-SEN

*Chen, Hsien-I*

CHEN, HSIEN-I

For and on behalf of PricewaterhouseCoopers, Taiwan

March 18, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 19,683,369	1	\$ 25,207,135	2
11500	Due from Central Bank and call loans to other bank	6(2)	54,373,556	4	46,034,685	3
12000	Financial assets at fair value through profit or loss	6(3)	166,389,485	12	148,571,375	11
12100	Financial assets at fair value through other comprehensive income	6(4)	153,197,610	11	101,295,739	8
12200	Investments in debt instruments at amortised cost	6(5)	218,228,224	15	201,309,106	15
12500	Bills and bonds purchased under resale agreements	6(6)	2,098,668	-	5,310,000	-
13000	Receivables – net	6(7)	18,497,098	1	23,575,197	2
13200	Current income tax assets		1,557,562	-	2,434,100	-
13300	Assets classified as held for sale – net	6(16)	203,730	-	533,632	-
13500	Bills discounted and loans – net	6(8)	771,040,472	53	747,243,764	56
15500	Other financial assets – net	6(9)	281,484	-	165,899	-
18500	Property and equipment – net	6(10)	13,669,631	1	12,510,636	1
18600	Right-of-use assets – net	6(11)	10,571,258	1	10,687,982	1
18700	Investment property – net	6(13)	816,689	-	843,889	-
19000	Intangible assets – net	6(14)	9,464,148	1	11,038,196	1
19300	Deferred income tax assets	6(39)	936,981	-	838,639	-
19500	Other assets – net	6(15)	2,470,307	-	2,082,050	-
	<b>Total Assets</b>		<u>\$ 1,443,480,272</u>	<u>100</u>	<u>\$ 1,339,682,024</u>	<u>100</u>

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>LIABILITIES</b>						
21000	Deposits from Central Bank and other banks	6(17)	\$ 15,412,299	1	\$ 13,107,028	1
21500	Due to Central Bank and other banks	6(18)	675,000	-	-	-
22000	Financial liabilities at fair value through profit or loss	6(19)	3,014,414	-	3,568,060	-
22500	Bills and bonds sold under repurchase agreements	6(6)	-	-	1,550,312	-
23000	Payables	6(20)	9,270,831	1	12,317,900	1
23200	Current income tax liabilities		756,047	-	1,810,146	-
23500	Deposits and remittances	6(21)	1,246,503,535	86	1,137,390,287	85
24000	Financial debentures payable	6(22)	34,500,000	3	34,500,000	3
25500	Other financial liabilities	6(23)	3,349,248	-	6,714,309	1
25600	Provisions	6(24)and(25)	1,262,012	-	1,451,149	-
26000	Lease liabilities		2,683,736	-	2,658,761	-
29300	Deferred income tax liabilities	6(39)	420,877	-	315,443	-
29500	Other liabilities	6(26)	1,689,533	-	2,424,310	-
	<b>Total Liabilities</b>		<u>1,319,537,532</u>	<u>91</u>	<u>1,217,807,705</u>	<u>91</u>
<b>EQUITY</b>						
31000	<b>Equity attributable to owners of the parent company</b>					
31100	<b>Share capital</b>					
31101	Common stock	6(27)	73,940,390	5	73,940,390	5
31500	<b>Capital surplus</b>	6(28)	25,960,441	2	25,960,441	2
32000	<b>Retained earnings</b>	6(29)				
32001	Legal reserve		13,557,383	1	10,666,805	1
32003	Special reserve		74,866	-	90,858	-
32011	Unappropriated earnings		7,227,153	1	9,635,260	1
32500	<b>Other equity interest</b>	6(30)	<u>3,182,507</u>	-	<u>1,580,565</u>	-
	<b>Total Equities</b>		<u>123,942,740</u>	<u>9</u>	<u>121,874,319</u>	<u>9</u>
<b>TOTAL LIABILITIES AND EQUITY</b>						
			<u>\$ 1,443,480,272</u>	<u>100</u>	<u>\$ 1,339,682,024</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				Changes Percentage (%)
		2020		2019		
		AMOUNT	%	AMOUNT	%	
41000	Interest income	\$ 18,904,851	93	\$ 22,611,119	97	( 16 )
51000	Less: Interest expense	( 6,284,104 )	( 31 )	( 9,144,173 )	( 39 )	( 31 )
	<b>Net interest income</b>	<u>12,620,747</u>	<u>62</u>	<u>13,466,946</u>	<u>58</u>	( 6 )
	<b>Net non-interest income</b>					
49100	Net service fee and commission income	4,869,613	24	5,679,413	24	( 14 )
49200	Gain on financial assets and financial liabilities at fair value through profit or loss	1,085,812	5	746,098	3	46
49310	Realized gain on financial assets at fair value through other comprehensive income	1,597,703	8	1,355,627	6	18
49450	Gain arising from derecognition of financial assets measured at amortised cost	341,217	2	-	-	-
49600	Foreign exchange gain	934,910	5	1,969,497	8	( 53 )
49700	Impairment loss on assets	( 1,356,670 )	( 7 )	( 8,570 )	-	15730
		( 13 )	( 14 )	( 16 )	( 34 )	
49800	Other non-interest income	<u>171,617</u>	<u>1</u>	<u>162,538</u>	<u>1</u>	6
	<b>Net revenue</b>	<u>20,264,949</u>	<u>100</u>	<u>23,371,549</u>	<u>100</u>	( 13 )
58200	Provision for bad debt expenses, commitment and guarantee reserve	( 1,942,978 )	( 9 )	( 1,066,650 )	( 5 )	82
	<b>Operating expenses</b>					
58500	Employee benefit expense	( 5,843,340 )	( 29 )	( 6,392,006 )	( 27 )	( 9 )
59000	Depreciation and amortization expenses	( 1,357,414 )	( 7 )	( 1,326,254 )	( 6 )	2
59500	Other general and administrative expenses	( 3,089,390 )	( 15 )	( 3,079,337 )	( 13 )	-
61001	<b>Income from continuing operations before income tax</b>	<u>8,031,827</u>	<u>40</u>	<u>11,507,302</u>	<u>49</u>	( 30 )
61003	Income tax expense	( 1,135,956 )	( 6 )	( 1,461,072 )	( 6 )	( 22 )
64000	<b>Net income</b>	<u>\$ 6,895,871</u>	<u>34</u>	<u>\$ 10,046,230</u>	<u>43</u>	( 31 )

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				Changes Percentage (%)
		2020		2019		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
65201	(Gains) losses on remeasurements of defined benefit plans	6(25) \$ 19,020	-	(\$ 83,875)	-	( 123)
65204	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6(4)and(30) 869,784	5	135,926	-	540
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)and(39) ( 7,767)	-	( 8,785)	-	( 12)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
65301	Exchange differences on translation of foreign financial statements	6(30) ( 186,383)	( 1)	( 309,261)	( 1)	( 40)
65309	Unrealized gain on investments in debt instruments at fair value through other comprehensive income	6(4)and(30) 1,245,394	6	551,417	2	126
65310	Reversal of impairment loss for debt instruments at fair value through other comprehensive income	6(4)and(30) ( 4,537)	-	( 5,796)	-	( 22)
65320	Income tax relating to components of other comprehensive income that will be classified to profit or loss	6(30)and(39) ( 2,287)	-	( 4,138)	-	( 45)
65000	<b>Other comprehensive income, net of tax</b>	\$ 1,933,224	10	\$ 275,488	1	602
66000	<b>Total comprehensive income</b>	\$ 8,829,095	44	\$ 10,321,718	44	( 14)
<b>Net income attributable to:</b>						
67101	Profit attributable to the parent	\$ 6,895,871	34	\$ 10,046,230	43	( 31)
		\$ 6,895,871	34	\$ 10,046,230	43	( 31)
<b>Comprehensive income attributable to</b>						
67301	Profit attributable to the parent	\$ 8,829,095	44	\$ 10,321,718	44	( 14)
		\$ 8,829,095	44	\$ 10,321,718	44	( 14)
Basic and Diluted earning per share						
	<b>Basic and diluted earnings per share</b>	6(40) \$	0.93	\$	1.36	

The accompanying notes are an integral part of these consolidated financial statements.



YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent						Total equity
	Retained earnings			Other equity interest			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statements of foreign operating entities	
For the year ended December 31, 2019							
Balance, January 1, 2019	\$ 73,940,390	\$ 25,960,441	\$ 8,907,771	\$ 61,541	\$ 5,863,446	(\$ 330,505)	\$ 1,248,030
Effects of retrospective application and retrospective restatement	-	-	-	-	(23,418)	-	(23,418)
Balance at January 1, 2019 after adjustments	73,940,390	25,960,441	8,907,771	61,541	5,840,028	(330,505)	1,248,030
Appropriation and distribution of 2018 earnings	-	-	-	-	(1,759,034)	-	-
Legal reserve appropriated	-	-	1,759,034	-	-	-	-
Special reserve appropriated	-	-	-	29,317	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(4,075,095)	-	-
Net income for the year	-	-	-	-	10,046,230	-	-
Other comprehensive income (loss) for the year	-	-	-	-	(67,267)	-	652,016
Total comprehensive income (loss) for the year	-	-	-	-	9,978,963	-	652,016
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(320,285)	-	320,285
Balance, December 31, 2019	\$ 73,940,390	\$ 25,960,441	\$ 10,666,805	\$ 90,858	\$ 9,655,260	(\$ 639,766)	\$ 2,220,331
For the year ended December 31, 2020							
Balance, January 1, 2020	\$ 73,940,390	\$ 25,960,441	\$ 10,666,805	\$ 90,858	\$ 9,655,260	(\$ 639,766)	\$ 2,220,331
Appropriation and distribution of 2019 earnings	-	-	-	-	(2,890,578)	-	-
Legal reserve appropriated	-	-	2,890,578	-	-	-	-
Reversal of special reserve	-	-	-	(15,992)	(15,992)	-	-
Cash dividends of ordinary shares	-	-	-	-	(6,760,674)	-	-
Net income for the year	-	-	-	-	6,895,871	-	-
Other comprehensive income (loss) for the year	-	-	-	-	15,406	-	2,104,201
Total comprehensive income (loss) for the year	-	-	-	-	6,911,277	-	2,104,201
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	315,876	-	(315,876)
Balance, December 31, 2020	\$ 73,940,390	\$ 25,960,441	\$ 13,557,383	\$ 74,866	\$ 7,227,155	(\$ 826,149)	\$ 4,008,656

The accompanying notes are an integral part of these consolidated financial statements.

**YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	\$ 8,031,827	\$ 11,507,302
Adjustments		
Income and expenses having no effect on cash flows		
Depreciation	964,159	921,692
Amortization	393,255	404,562
Provision for bad debt expense, commitment and guarantee reserve	2,719,212	2,723,293
Interest expense	6,284,104	9,144,173
Interest income	( 18,904,851 )	( 22,611,119 )
Dividend income	( 788,574 )	( 741,169 )
Net change in other provisions	( 1,429 )	( 116,852 )
Loss from disposal or retirement of property and equipment	712	86
Property and equipment transferred to expenses	849	-
Gain on disposal of investment property	( 1,188 )	-
Loss on disposal or retirement of intangible assets	1,851	-
Gain on disposal of other assets	( 333 )	( 2,959 )
Gain on disposal of assets classified as held for sale	( 12,765 )	( 18,827 )
Impairment loss (reversal of impairment loss) on financial assets	8,270	( 181 )
Impairment loss on non-financial assets	1,348,400	8,751
(Gain) loss from lease modification	( 473 )	680
Gain on rent concession	( 9,736 )	-
Changes in assets/liabilities relating to operating activities		
Changes in operating assets		
Increase in due from Central Bank and call loans to other banks	( 3,617,396 )	( 2,508,338 )
Increase in financial assets at fair value through profit or loss	( 17,818,110 )	( 13,862,169 )
(Increase) decrease in financial asset at fair value other comprehensive income	( 49,799,405 )	6,458,762
Increase in financial assets at amortised cost	( 16,919,213 )	( 21,100,216 )
Decrease in receivables	4,926,950	2,479,216
Increase in bills discounted and loans	( 26,459,875 )	( 18,994,573 )
(Increase) decrease in other financial assets	( 165,483 )	141,229
(Increase) decrease in other assets	( 445,034 )	1,916,249
Net changes in liabilities relating to operating activities		
Increase (decrease) in due to Central Bank and other banks	2,305,271	( 8,940,246 )
Decrease in financial liabilities at fair value through profit or loss	( 553,646 )	( 1,255,647 )
Decrease in payables	( 2,601,204 )	( 508,907 )
Increase in deposits and remittances	109,113,248	74,486,305
Decrease in other financial liabilities	( 3,365,061 )	( 4,047,906 )
Decrease in provisions for employee benefits	( 169,580 )	( 332,298 )
(Decrease) increase in other liabilities	( 734,777 )	803,511
Cash (outflow) inflow generated from operations	( 6,270,025 )	15,954,404
Interest received	19,185,025	22,974,239
Dividend received	795,036	734,706
Interest paid	( 6,729,969 )	( 9,324,506 )
Income tax paid	( 1,316,110 )	( 773,117 )
Net cash flows from operating activities	<u>5,663,957</u>	<u>29,565,726</u>

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31,	
	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from disposal of assets classified as held for sale	\$ 473,200	\$ 241,880
Acquisition of property and equipment	( 1,591,612 )	( 328,052 )
Proceeds from disposal of property and equipment	6,450	4,267
Acquisition of intangible assets	( 28,751 )	( 26,739 )
Acquisition of right - of - use assets	( 160 )	( 490 )
Proceeds from disposal of investment properties	1,880	-
Net cash flows used in investing activities	( 1,138,993 )	( 109,134 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in due to Central Bank and other banks	675,000	-
Repayments of financial debentures	-	( 3,500,000 )
Decrease in bills and bonds sold under repurchase agreements	( 1,550,312 )	( 14,676,512 )
Payment of principal portion of lease liabilities	( 577,221 )	( 548,160 )
Payments of cash dividends	( 6,760,674 )	( 4,075,095 )
Net cash flows used in financing activities	( 8,213,207 )	( 22,799,767 )
Net effect of foreign exchange rate changes on cash and cash equivalents	( 325,380 )	( 359,238 )
Net (decrease) increase in cash and cash equivalents	( 4,013,623 )	6,297,587
Cash and cash equivalents at beginning of period	47,747,522	41,449,935
Cash and cash equivalents at end of period	\$ 43,733,899	\$ 47,747,522
The components of cash and cash equivalents		
Cash and cash equivalents as per consolidated balance sheet	\$ 19,683,369	\$ 25,207,135
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	21,951,862	17,230,387
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	2,098,668	5,310,000
Cash and cash equivalents at end of reporting year	\$ 43,733,899	\$ 47,747,522

The accompanying notes are an integral part of these consolidated financial statements.

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. History and organization

- (1) Yuanta Commercial Bank Co., Ltd. (the “Bank”) was incorporated as a public company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Bank formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operations on February 12, 1992. The Bank is principally engaged in commercial banking activities allowed by the Banking Laws of the Republic of China and in business activities authorized by the supervising authority of the central government. In accordance with the Financial Holding Company Act, the Bank joined Fuhwa Financial Holdings on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific Commercial Bank was approved to be renamed Fuhwa Commercial Bank.
- (2) On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa Financial Holdings through stock transfer and became a wholly-owned subsidiary. With the approval of the shareholders’ meeting in June 2007, Fuhwa Financial Holdings was renamed Yuanta Financial Holdings and the Bank was also renamed Yuanta Commercial Bank on September 23, 2007.
- (3) In order to expand economic scale, enhance marketing integration, reduce operating costs, and develop operating performance, the merger of the Bank, Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd. was resolved at the meeting of the Board of Directors on January 21, 2016. The effective date was set for September 11, 2016. The surviving company in the merger was the Bank and the dissolved companies in the merger were Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd.
- (4) The merger with Ta Chong Commercial Bank Co., Ltd. (hereon referred to as “Ta Chong Bank”) was resolved at the meeting of the Board of Directors on September 14, 2016. The merger was approved by the Financial Supervisory Commission of R.O.C. (Jin-Guan-Yin-Kong-Zi Order No. 10500320920) on January 17, 2017. The effective merger date was set for January 1, 2018. The surviving company in the merger was the Bank and the dissolved company in the merger was Ta Chong Bank.
- (5) The head office directs company-wide operations and opened domestic as well as overseas branches to promote business. As of December 31, 2020, the Bank has an offshore banking unit, Hong Kong branch and 148 branches including the business department and 1 overseas representative office.

(6) As of December 31, 2020, the number of the Bank’s and subsidiaries’ (collectively referred herein as the “Consolidated Company”) employees was 4,625.

(7) Yuanta Financial Holdings Co., Ltd. (the “Yuanta Financial Holdings”) is the parent company and ultimate parent company which holds 100% equity interest in the Consolidated Company.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 18, 2021.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by FSC.

Except for the following, the above standards and interpretations have no significant impact to the Consolidated Company’s financial condition and financial performance based on the Consolidated Company’s assessment.

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- A. Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- B. Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- C. There is no substantive change to other terms and conditions of the lease.

Please refer to Note 6(11) for related gains or losses.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC, but not yet adopted by the Consolidated Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

Except for the following which is still in assessment, the above standards and interpretations have no significant impact to the Consolidated Company's financial condition and financial performance based on the Consolidated Company's assessment.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'

The amendments address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments provide accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform, and additional IFRS 7 disclosures related to IBOR reform.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023

The above standards and interpretations have no significant impact to the Consolidated Company's financial condition and financial performance based on the Consolidated Company's assessment.

#### 4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Consolidated Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

##### (2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (B) Financial assets and liabilities at fair value through other comprehensive income.
  - (C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.
- C. The Consolidated Company's analysis of expense is classified based on the nature of expenses.
- D. The Consolidated Company classifies the economic activities as operating activities, investment activities and financing activities based on the judgment of the management. Consolidated statements of cash flows report the changes in cash and cash equivalents in the period based on

operating, investing and financing activities. Cash and cash equivalents include highly liquid investments. Components of cash and cash equivalents are disclosed in Note 4(5).

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

- (A) All subsidiaries are included in the Consolidated Company's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Consolidated Company. The Consolidated Company controls an entity when the Consolidated Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Consolidated Company obtains control of the subsidiaries and ceases when the Consolidated Company loses control of the subsidiaries.
- (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Consolidated Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Consolidated Company.
- (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (E) When the Consolidated Company loses control of a subsidiary, the Consolidated Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Consolidated Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.



B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)	
			December 31, 2020	December 31, 2019
The Bank	Yuanta International Leasing Co., Ltd. (“Yuanta International Leasing”)	Leasing business	100.00	100.00
"	Yuanta Savings Bank (Philippines) Inc. (“Yuanta Savings Bank (Philippines)”)	Deposits and loans of savings bank	100.00	100.00
"	Yuanta Savings Bank (Korea) Inc. (“Yuanta Savings Bank (Korea)”)	Deposits and loans of savings bank	100.00	100.00

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Nature of the restrictions on fund remittance from subsidiaries to the parent company:

None.

F. Subsidiaries that have non-controlling interests that are material to the Consolidated Company:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Consolidated Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). However, the consolidated financial statements are presented in New Taiwan dollars.

A. Foreign currency transactions and balances

(A) Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(B) Assets denominated in foreign currency are translated by the closing exchange rate at the date of balance sheet that is consolidated. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Any translation difference is recognized as gain and loss in the period.

(C) Non-monetary assets and liabilities denominated in foreign currencies:

a. Assets and liabilities carried at cost are re-translated at the exchange rates prevailing at the original transaction date.

- b. Assets and liabilities held at fair value through profit or loss are re-translated at the exchange rates prevailing at the date at which the fair value is determined.

When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized in other comprehensive income, any translation difference included in the gains and losses are also recognized in other comprehensive income. When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized as gains and losses, any translation difference included in the gains and losses are also recognized as gains and losses.

#### B. Translation of foreign operations

If an entity has a functional currency (not in an economy with high inflation) that is different from the presentation currency in the consolidated financial statements, its operating results and financial position is translated into the presentation currency using the following procedures:

(A) All presented assets and liabilities are re-translated by the closing exchange rate prevailing at the date of the consolidated balance sheet.

(B) The presented gains and losses of Offshore Banking Unit and HK Branch is re-translated by the exchange rate of the trading date, and the presented gains and losses of overseas subsidiaries are re-translated by the average exchange rate of that period.

(C) All gains and losses arising from translation are recognized in other comprehensive income.

#### (5) Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents includes cash on hand, demand deposits and short-term highly liquid investments that is readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash and cash equivalents includes cash and cash equivalents, due from Central Bank and call loans to other banks, investments in notes and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7.

#### (6) Bills and bonds purchased under resale agreements or sold under repurchase

In relation to transactions of bills and securities with a condition of repurchase agreement or resale agreement, the interest expense and interest income are recognized as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

#### (7) Financial assets and liabilities

All financial assets and liabilities of the Consolidated Company including derivatives are recognized in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by the FSC.

##### A. Financial assets

All financial assets held by the Consolidated Company are classified into the following categories: “bills discounted and loans”, “receivables”, “financial assets at fair value through profit or loss”,

“financial assets at fair value through other comprehensive income”, and “investments in debt instruments at amortised cost”.

(A) Regular way purchase or sale

Financial assets held by the Consolidated Company are all accounted for using trade date accounting.

(B) Bills discounted and loans

Bills discounted and loans consist of export bills negotiation, export bills discount, loans, and overdue receivables arising from loans. Bills discounted and loans are measured at amortised cost using the effective interest rate method. Measurement at initial investment amount is allowed if effect of discounting is immaterial.

If a bills discounted and loans asset held by the Consolidated Company is renegotiated or modified due to financial difficulties of the borrower so that it is required to be derecognized, entirely or partially, in accordance with IFRS 9, the old financial asset is derecognized, and a new financial asset and related gains or losses are recognized.

If a bills discounted and loans asset held by the Consolidated Company is renegotiated or modified due to financial difficulties of the borrower, but is not required to be derecognized, or if renegotiations or modification of terms are for reasons other than financial difficulties, which rarely results in the derecognition of the asset, the carrying amount of the asset is recalculated and the related gains or losses are recognised in profit or loss.

(C) Receivables

Receivables include those that were originated and not originated by the entity. Receivables originated by the entity refer to cash, products or services directly provided to debtors by the Consolidated Company. Receivables not originated by the entity refer to those other than those originated by the entity. Receivables shall be measured at amortised cost using the effective interest rate method. However short-term receivables without bearing interest are measured at initial invoice amount if the effect of discounting is immaterial.

(D) Financial assets at fair value through profit or loss

- a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- b. At initial recognition and subsequent measurement, the Consolidated Company measures the financial assets at fair value and recognizes the gain or loss in profit or loss.
- c. The Consolidated Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Consolidated Company and the amount of the dividend can be measured reliably.

(E) Financial assets at fair value through other comprehensive income

- a. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Consolidated Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
  - (a) The objective of the Consolidated Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- b. At initial recognition, the Consolidated Company measures the financial assets at fair value plus transaction costs. The Consolidated Company subsequently measures the financial assets at fair value:
  - (a) The changes in fair value of equity investments that recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Consolidated Company and the amount of the dividend can be measured reliably.
  - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(F) Investments in debt instruments at amortised cost

- a. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Consolidated Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- b. At initial recognition, the Consolidated Company's measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

B. Financial liabilities

Financial liabilities held by the Consolidated Company include financial liabilities at fair value through profit and loss and financial liabilities carried at amortised cost.

(A) Financial liabilities at fair value through profit or loss

Including financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss upon initial recognition.

Financial liabilities are classified in this category of held for trading if acquired principally for

the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

- a. Hybrid (combined) contracts; or
- b. They eliminate or significantly reduce a measurement or recognition inconsistency; or
- c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

At initial recognition, the Consolidated Company measures the financial liabilities at fair value. The Consolidated Company subsequently measures these financial liabilities at fair value and recognized in profit or loss.

Except for the circumstances to avoid improper accounting appropriation or except that lending commitments and financial guarantee contracts must be recognized in profit or loss, fair value movements arising from credit risk for financial liabilities designated as at fair value through profit or loss should be recognized in other comprehensive income.

**(B) Financial liabilities carried at amortised cost**

Financial liabilities carried at amortised cost include liabilities not classified as financial liabilities at fair value through profit or loss, financial guarantee contracts, loan commitment with a lower-than-market interest rate and the financial liabilities incurred due to continuing engagement or that the transferring of a financial asset does not meet the requirement of derecognition.

**C. Derecognition of financial assets**

The Consolidated Company derecognizes a financial asset when one of the following conditions is met:

- (A) The contractual rights to receive cash flows from the financial asset expire.
- (B) The contractual rights to receive cash flows from the financial asset have been transferred and the Consolidated Company has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Consolidated Company has not retained control of the financial asset.

**D. Derecognition of financial liabilities**

- (A) A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.
- (B) The Consolidated Company derecognizes an original financial liability and recognizes a new financial liability if the terms of an existing financial liability have substantial modifications and such modifications make significant differences to the original terms. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

(8) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost (including bills discounted and loans and receivables), loan commitments, letters of credit and financial guarantee contracts at each reporting date, the Consolidated Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime ECLs if such credit risk has increased since initial recognition or if asset is already credit impaired after taking into consideration all reasonable and verifiable information that includes forecasts.

For credit assets, the Consolidated Company assesses the loss allowance at the balance sheet date in accordance with “Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans” and other applicable laws as well as IFRS 9 requirements. The loss allowance is provisioned at the higher of the amounts assessed in compliance with the aforementioned domestic regulations and IFRS 9.

(10) Leasing arrangements (lessor)—lease receivables/ operating leases

A. Operating lease

Payments that the Consolidated Company receives under the operating lease are recognized as gain and loss on a straight-line basis during the contract term, which are recognised under “other net non-interest income”.

B. Finance lease

The asset is derecognised when the finance leasing contract is signed by the Consolidated Company and the finance lease shall be recorded in the balance sheet as lease receivables at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as unrealised interest income, which is calculated based on remaining lease receivables over the lease term and recognised as current gain and loss at the end of the period using the embedded interest rate or incremental borrowing interest rate.

(11) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

(12) Assets classified as held for sale

Assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(13) Property and equipment

A. Property and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. Property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end. Useful life of each asset is as follows:

Buildings and structures	5~60 years
Office equipment	3~10 years
Transportation equipment	3~6 years
Miscellaneous equipment	3~21 years
Leasehold improvements	3~5 years

B. The cost of repair or maintenance of property and equipment is recorded as current expenses, significant improvements or overhaul costs are classified as capital expenditures.

C. When property and equipment are sold or disposed, the cost and accumulated depreciation are reversed from the related account, and any gain or loss on disposal is recognized in "Other non-interest income" in the consolidated statement of comprehensive income.

(14) Leasing arrangements (Lessee) — right-of-use asset/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Consolidated Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (A) Fixed payments, less any lease incentives receivable;
- (B) Variable lease payments that depend on an index or a rate;
- (C) Amounts expected to be payable by the lessee under residual value guarantees;
- (D) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;

and

(E) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Consolidated Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(A) The amount of the initial measurement of lease liability;

(B) Any lease payments made at or before the commencement date;

(C) Any initial direct costs incurred by the lessee; and

(D) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Investment property

A. The properties held by the Consolidated Company, with an intention to obtain long-term rental profit or capital increase or both and not being used by any other enterprises of the consolidated entities, are classified as investment property. Investment property includes the office building and land rented in a form of operating lease.

B. Part of the property may be held by the Consolidated Company for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Consolidated Company can be sold individually, then the accounting treatment should be made respectively.

C. When the future economic benefit related to the investment property is highly likely to flow into the Consolidated Company and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized as incurred in the consolidated statement of comprehensive income.

D. When there is certain replacement occurring onto the investment property, the replacement cost should be recognized in the carrying amount of the investment property given that the criteria of recognition can be met. The carrying amount of the replaced account should be derecognized.

E. Investment property is subsequently measured using the cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

F. The fair value of investment property is disclosed in the financial statements at each consolidated



balance sheet date. Each year, the appraisal of fair value is conducted by external appraisal contractor and managing segments of the Consolidated Company review the characteristics, location and status of the investment property to determine its fair value accordingly. However, the fair value of investment property does not reflect that the future capital expense can be improved or benefited from, nor the future benefit related to future expense is reflected.

(16) Intangible assets

A. Goodwill

Pursuant to IFRS 3, 'Business Combinations' as endorsed by the FSC, the excess of the consideration transferred in business combination over the net identifiable assets acquired and the net fair value of liabilities assumed shall be recognized as goodwill.

The Consolidated Company is required to perform impairment testing on its goodwill on a timely basis. Furthermore, any impairment loss is required to be recognized when impairment occurs and the carrying amount is also needed to be accounted for. Impairment loss of goodwill that has been recognized shall not be reversed.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(17) Impairment of non-financial assets

The Consolidated Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(18) Financial bonds payable

Financial bonds payable issued by the Consolidated Company is carried at amortised cost using the effective interest method.

(19) Liabilities reserve, contingent liabilities and assets

A. The Consolidated Company recognizes liabilities when all of the following three conditions are met:

- (A) present obligation (legal or constructive) has arisen as a result of past event;
- (B) the outflow of economic benefits is highly probable upon settlement; and
- (C) the amount is reliably measurable.

- B. The Consolidated Company does not recognize liability reserve for the future operating losses. If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Liability reserve should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligations is remote.
- C. When the time value may have a significant impact on a currency, the reserve is measured by the present value of expense which is required for settling the anticipated obligation. The pre-tax discount rate is used with timely adjustment that reflects the current market assessments on the time value of money and the risks specific to the liabilities.
- D. Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Company. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Consolidated Company did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.
- E. Contingent asset is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Company. The Consolidated Company did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.
- (20) Financial guarantee contract and loan commitment
- A. Financial guarantee contract is a contract that requires the Consolidated Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
- B. The Consolidated Company initially recognizes financial guarantee contracts at fair value on the date of issuance. The Consolidated Company charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognized in deferred accounts and amortised through straight-line method during the contract term.
- C. Subsequently, the Consolidated Company measures the financial guarantee contract issued at the greater of the following two accounts:
- (A) Allowance for losses in accordance with IFRS 9 as endorsed by the FSC.
  - (B) The amount initially recognized less, when appropriate, cumulative effect recognized in accordance with IFRS 15.
- D. The Consolidated Company's assessment of provisions for losses for loan commitments and financial guarantee contracts is described in Note 4(9). The increase in liabilities due to financial guarantee contracts and loan commitments is recognized in "bad debt expenses, commitments and guaranty policy reserve".

E. In addition to the assessment of provisions for losses for financial guarantee contract described above, the Consolidated Company also assesses provisions for losses in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans” and other applicable laws. The greater of the two amounts is recognized and included in the guaranty policy reserve.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments. Within the 12 months after the end of the reporting period when the services are rendered, the total undiscounted short-term pension benefits which the Consolidated Company needs to pay in the future are recognized as expenses.

(B) Defined benefit plans

- a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Consolidated Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Consolidated Company uses interest rates of government bonds (at the balance sheet date) instead.
- b. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Deposits

The Bank provides preferential interest rate for its employees, including flat preferential savings for current employees. The difference gap compared to market interest rate is deemed as employee benefits.

#### D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Consolidated Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Consolidated Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

#### E. Employees' compensation bonus

Employees' compensation is recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

### (22) Income tax

#### A. Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except that the transactions or other matters are directly recognized in other comprehensive income or equity, and that related income taxes in the period are recognized in other comprehensive income or directly derecognised from equity, all the others should be recognized as income or expense and recorded as gain and loss in the period. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

#### B. Deferred income tax

(A) Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included on the consolidated balance sheet are calculated using the balance sheet liability method and recognized as deferred income tax. The temporary difference of the Consolidated Company mainly occurs due to the setting aside and transferring of valuation and pension reserve of certain financial instruments (including derivatives).

(B) The land revaluation appraisal due to the revaluation assessment in compliance with relevant regulations, deemed as taxable temporary difference, is recognized as deferred income tax liabilities.

(C) If the future taxable income is probable to provide unused loss carry forwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax asset.

C. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously. The Consolidated Company does not offset deferred income tax assets against liabilities taxed by different tax authorities.

(23) Interest income and expense

Other than those classified as financial assets and liabilities at fair value through profit and loss, all the interest income and interest expense generated from interest-bearing financial assets are calculated by effective interest rate according to relevant regulations and recognized as “interest income” and “interest expense” in the consolidated statement of comprehensive income.

(24) Net service fee and commission income

Handling fees and expenses are recognized when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognized upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortised or included in the calculation of effective interest rate of loans and receivables during the service period.

(25) Business combinations

A. The Consolidated Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Consolidated Company measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity’s net assets in the event of liquidation at either fair value or the present ownership instruments’ proportionate share in the recognized amounts of the acquiree’s identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the

identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(26) Operating segment report

- A. The Consolidated Company's operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM").
- B. Inter-segmental transactions are arm's length transactions, and gain and loss arising from such transactions are eliminated by the Consolidated Company upon the preparation of consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

5. Critical accounting judgement, estimates and key sources of assumption uncertainty

The accounting policies, accounting assumptions and estimates have impacts on the Consolidated Company's consolidated financial statements. Thus, when applying significant accounting policies as described in Note 4, management needs to make appropriate judgements for the information that cannot be easily obtained through other sources and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Consolidated Company assumptions and estimates are the best assumptions based on IFRSs, and are continually evaluated and adjusted based on historical experiences, the effect of Covid-19 and other factor. Certain accounting policies and management's judgements have significant impact on the recognized amounts in the consolidated financial statements are outlined below:

(1) Expected credit losses of bills discounted and loans

At each reporting date, the Consolidated Company assesses expected credit losses of bills discounted and loans after taking into consideration all reasonable and verifiable information (including forecast). Measurement of expected credit losses involves determining whether there is significant increase in credit risk on the assets since initial recognition, or whether the asset is credit-impaired, calculating probability of default, loss given default, and exposure at default of the credit loss model, and adjusting parameters of the model after forecastable assessments of the probability of default.

For a description and measurement of expected credit losses, please refer to Note 12(4)2.

(2) Fair value of unlisted stocks

Unlisted stocks with no active market or quoted price use valuation technique to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in a market, the fair value of unlisted stocks is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to take only observable information as much as possible.

(3) Impairment assessment of goodwill

The assessment process of goodwill impairment relies on the subjective judgment of the Consolidated Company, including identifying cash-generating units, allocating assets and liabilities to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(14) for the information of goodwill impairment.

6. Details of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 5,765,902	\$ 7,529,987
Due from other banks	13,306,201	17,090,280
Checks for clearing	611,266	586,868
Total	<u>\$ 19,683,369</u>	<u>\$ 25,207,135</u>

(2) Due from Central Bank and call loans to other banks

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Reserve for deposits - account A	\$ 12,431,950	\$ 10,186,274
Reserve for deposits - account B	32,177,999	28,589,351
Due from Central Bank	4,704,230	3,164,861
Deposits by foreign subsidiary to designated accounts of respective local central banks	2,631,752	2,387,759
Call loans to other banks	2,427,625	1,706,440
Total	<u>\$ 54,373,556</u>	<u>\$ 46,034,685</u>

A. Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.

B. Information relating to credit risk is provided in Note 12(4).

C. Please refer to Note 8 for details of the above due from Central Bank and call loans to other banks pledged as collateral as of December 31, 2020. There was no due from Central Bank and call loans to other banks pledged as collateral as of December 31, 2019.

(3) Financial assets at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets mandatorily measured</u>		
<u>at fair value through profit or loss</u>		
Commercial paper	\$ 68,891,384	\$ 33,303,879
Corporate bonds	50,201,491	47,016,715
Financial bonds	21,096,908	28,822,251
Government bonds	16,512,592	22,305,840
Convertible corporate bonds	3,947,940	3,469,799
Stocks of companies listed on TSE or OTC	2,170,872	2,367,695
Treasury Bills	998,275	-
Beneficiary securities	43,358	24,057
Interest rate structured products	-	5,500,000
Equity structured products	-	2,300,000
Valuation adjustment	906,205	593,799
Derivative financial instruments	1,620,460	2,867,340
Total	<u>\$ 166,389,485</u>	<u>\$ 148,571,375</u>

Please refer to Note 6(33) for the amounts recognized in profit or loss in relation to the financial assets at fair value through profit or loss.

(4) Financial assets at fair value through other comprehensive income

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Debt instruments</u>		
Bonds (including government bonds, corporate bonds and financial bonds)	\$ 142,965,210	\$ 89,028,485
Short-term transactions instruments	615,373	723,407
Valuation adjustment	1,663,703	469,434
Subtotal	<u>145,244,286</u>	<u>90,221,326</u>
<u>Equity instruments</u>		
Stocks of companies listed on TSE or OTC	1,923,218	6,593,991
Unlisted stocks	1,903,394	1,903,390
Beneficiary securities	1,865,962	870,190
Valuation adjustment	2,260,750	1,706,842
Subtotal	<u>7,953,324</u>	<u>11,074,413</u>
Total	<u>\$ 153,197,610</u>	<u>\$ 101,295,739</u>

A. The Consolidated Company elects to classify strategic equity investments not held for trading as financial assets at fair value through other comprehensive income. As of December 31, 2020 and 2019, the fair value of such investments were \$7,953,324 and \$11,074,413, respectively.



B. The Consolidated Company sold the equity shares in order to avoid systematic risk resulting from structural changes in the industry during 2020 and 2019. As of December 31, 2020 and 2019, the fair value of the equity instruments sold were \$15,766,430 and \$9,058,405, and the cumulative gain (loss) on disposal were \$315,876 and (\$320,382), respectively. In addition, the allocation on the disposed amount arising from disposing investment “future assets” in 2018 was completed in 2019 and the cumulative gain on disposal amounted to \$97.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through</u>		
<u>other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 869,784	\$ 135,926
Cumulative (gains) losses reclassified to retained earnings due to derecognition	(\$ 315,876)	\$ 320,285
Dividend income recognized in profit or loss		
Held at end of period	\$ 238,040	\$ 158,924
Derecognized during the period	475,886	495,764
Liquidation distribution of investment	-	362
	<u>\$ 713,926</u>	<u>\$ 655,050</u>
<u>Debt instruments at fair value through</u>		
<u>other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 2,116,459	\$ 1,246,376
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment (recovery) recognition	\$ 8,175	(\$ 178)
Reclassified due to derecognition	( 883,777)	( 700,577)
	<u>(\$ 875,602)</u>	<u>(\$ 700,755)</u>
Interest income recognized in profit or loss	<u>\$ 1,665,847</u>	<u>\$ 2,157,688</u>

D. As of December 31, 2020, the Consolidated Company has no financial assets at fair value through other comprehensive income undertaken for pledged as collaterals. Details of the Consolidated Company’s financial assets at fair value through other comprehensive income pledged as collateral as of December 31, 2019 is provided in Note 8.

E. Information relating to credit risk is provided in Note 12(4).

(5) Investments in debt instruments at amortised cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Government bonds	\$ 66,790,595	\$ 67,140,165
Corporate bonds	2,770,579	2,927,976
Short-term transactions instruments	<u>148,667,240</u>	<u>131,241,060</u>
Subtotal	218,228,414	201,309,201
Less: Accumulated impairment	( 190)	( 95)
Total	<u>\$ 218,228,224</u>	<u>\$ 201,309,106</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income	\$ 1,562,255	\$ 1,691,307
(Impairment loss) reversal of impairment loss	<u>( 95)</u>	<u>3</u>
	<u>\$ 1,562,160</u>	<u>\$ 1,691,310</u>

B. As of December 31, 2020, the Consolidated Company sold investments in debt instruments at amortised cost in light of capital management, and gains on disposal was \$2,162. As of December 31, 2019, the Consolidated Company has no sale of investments in debt instruments at amortised cost.

C. Details of the Consolidated Company's investments in debt instruments at amortised cost pledged as collateral as of December 31, 2020 and 2019, are provided in Note 8.

D. Information relating to credit risk is provided in Note 12(4).

(6) Bills and bonds purchased under resale agreements or sold under repurchase agreements

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bills and bonds purchased under resale agreement	\$ 2,098,668	\$ 5,310,000
Interest rate range	0.30%~0.65%	0.60%~0.62%
Contract resale amount	<u>\$ 2,100,384</u>	<u>\$ 5,315,823</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bills and bonds sold under repurchase agreement	\$ -	\$ 1,550,312
Interest rate range		2.00%~2.05%
Contract repurchase amount	<u>\$ -</u>	<u>\$ 1,582,270</u>

(7) Receivables - net

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit card receivables	\$ 8,781,748	\$ 10,212,562
Factoring receivables	4,150,504	5,704,407
Interest receivable	2,778,016	3,058,190
Spot exchange receivables	1,519,563	3,403,257
Accounts receivable	750,469	1,049,621
Acceptances receivables	578,620	231,477
Other receivables	701,611	1,025,800
Subtotal	19,260,531	24,685,314
Less: Allowance for bad debts	( 761,663)	( 1,107,042)
Adjustment for discount	( 1,770)	( 3,075)
Total	<u>\$ 18,497,098</u>	<u>\$ 23,575,197</u>

A. Information relating to credit risk is provided in Note 12(4).

B. The Consolidated Company recognized appropriate allowance for bad debts for the receivables.

The movement of allowance for bad debts in relation to receivables for the years ended December 31, 2020 and 2019, please refer to Note 12(4).

(8) Bills discounted and loans – net

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bills discounted	\$ 155,817	\$ 83,830
Overdrafts	25,702	64,824
Short-term loans	59,749,337	59,844,023
Short-term loans secured	69,524,551	68,038,450
Medium-term loans	120,466,376	149,907,926
Medium-term loans secured	188,629,903	160,362,532
Long-term loans	7,818,832	8,039,848
Long-term loans secured	334,406,125	310,899,110
Import- export negotiations	63,994	5,007
Accounts receivable factoring	916,721	633,455
Loans transferred to non-performing loans	1,000,536	1,864,053
Subtotal	782,757,894	759,743,058
Less: Allowance for bad debts	( 11,730,288)	( 12,518,507)
Adjustment for premium	12,866	19,213
Total	<u>\$ 771,040,472</u>	<u>\$ 747,243,764</u>

A. The Consolidated Company recognized appropriate allowance for bad debts for the bills discounted and loans. The movement of allowance for bad debts in relation to bills discounted and loans for the years ended December 31, 2020 and 2019, please refer to Note 12(4).

B. For the year ended December 31, 2020, the Consolidated Company has recognised gain of \$339,055 when derecognised credit assets measured at amortised cost.

For the year ended December 31, 2019, no credit assets measured at amortised cost were derecognized.

(9) Other financial assets – net

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Advance	\$ 12,648	\$ 11,697
Non-loans reclassified to non-performing loans	267,023	327,239
Others	<u>246,234</u>	<u>88,049</u>
Subtotal	525,905	426,985
Less: Allowance for bad debts	( <u>244,421</u> )	( <u>261,086</u> )
Total	<u>\$ 281,484</u>	<u>\$ 165,899</u>

The Consolidated Company recognized appropriate allowance for bad debts for the other financial assets. The movement of allowance for bad debts in relation to other financial assets for the years ended December 31, 2020 and 2019, please refer to Note 12(4).

(Blank below)

(10) Property and equipment - net

Change in property and equipment of the Consolidated Company is as follows :

Cost	Land	Buildings and structures	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and prepayments for business facilities	Total
At January 1, 2020	\$ 9,644,152	\$ 2,536,524	\$ 694,863	\$ 66,869	\$ 159,916	\$ 445,741	\$ 436,051	\$ 13,984,116
Additions	-	-	61,907	3,180	5,569	53,400	1,467,556	1,591,612
Disposals	-	-	(157,197)	(11,800)	(11,301)	(137,246)	(131)	(317,675)
Reclassifications	(91,704)	(54,214)	(67,606)	-	5,000	54,015	(96,420)	(115,717)
Translation difference	-	(54)	(791)	(1)	336	(272)	(248)	(1,030)
At December 31, 2020	\$ 9,552,448	\$ 2,482,256	\$ 666,388	\$ 58,248	\$ 159,520	\$ 415,638	\$ 1,806,808	\$ 15,141,306
Accumulated depreciation								
At January 1, 2020	\$ -	\$ 761,528	\$ 352,393	\$ 36,668	\$ 77,904	\$ 244,689	\$ -	\$ 1,473,182
Depreciation	-	(59,235)	(162,431)	(8,297)	(28,149)	(87,182)	-	(345,294)
Disposals	-	-	157,157	6,084	11,084	136,188	-	310,513
Reclassifications	-	36,532	-	-	-	-	-	36,532
Translation difference	-	(27)	(533)	(1)	(521)	(14)	-	(54)
At December 31, 2020	\$ -	\$ 784,204	\$ 357,134	\$ 38,880	\$ 95,490	\$ 195,669	\$ -	\$ 1,471,377
Accumulated impairment								
At January 1, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298
At December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298
Net carrying amount	\$ 9,552,448	\$ 1,698,052	\$ 309,254	\$ 19,368	\$ 64,030	\$ 219,671	\$ 1,806,808	\$ 13,669,631

Cost	Land	Buildings and structures	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress and prepayments for business facilities	Total
At January 1, 2019	\$ 9,534,115	\$ 2,490,011	\$ 698,409	\$ 71,301	\$ 143,329	\$ 485,472	\$ 273,511	\$ 13,696,148
Transferred to right-of-use assets - cost (Note)	-	-	-	-	( 1,382)	-	-	( 1,382)
Prepaid expenses transferred to construction in progress (Note)	-	-	-	-	-	-	3,580	3,580
Additions	-	-	25,711	8,744	19,960	21,477	252,160	328,052
Disposals	-	-	( 109,460)	( 13,178)	( 6,554)	( 81,994)	( 750)	( 211,936)
Reclassifications	110,037	45,045	80,062	-	7,000	20,750	( 92,106)	170,788
Translation difference	-	1,468	141	2	( 2,437)	36	( 344)	( 1,134)
At December 31, 2019	\$ 9,644,152	\$ 2,536,524	\$ 694,863	\$ 66,869	\$ 159,916	\$ 445,741	\$ 436,051	\$ 13,984,116
Accumulated depreciation								
At January 1, 2019	\$ -	\$ 667,313	\$ 306,645	\$ 36,751	\$ 60,511	\$ 234,478	\$ -	\$ 1,305,698
Transferred to right-of-use asset - accumulated depreciation (Note)	-	-	-	-	1,330	-	-	1,330
Depreciation	-	( 59,260)	( 155,240)	( 9,704)	( 26,282)	( 91,987)	-	( 342,473)
Disposals	-	-	109,460	9,787	6,525	81,811	-	207,583
Reclassifications	-	( 34,419)	-	-	-	-	-	( 34,419)
Translation difference	-	( 536)	32	-	1,034	( 35)	-	495
At December 31, 2019	\$ -	\$ 761,528	\$ 352,393	\$ 36,668	\$ 77,904	\$ 244,689	\$ -	\$ 1,473,182
Accumulated impairment								
At January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298
At December 31, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ 298
Net carrying amount	\$ 9,644,152	\$ 1,774,996	\$ 342,470	\$ 30,201	\$ 82,012	\$ 200,754	\$ 436,051	\$ 12,510,636

Note : Applied to the adjustments for IFRS16.

(11) Leasing arrangements – lessee

A. The Consolidated Company leases various assets including land, buildings, machinery and equipment and transportation equipment. Rental contracts are typically made for periods of 1 to 10 years. In addition, bids for superficies right from the National Property Administration, Ministry of Finance are made for periods of 70 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 8,898,296	\$ 9,028,958
Buildings	1,652,966	1,630,526
Machinery and equipment	7,801	10,129
Transportation equipment	695	1,264
Other equipment	11,500	17,105
	<u>\$ 10,571,258</u>	<u>\$ 10,687,982</u>
	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 19,224	\$ 18,208
Buildings	582,951	542,142
Machinery and equipment	3,438	3,141
Transportation equipment	552	438
Other equipment	6,811	9,332
	<u>\$ 612,976</u>	<u>\$ 573,261</u>

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$672,538 and \$702,906, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 55,879	\$ 55,724
Expense on short-term lease contracts	15,588	61,778
Expense on leases of low-value assets	1,232	1,459

E. For the years ended December 31, 2020 and 2019, the Consolidated Company's total cash outflow for leases were \$649,920 and \$667,121, respectively.

F. The Consolidated Company has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$9,736 by decreasing rent expense for the year ended December 31, 2020.

(12) Leasing arrangements – lessor

- A. The Consolidated Company leases various assets including equipment, buildings and parking space. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.
- B. The Consolidated Company leases equipment under a finance lease. Based on the terms of the lease contract, the ownership of equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2020	2019
Finance income from the net investment in the finance lease	\$ <u>1,305</u>	\$ <u>2,092</u>

- C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2020		December 31, 2019
2021	\$ 8,462	2020	\$ 8,462
2022	8,463	2021	8,462
2023	<u>8,463</u>	2022	8,463
		2023	<u>8,463</u>
Total	\$ <u>25,388</u>	Total	\$ <u>33,850</u>

- D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2020	December 31, 2019
Undiscounted lease payments	\$ 25,388	\$ 33,850
Unearned finance income	( <u>1,770</u> )	( <u>3,075</u> )
Net investment in the lease	\$ <u>23,618</u>	\$ <u>30,775</u>

- E. For the years ended December 31, 2020 and 2019, the Consolidated Company recognised rental income in the amounts of \$44,568 and \$52,459, respectively, based on the operating lease agreement, which does not include variable lease payments.

- F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020		December 31, 2019
2021	\$ 29,503	2020	\$ 41,872
2022	25,038	2021	24,712
2023	15,174	2022	20,308
2024	4,009	2023	11,151
2025	3,510	2024	1,706
After 2026	<u>9,892</u>	After 2025	<u>5,120</u>
Total	\$ <u>87,126</u>	Total	\$ <u>104,869</u>



(13) Investment property - net

Change in investment property of the Consolidated Company is as follows:

<u>Cost</u>	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2020	\$ 762,093	\$ 229,454	\$ 991,547
Disposals	( 692)	-	( 692)
Reclassifications	( 8,876)	( 13,925)	( 22,801)
At December 31, 2020	<u>\$ 752,525</u>	<u>\$ 215,529</u>	<u>\$ 968,054</u>
<u>Accumulated depreciation</u>			
At January 1, 2020	\$ -	(\$ 55,001)	(\$ 55,001)
Depreciation	-	( 5,889)	( 5,889)
Reclassifications	-	2,003	2,003
At December 31, 2020	<u>\$ -</u>	<u>(\$ 58,887)</u>	<u>(\$ 58,887)</u>
<u>Accumulated impairment</u>			
At January 1, 2020	(\$ 92,657)	\$ -	(\$ 92,657)
Recovery	179	-	179
At December 31, 2020	<u>(\$ 92,478)</u>	<u>\$ -</u>	<u>(\$ 92,478)</u>
Net carrying amount	<u>\$ 660,047</u>	<u>\$ 156,642</u>	<u>\$ 816,689</u>

<u>Cost</u>	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2019	\$ 788,115	\$ 234,333	\$ 1,022,448
Reclassifications	( 26,022)	( 4,879)	( 30,901)
At December 31, 2019	<u>\$ 762,093</u>	<u>\$ 229,454</u>	<u>\$ 991,547</u>
<u>Accumulated depreciation</u>			
At January 1, 2019	\$ -	(\$ 49,367)	(\$ 49,367)
Depreciation	-	( 5,958)	( 5,958)
Reclassifications	-	324	324
At December 31, 2019	<u>\$ -</u>	<u>(\$ 55,001)</u>	<u>(\$ 55,001)</u>
<u>Accumulated impairment</u>			
At January 1, 2019	(\$ 105,318)	\$ -	(\$ 105,318)
Recovery	12,661	-	12,661
At December 31, 2019	<u>(\$ 92,657)</u>	<u>\$ -</u>	<u>(\$ 92,657)</u>
Net carrying amount	<u>\$ 669,436</u>	<u>\$ 174,453</u>	<u>\$ 843,889</u>

A. The fair value of the investment property held by the Consolidated Company as of December 31, 2020 and 2019 were \$931,470 and \$953,767, respectively. The investment property was determined by the valuation results of independent valuation experts who used the direct capitalization method of the income approach, market comparison approach, cost approach, land development analysis approach and other valuation approaches. These fair values are classified as Level 2 within the fair value hierarchy.

B. For the years ended December 31, 2020 and 2019, rental income from the investment property were \$44,280 and \$52,043, respectively. For the years ended December 31, 2020 and 2019, direct operating expenses arising from the investment property amounted to \$2,590 and \$2,919,

respectively. And direct operating expenses arising from the investment property that did not generate rent income amounted to \$505 and \$503, respectively.

(14) Intangible assets - net

Change in intangible assets of the Consolidated Company is as follows:

Cost	Other			Total
	Goodwill	Computer software	intangible asset	
At January 1, 2020	\$ 10,600,575	\$ 575,112	\$ 2,438,517	\$ 13,614,204
Additions	-	28,751	-	28,751
Disposals	-	( 129,544)	-	( 129,544)
Reclassifications	-	83,121	-	83,121
Translation difference	( 275)	( 4,618)	36	( 4,857)
At December 31, 2020	\$ 10,600,300	\$ 552,822	\$ 2,438,553	\$ 13,591,675
<u>Accumulated amortization</u>				
At January 1, 2020	\$ -	(\$ 285,012)	(\$ 853,687)	(\$ 1,138,699)
Amortization	-	( 107,099)	( 226,026)	( 333,125)
Disposals	-	127,693	-	127,693
Translation difference	-	2,864	( 23)	2,841
At December 31, 2020	\$ -	(\$ 261,554)	(\$ 1,079,736)	(\$ 1,341,290)
<u>Accumulated impairment</u>				
At January 1, 2020	(\$ 1,437,309)	\$ -	\$ -	(\$ 1,437,309)
Impairments	( 1,348,928)	-	-	( 1,348,928)
At December 31, 2020	(\$ 2,786,237)	\$ -	\$ -	(\$ 2,786,237)
Net carrying amount	\$ 7,814,063	\$ 291,268	\$ 1,358,817	\$ 9,464,148
Cost	Other			Total
	Goodwill	Computer software	intangible asset	
At January 1, 2019	\$ 10,622,771	\$ 573,046	\$ 2,438,774	\$ 13,634,591
Additions	-	26,739	-	26,739
Disposals	-	( 108,442)	-	( 108,442)
Reclassifications	-	86,607	-	86,607
Translation difference	( 22,196)	( 2,838)	( 257)	( 25,291)
At December 31, 2019	\$ 10,600,575	\$ 575,112	\$ 2,438,517	\$ 13,614,204
<u>Accumulated amortization</u>				
At January 1, 2019	\$ -	(\$ 284,364)	(\$ 627,696)	(\$ 912,060)
Amortization	-	( 110,635)	( 226,043)	( 336,678)
Disposals	-	108,442	-	108,442
Translation difference	-	1,545	52	1,597
At December 31, 2019	\$ -	(\$ 285,012)	(\$ 853,687)	(\$ 1,138,699)
<u>Accumulated impairment</u>				
At January 1, 2019	(\$ 1,437,309)	\$ -	\$ -	(\$ 1,437,309)
At December 31, 2019	(\$ 1,437,309)	\$ -	\$ -	(\$ 1,437,309)
Net carrying amount	\$ 9,163,266	\$ 290,100	\$ 1,584,830	\$ 11,038,196

A. Test of impairment for goodwill of the Bank:

The Consolidated Company merged 18 branches of Chin Fon Bank and Ta Chong Bank in 2010 and 2018, respectively, which arose goodwill amounting to \$10,201,810, in order to expand the scale of operation and enhance market competitiveness and overall profitability. The Consolidated Company shall test annually for impairment of goodwill acquired from business combination in accordance with IAS 36. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Whether or not to provide impairment losses is determined by calculating value-in-use and carrying amount of net assets of each cash-generating unit which are Corporate Finance, Offshore Banking, Consumer Finance, Wealth Management and Financial Trading.

(A) The basis of determining the recoverable amount of cash generating unit:

Recoverable amount of the five aforementioned cash generating units is assessed based on value-in-use, which is calculated by estimating 5-year cash flows. Cash flow exceeded 5 years is calculated using the following estimated growth rate.

(B) For the years ended December 31, 2020 and 2019, the growth rate of key assumptions used in calculating value-in-use of every cash generating unit were both 2.0%.

For the year ended December 31, 2020, the discount rate of key assumptions used in calculating value-in-use of Corporate Finance, Consumer Finance, Financial Trading and Wealth Management were 9.6% and 8.5%, and of Offshore Banking were 11.4% and 10.2%. For the year ended December 31, 2019, the discount rate of key assumptions used in calculating value-in-use of Corporate Finance, Consumer Finance, and Financial Trading was 7.50%, and of Offshore Banking and Wealth Management was 9.30%.

B. Test of impairment for goodwill of Yuanta Savings Bank (Korea):

The Consolidated Company acquired Yuanta Savings Bank (Korea) by cash on April 25, 2016. According to the accounting treatment of the Business Mergers And Acquisitions Act, the excess of acquisition consideration and the difference between identifiable asset-net and the fair value of assumed liability-net (approximately ₩15.3 billion) was presented as goodwill. For the years ended December 31, 2020 and 2019, the goodwill was \$398,490 and \$398,765, respectively.

(A) The basis of determining the recoverable amount of the cash generating unit:

Recoverable amount of cash generating unit is assessed based on value-in-use, which is calculated by estimated 5-year cash flows approved by management. Cash flow exceeding 5 years is calculated using the following estimated growth rate.

(B) The key assumptions used in calculating value-in-use are as follows:

For the years ended December 31, 2020 and 2019, the growth rate of key assumptions used in calculating value-in-use were 3.20% and 3.00%, respectively.

For the year ended December 31, 2020, the discount rate of key assumptions used in calculating value-in-use were 10.90% and 10.00%, respectively.

For the year ended December 31, 2019, the discount rate of key assumptions used in calculating value-in-use was 9.10%.

C. For the year ended December 31, 2020, because the impact from the COVID-19 pandemic resulted in fluctuations in the financial market and affected the discount rate, the operating situation was different from expectations. After an assessment, the recoverable amount of cash generating units of Offshore Banking and the Consolidated Company subsidiaries - Yuanta Savings Bank (Korea) was less than their carrying amount. Thus, for the year ended December 31, 2020, the cash generating units recognized impairment on goodwill in the amount to

\$1,348,928 and presented on the statement of comprehensive income as impairment loss. Information relating to impairment loss is provided in Note 6(34).

D. For the year ended December 31, 2019, the Consolidated Company has no impairment for goodwill.

(15) Other assets - net

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Refundable deposits - out	\$ 2,130,747	\$ 1,698,516
Prepaid expenses	79,262	104,720
Other deferred expenses	116,935	156,484
Others	<u>143,363</u>	<u>122,330</u>
Total	<u>\$ 2,470,307</u>	<u>\$ 2,082,050</u>

(16) Assets classified as held for sale

In order to improve the efficiency of assets utilization, the Consolidated Company approved the sale of its own real estate by the Board of Directors on November 20, 2020, October 25, 2018 and November 8, 2018, and the relevant assets were reclassified to “assets held for sale”. After remeasuring the original assets at the lower of its carrying amount or fair value less costs to sell, the balance of assets held for sale were \$203,730 and \$533,632, respectively, as of December 31, 2020 and 2019. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorized within Level 2 in the fair value hierarchy. For the years ended December 31, 2020 and 2019, the Consolidated Company sold part of the assets held for sale, while the proceeds on disposal amounted to \$473,200 and \$241,880, respectively. Gain on disposal amounted to \$12,765 and \$18,827, respectively. For the years ended December 31, 2020 and 2019, the Consolidated Company recognized related reversal of impairment loss (impairment loss) were \$349 and (\$21,518), respectively.

(17) Deposits from Central Bank and other banks

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Overdrafts from other banks	\$ 2,567,621	\$ 2,188,789
Call loans from other banks	7,738,100	5,811,661
Redeposit from the directorate general of postal remittance	<u>5,106,578</u>	<u>5,106,578</u>
Total	<u>\$ 15,412,299</u>	<u>\$ 13,107,028</u>

(18) Due to Central Bank and other banks

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Due to Central Bank	<u>\$ 675,000</u>	<u>\$ -</u>

(19) Financial liabilities at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities held for trading</u>		
Derivative financial instruments	<u>\$ 3,014,414</u>	<u>\$ 3,568,060</u>

Please refer to Note 6(33) for the amounts recognized in profit or loss in relation to the financial liabilities at fair value through profit or loss.

(20) Payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bonus payable	\$ 1,876,598	\$ 2,564,742
Demand remittance payables	1,518,337	3,401,792
Interest payable	1,135,767	1,581,632
Accounts payable	868,379	686,708
Factoring payables	742,337	1,033,662
Accrued expenses	620,368	546,593
Checks for clearing	610,952	585,996
Bankers' acceptances payables	578,620	231,675
Collections payable for customers	356,263	264,182
Securities purchased payable	941	556,522
Other payables	962,269	864,396
Total	<u>\$ 9,270,831</u>	<u>\$ 12,317,900</u>

(21) Deposits and remittances

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Checking deposits	\$ 5,258,949	\$ 5,183,794
Demand deposits	183,684,049	146,192,568
Time deposits	291,639,145	332,923,680
Negotiable certificates of deposit	13,504,500	24,423,500
Savings deposits	752,279,752	628,523,549
Remittances	137,140	143,196
Total	<u>\$ 1,246,503,535</u>	<u>\$ 1,137,390,287</u>

(22) Financial debentures payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subordinate financial debentures	\$ 34,500,000	\$ 34,500,000

The details of financial debentures as of December 31, 2020 were as follows:

Third series of subordinate financial debentures in 2011 (debenture B)

Par value	\$4,500,000
Stated interest rate	Fixed interest rate at 1.95%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2014 (debenture A)

Par value	\$1,600,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

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First series of subordinate financial debentures in 2014 (debenture B)

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Par value	\$4,700,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

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Second series of subordinate financial debentures in 2014

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Par value	\$1,700,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

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Third series of subordinate financial debentures in 2014

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Par value	\$3,500,000
Stated interest rate	Fixed interest rate at 2.05%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

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Fourth series of subordinate financial debentures in 2014

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Par value	\$900,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

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Fifth series of subordinate financial debentures in 2014

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Par value	\$600,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

---

Third series of perpetual non-cumulative subordinate financial debentures in 2015

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Par value	\$5,550,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date

---

Fourth series of subordinate financial debentures in 2015

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Par value	\$3,000,000
Stated interest rate	Fixed interest rate at 2.10%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

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Fifth series of perpetual non-cumulative subordinate financial debentures in 2015

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Par value	\$1,450,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date

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Sixth series of subordinate financial debentures in 2015

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Par value	\$2,000,000
Stated interest rate	Fixed interest rate at 2.08%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

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First series of subordinate financial debentures in 2016

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Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

(23) Other financial liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Principal of structured products	\$ 3,349,248	\$ 6,712,530
Appropriated loan fund	-	1,779
Total	<u>\$ 3,349,248</u>	<u>\$ 6,714,309</u>

(24) Provisions

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Provisions for employee benefits	\$ 901,014	\$ 1,089,614
Provisions for guarantee liabilities	151,060	147,163
Provisions for loan commitments and letters of credit	44,149	48,360
Provisions for litigation losses	90,001	86,316
Provisions for decommission losses	75,788	79,696
Total	<u>\$ 1,262,012</u>	<u>\$ 1,451,149</u>

Information relating to credit risk of provisions for guarantee liability and loan commitments is provided in Note 12(4).

(25) Provisions for employee benefits

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Post-employment benefit plans	\$ 777,439	\$ 809,375
Termination benefits	123,575	280,239
Total	<u>\$ 901,014</u>	<u>\$ 1,089,614</u>

A. Defined benefit plans of the Bank

(A) The Bank has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45~55 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Bank contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Bank and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Bank and its domestic subsidiaries will make contributions to cover the deficit by next March.

(B) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 1,607,787	\$ 1,727,510
Fair value of plan assets	( 836,511)	( 926,131)
Net defined benefit liability	<u>\$ 771,276</u>	<u>\$ 801,379</u>



(C) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2020</u>			
Balance at January 1,	\$ 1,727,510	(\$ 926,131)	\$ 801,379
Current service cost	23,421	-	23,421
Interest expense (income)	<u>11,976</u>	<u>(6,483)</u>	<u>5,493</u>
	<u>1,762,907</u>	<u>(932,614)</u>	<u>830,293</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 75,949)	( 75,949)
Change in financial assumptions	63,910	-	63,910
Experience adjustments	<u>(3,924)</u>	<u>-</u>	<u>(3,924)</u>
	59,986	( 75,949)	( 15,963)
Pension fund contribution	-	( 14,887)	( 14,887)
Pension paid	<u>(215,106)</u>	<u>186,939</u>	<u>(28,167)</u>
Balance at December 31,	<u>\$ 1,607,787</u>	<u>(\$ 836,511)</u>	<u>\$ 771,276</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2019</u>			
Balance at January 1,	\$ 1,714,236	(\$ 995,019)	\$ 719,217
Current service cost	24,661	-	24,661
Interest expense (income)	<u>18,857</u>	<u>(10,945)</u>	<u>7,912</u>
	<u>1,757,754</u>	<u>(1,005,964)</u>	<u>751,790</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 34,898)	( 34,898)
Change in demographic assumptions	<u>(36,492)</u>	<u>-</u>	<u>(36,492)</u>
Change in financial assumptions	74,004	-	74,004
Experience adjustments	<u>80,427</u>	<u>-</u>	<u>80,427</u>
	117,939	( 34,898)	83,041
Pension fund contribution	-	( 17,078)	( 17,078)
Pension paid	<u>(148,183)</u>	<u>131,809</u>	<u>(16,374)</u>
Balance at December 31,	<u>\$ 1,727,510</u>	<u>(\$ 926,131)</u>	<u>\$ 801,379</u>

(D) The Bank recognized pension costs amounting to \$28,914 and \$32,573 in consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019, respectively.

- (E) The Bank of Taiwan was commissioned to manage the Fund of the Bank and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization instruments, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Bank and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Bank and its domestic subsidiaries is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (F) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2020	2019
Discount rate	0.30%	0.70%
Future salary increase rate	2.00%	2.00%

For the years ended December 31, 2020 and 2019, assumptions regarding future mortality rate are set based on the 5th Chart of Life Span Estimate, used by the Taiwan Life Insurance Enterprises.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	<u>(\$ 40,355)</u>	<u>\$ 41,775</u>	<u>\$ 36,714</u>	<u>(\$ 35,721)</u>
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	<u>(\$ 46,006)</u>	<u>\$ 47,722</u>	<u>\$ 43,718</u>	<u>(\$ 42,419)</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (G) Expected contributions to the defined benefit pension plans of the Bank for the year ending December 31, 2021 amounts to \$16,142.
- (H) As of December 31, 2020, the weighted average duration of that retirement plan is 10 years.

#### B. Pension plans of foreign subsidiaries:

- (A) The pension plan for Yuanta Savings Bank (Philippines) is in compliance with the above-mentioned pension plan. As of December 31, 2020 and 2019, the pension liability were \$5,226 and \$5,025, respectively, while pension expenses recognized in comprehensive

income for the years ended December 31, 2020, and 2019 were \$1,608 and \$1,734, respectively, the actuarial gains and losses on defined benefit plans were \$1,404 and \$0, respectively.

(B) The pension plan for Yuanta Savings Bank (Korea) is in compliance with the above-mentioned pension plan. As of December 31, 2020 and 2019, the pension liability were \$937 and \$2,971, respectively, while pension expenses recognized in comprehensive income for the years ended December 31, 2020 and 2019 were \$8,313 and \$8,853, respectively, the actuarial gains and losses on defined benefit plans were \$1,653 and (\$834), respectively.

C. Defined contribution plans of the Bank and its domestic subsidiaries:

(A) Effective July 1, 2005, the Bank and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Bank and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. Besides, the Hong Kong branch contributes pension expense in compliance with local laws of Hong Kong.

(B) The pension costs under defined contribution pension plans of the Consolidated Company for the years ended December 31, 2020 and 2019 were \$197,994 and \$193,412, respectively.

D. Termination provisions

On August 21, 2015, Ta Chong Bank entered into second amendments agreement of share conversion agreement with the Company, the agreements including secured employees’ right, the secure period was 36 months after the effective date of combination of banks. As of December 31, 2020 and 2019, the termination provision which was recognised for aforementioned event amounted to \$123,575 and \$280,239, respectively (shown as provision for liabilities). As of December 31, 2020, because of the terminating of aforementioned application for right, the provision for liabilities was expected to be recognised at the actual payable amount on January 29, 2021. As of December 31, 2019, the termination provisions were calculated by qualified actuaries. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	<u>December 31, 2019</u>
Discount rate (%)	0.70
Long-term average salary rate (%)	2.00
Rate of application (%)	80.00

(26) Other liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Collections in advance	\$ 1,265,196	\$ 1,088,664
Refundable deposits - in	379,708	1,277,520
Others	44,629	58,126
Total	<u>\$ 1,689,533</u>	<u>\$ 2,424,310</u>

(27) Share capital

As of December 31, 2020 and 2019, authorized capital and paid-in capital were \$80,000,000 and \$73,940,390, respectively, equivalent to 8,000,000 thousand shares and 7,394,039 thousand shares, respectively, with a par value of \$10 dollars per share.

(28) Capital surplus

As of December 31, 2020 and 2019, additional paid-in capital is composed of the following:

<u>Share premium</u>	<u>Employee stock options</u>	<u>Change in equity of investee company accounted for under equity method</u>	<u>Total</u>
\$ 25,912,534	\$ 47,783	\$ 124	\$ 25,960,441

As required by the Company Law, capital reserve of premiums exceeding the face value on issuance or the donation is to be used to offset any accumulated deficit. Alternatively, it may be used to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership provided that the company has no accumulated deficit. In addition, as required by Securities and Exchange Act, only 10% of the aforementioned paid-in capital reserve shall be capitalized annually in total. Unless the earnings reserve is insufficient to offset the deficit, the capital reserve shall not be used.

(29) Retained earnings

A. Legal reserve

The Bank's Articles of Incorporation states that 30% of the current year's earnings after paying all taxes and offsetting any accumulated deficit, should be set aside as the legal reserve. Until the legal reserve balance equals the total amount of capital, the maximum cash earnings distribution shall not exceed 15% of total amount of capital. Provided that the legal reserve equals the total amount of capital or the criteria of sound financial structure outlined by the competent authorities is met, the above rule may be exemptible. The legal reserve is to be used exclusively to offset any accumulated deficit or to increase capital by issuing new shares or to distribute cash to shareholder in proportion to their share ownership when the reserve has exceeded capital by 25%.

B. Special reserve

(A) Upon the first-time adoption of IFRSs, Financial-Supervisory-Securities-Corporate No. 1010012865 dated April 6, 2012 requires the Bank to reverse special earnings reserve in the proportion of the original recognition when the Bank subsequently uses, disposes or reclassifies related assets and the reversed portion may be distributed thereon. After adopting IFRSs, upon the distribution of earnings, the bank shall set aside the equal amount of special reserve based on the profit of current year and undistributed earnings, for the decrease in other stockholders' equity of this year. If there is any reversal of the decrease in other stockholders' equity, the earnings may be distributed based on the reversal proportion.

(B) Because the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms", the "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Financial-Supervisory-Banking-Corporate No. 10010000440 dated March 23, 2011. The special reserve, after the transfer, shall not be used for purposes other than covering the losses of the company or, when the special reserve reaches 50 percent of the amount of paid-in capital, half of it may be used for capitalization.

(C) In accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10510001510 dated May 25, 2016, the Bank shall, upon appropriating the earnings of 2016 to 2018, provide provision 0.5% to 1% of income after taxes as special reserve. Starting from 2017 accounting year, public banks may reverse an amount of the aforementioned special reserve commensurate to employee transfer or arrangement expenditures resulting from the developments in financial technology. However, in accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10802714560 dated May 15,

2019, public banks are no longer required to set aside special reserve starting from 2019 accounting year. In addition, public banks may reverse an amount of the aforementioned prior year's special reserve commensurate to the abovementioned expenditures.

C. Unappropriated earnings distribution and dividend policy

(A) According to the Bank's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes, to offset prior years' operating losses, and then to set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. The remaining earnings are subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the Ordinary Stockholders' Meeting for approval.

In order to continuously expand operation scale and enhance the profitability and capital adequacy ratio, the Bank adopts a dividend surplus policy which regulates that retained earning distribution in cash dividends shall not be less than 30% of the annual earnings to be distributed. Additionally, cash dividends distribution shall be resolved at the stockholders' meeting whereas share dividends distribution shall be approved by the Financial Supervisory Commission. Furthermore, any matter relating to distribution policy shall be raised at the Board of Directors' meeting and resolved at the stockholders' meeting.

(B) After the Bank became a subsidiary of Yuanta Financial Holding Company, the rights of the stockholders were exercised by the Board of Directors.

(C) The Board of Directors has approved the distribution of earnings on behalf of stockholders for the year 2019 on June 11, 2020 and the distribution of earnings for the year 2018 on May 23, 2019. Details are shown as follows:

	2019 earnings		2018 earnings	
	Amount	Stock dividends per share (in dollars)	Amount	Stock dividends per share (in dollars)
Legal reserve	\$ 2,890,578		\$ 1,759,034	
Special reserve	( 15,992)		29,317	
Cash dividends	6,760,674	\$ 0.9143	4,075,095	\$ 0.5511
Total	<u>\$ 9,635,260</u>		<u>\$ 5,863,446</u>	

(D) Earnings distribution for the year 2020 with the approval the Board of Directors on March 18, 2021 is as follows:

	2020 earnings	
	Amount	Stock dividends per share (in dollars)
Legal reserve	\$ 2,168,146	
Special reserve	( 15,214)	
Cash dividends	5,074,221	\$ 0.6863
Total	<u>\$ 7,227,153</u>	

The appropriation of the Bank's 2020 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

(E) Information about appropriation of earnings as resolved by the Board of Directors (on behalf of the stockholders' meeting) will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Other equity items

	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2020	(\$ 639,766)	\$ 2,220,331	\$ 1,580,565
Financial assets at fair value through other comprehensive income			
- Evaluation adjustment in the period	-	2,986,243	2,986,243
- Evaluation transferred to profit or loss	-	( 883,777)	( 883,777)
- Changes in accumulated impairment in the period	-	8,175	8,175
- Evaluation transferred to retained earnings	-	( 315,876)	( 315,876)
Changes in translation difference of foreign operating entities	( 186,383)	-	( 186,383)
Effects on income tax	-	( 6,440)	( 6,440)
Balance, December 31, 2020	(\$ 826,149)	\$ 4,008,656	\$ 3,182,507
	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2019	(\$ 330,505)	\$ 1,248,030	\$ 917,525
Financial assets at fair value through other comprehensive income			
- Evaluation adjustment in the period	-	1,382,302	1,382,302
- Evaluation transferred to profit or loss	-	( 700,577)	( 700,577)
- Changes in accumulated impairment in the period	-	( 178)	( 178)
- Evaluation transferred to retained earnings	-	320,285	320,285
Changes in translation difference of foreign operating entities	( 309,261)	-	( 309,261)
Effects on income tax	-	( 29,531)	( 29,531)
Balance, December 31, 2019	(\$ 639,766)	\$ 2,220,331	\$ 1,580,565

(31) Net interest income

	For the years ended December 31,	
	2020	2019
<u>Interest income</u>		
Interest income on bills discounted and loans	\$ 15,182,899	\$ 18,024,184
Interest income on securities investment	3,251,353	3,861,808
Recurring interest income from credit cards	203,384	235,672
Interest income from placement and call loans to other banks	148,235	257,139
Interest income of factoring receivables	73,155	149,162
Other interest income	45,825	83,154
Subtotal	<u>18,904,851</u>	<u>22,611,119</u>
<u>Interest expense</u>		
Interest expense of deposits	( 5,207,948)	( 7,397,261)
Coupon of financial debentures	( 826,128)	( 867,561)
Interest expense of structured instruments	( 152,637)	( 465,003)
Interest expense of Central Bank and other banks' deposits	( 33,063)	( 214,504)
Interest expense on bills and bonds sold under repurchase agreements	( 3,189)	( 137,731)
Lease liabilities interest expense	( 55,879)	( 55,724)
Other interest expense	( 5,260)	( 6,389)
Subtotal	<u>( 6,284,104)</u>	<u>( 9,144,173)</u>
Total	<u>\$ 12,620,747</u>	<u>\$ 13,466,946</u>

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(32) Net service income

	For the years ended December 31,	
	2020	2019
<u>Service fee and commission income</u>		
Service fee income on trust business	\$ 2,832,944	\$ 2,845,925
Service fee income on insurance brokerage	1,212,954	1,680,715
Service fee income on credit cards	1,090,234	1,519,292
Service fee income on credit extension	638,493	879,443
Service fee income on foreign exchange	77,725	87,119
Deposits and remittance and other service fee income (Note)	327,364	325,925
Subtotal	<u>6,179,714</u>	<u>7,338,419</u>
<u>Service fee expenses and commission expense</u>		
Service fee expense on trust business	( 3,214)	( 2,704)
Service fee expense on credit cards	( 883,091)	( 1,251,571)
Service fee expense on credit extension	( 30,975)	( 33,158)
Service fee expense on foreign exchange	( 37,894)	( 41,642)
Deposits and remittance and other service fee expense	( 354,927)	( 329,931)
Subtotal	<u>( 1,310,101)</u>	<u>( 1,659,006)</u>
Total	<u>\$ 4,869,613</u>	<u>\$ 5,679,413</u>

Note 1: For the years ended December 31, 2020 and 2019, the service fee income arising from engaging in electronic payment business amounted to \$1,659 and \$10,499, respectively.

Note 2: Due to the Bank concurrently engaging in electronic payment business, for the years ended December 31, 2020 and 2019, the interest earned from utilising funds received from users, which was calculated according to Article 4 of “Regulations Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions”, were \$0.063 and \$4.339, respectively.

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(33) Gain or loss on financial assets and liabilities at fair value through profit or loss

	For the years ended December 31,	
	2020	2019
<u>Realized gain or loss on financial assets and liabilities at fair value through profit or loss</u>		
Bonds	\$ 1,799,400	\$ 1,750,498
Commercial papers	192,096	172,212
Stocks	77,544	141,887
Securities borrowed	1,911	541
Beneficiary securities	634	777
Treasury bills	85	-
Beneficiary certificates	-	( 5,566)
Equity-linked instruments	4,986	42,200
Interest rate-linked instruments	( 592,903)	( 54,577)
Exchange rate-linked instruments	( 657,390)	( 1,442,311)
Subtotal	<u>826,363</u>	<u>605,661</u>
<u>Unrealized gain or loss on financial assets and liabilities at fair value through profit or loss</u>		
Bonds	439,413	620,896
Commercial papers	( 39,031)	( 5,367)
Stocks	( 70,266)	73,543
Beneficiary securities	3,087	2,523
Treasury bills	( 5,821)	-
Equity-linked instruments	( 324)	( 37,964)
Interest rate-linked instruments	88,621	( 445,666)
Exchange rate-linked instruments	( 156,230)	( 67,528)
Subtotal	<u>259,449</u>	<u>140,437</u>
Total	<u>\$ 1,085,812</u>	<u>\$ 746,098</u>

A. The realized gains (losses) on the financial assets and liabilities at fair value through profit and loss of the Consolidated Company for the years ended December 31, 2020 and 2019, including net interest income, the gain (loss) on disposal and dividend income, are as follows:

	For the years ended December 31,	
	2020	2019
Net interest income	\$ 1,402,138	\$ 1,649,218
Losses on disposal	( 650,423)	( 1,129,676)
Dividend income	74,648	86,119
Total	<u>\$ 826,363</u>	<u>\$ 605,661</u>

B. Exchange rate-linked instruments include forward exchange contracts, foreign exchange swap contracts, non-delivery forwards contracts, foreign exchange options and other exchange rate-related instruments.

C. Interest-linked instruments include interest rate swap contracts, cross currency swap contracts, structured interest rate instruments, interest rate options, interest rate futures and other interest-related instruments.

D. Equity-linked instruments include structural equity instruments, embedded structural equity instruments and equity futures.

(34) Impairment losses of assets

	For the years ended December 31,	
	2020	2019
(Impairment loss) reversal of impairment loss on investments in debt instruments at fair value through other comprehensive income	(\$ 8,175)	\$ 178
(Impairment loss) reversal of impairment loss on investments in debt instruments at amortised cost	( 95)	3
Reversal of impairment loss (impairment loss) on assets classified as held for sale	349	( 21,518)
Reversal of impairment loss on investment property	179	12,661
Impairment loss on intangible assets	( 1,348,928)	-
Reversal of impairment loss on other assets	-	106
Total	(\$ 1,356,670)	(\$ 8,570)

(35) Other non-interest income

	For the years ended December 31,	
	2020	2019
Gains on default fine of loans	\$ 76,948	\$ 77,867
Rental income	44,568	52,459
Gains on disposal of non-performing loans	3,470	11,780
Gains on trade/disposal of property	11,723	21,700
Other net gains (losses)	34,908	( 1,268)
Total	\$ 171,617	\$ 162,538

(36) Employee benefit expense

	For the years ended December 31,	
	2020	2019
Wages and salaries	\$ 4,901,455	\$ 5,571,291
Labor and health insurance fees	370,688	373,828
Pension costs	236,829	236,572
Termination benefits expenses	-	( 116,715)
Other personnel expenses	334,368	327,030
Total	\$ 5,843,340	\$ 6,392,006

A. According to the Articles of Incorporation of the Bank, if the Bank has earnings upon the year-end, after covering accumulated deficits with current year earnings (that is, income before taxes minus income before appropriation of employees' compensation), the remainder, if any, shall provision 0.01% to 5% as employees' compensation.

B. For the years ended December 31, 2020 and 2019, employees' compensation bonus were accrued at \$46,881 and \$49,806, respectively. The amounts were recognized in salary expenses. For the year ended December 31, 2020, after considering accumulated deficits, the most appropriate estimate was accrued based on the period-end (the current year) earnings and the multiplier interval stipulated in the Articles of Incorporation; subsequently, where the accrued amounts are different from the actual distributed amounts as resolved by the Board of Directors on behalf of the stockholders' meeting, the differences are accounted for as changes in accounting estimates.

C. Employees' compensation of 2019 as resolved at the meeting of the Board of Directors was in agreement with the amount recognized in the 2019 financial statements amounting to \$49,806.

(37) Depreciation and amortization

	For the years ended December 31,	
	2020	2019
Property and equipment depreciation	\$ 345,294	\$ 342,473
Investment property depreciation	5,889	5,958
Right-of-use asset depreciation	612,976	573,261
Intangible assets amortization	333,125	336,678
Deferred assets amortization	60,130	67,884
Total	<u>\$ 1,357,414</u>	<u>\$ 1,326,254</u>

(38) Other general and administrative expenses

	For the years ended December 31,	
	2020	2019
Tax	\$ 914,794	\$ 976,690
Rental expense	258,939	267,956
Insurance expense	365,793	332,669
Repairs and maintenance	298,035	263,333
Postage expense	162,819	162,095
Professional expense	146,391	188,943
Others	942,619	887,651
Total	<u>\$ 3,089,390</u>	<u>\$ 3,079,337</u>

(39) Income tax

A. Income tax expense

(A) Components of income tax expense:

	For the years ended December 31,	
	2020	2019
Current tax:		
Income tax from current income	\$ 1,167,418	\$ 1,770,684
Prior year income tax overestimation	( 34,128)	( 4,538)
Total current tax	<u>1,133,290</u>	<u>1,766,146</u>
Deferred tax:		
Origination and reversal of temporary differences	2,666	( 305,074)
Income tax expense	<u>\$ 1,135,956</u>	<u>\$ 1,461,072</u>

(B) The income tax related to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2020	2019
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		
Change in fair value of equity instruments at fair value through other comprehensive income	\$ 4,153	\$ 25,393
Gains (losses) on remeasurements of defined benefit plans	3,614	( 16,608)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		
Change in fair value of debt instruments at fair value through other comprehensive income	2,287	4,138

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2020	2019
Income tax from pretax income calculated at regulated tax rate	\$ 1,620,825	\$ 2,316,782
Temporary differences not recognized as deferred tax assets	( 67,575)	8,605
Taxable loss not recognized as deferred tax asset	8,269	13,814
Prior year income tax overestimation	( 34,128)	( 4,538)
Net operating loss carryforwards deducted from the current year's use	( 17,672)	( 15,210)
Alternative Minimum Tax effects	178,892	( 75)
Effects of items not recognized under relevant regulations, exemption and other income	( 552,655)	( 858,306)
Income tax expense	<u>\$ 1,135,956</u>	<u>\$ 1,461,072</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2020				
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	Others (Note )	December 31,
Temporary differences:					
- Deferred tax asset:					
Allowance for credit losses in excess of tax limitation	\$ 540,912	\$ 131,828	\$ -	(\$ 3)	\$ 672,737
Employee benefit liabilities reserve	182,045	( 3,199)	( 3,614)	1	175,233
Unrealized exchange loss	45,098	( 44,650)	-	( 1)	447
Unrealized loss on financial assets at fair value through profit or loss	29,789	17,767	-	-	47,556
Estimated non-leaving bonus	11,982	2,412	-	-	14,394
Net operating loss carryforward	7,070	6,235	-	338	13,643
Deferred revenue of credit cards	2,597	( 649)	-	-	1,948
Other	19,146	( 8,123)	-	-	11,023
Subtotal	<u>838,639</u>	<u>101,621</u>	<u>( 3,614)</u>	<u>335</u>	<u>936,981</u>
- Deferred tax liability:					
Chin Fon Bank amortization of goodwill (accumulated impairment included)	(\$ 202,869)	\$ 21,800	\$ -	\$ -	(\$ 181,069)
Unrealized gain on financial assets at fair value through other comprehensive income	( 68,897)	( 28)	( 6,538)	31	( 75,432)
Reserve for land value increment tax	( 32,027)	-	-	5,260	( 26,767)
Amortization of other intangible asset	( 11,461)	( 5,730)	-	-	( 17,191)
Unrealized exchange gain	-	( 120,329)	-	-	( 120,329)
Other	( 189)	-	98	2	( 89)
Subtotal	<u>( 315,443)</u>	<u>( 104,287)</u>	<u>( 6,440)</u>	<u>5,293</u>	<u>( 420,877)</u>
Total	<u>\$ 523,196</u>	<u>(\$ 2,666)</u>	<u>(\$ 10,054)</u>	<u>\$ 5,628</u>	<u>\$ 516,104</u>

Note : Including the impact of exchange rate.

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	2019				
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	Others (Note )	December 31,
Temporary differences:					
- Deferred tax asset:					
Allowance for credit losses in excess of tax limitation	\$ 356,258	\$ 184,596	\$ -	\$ 58	\$ 540,912
Employee benefit liabilities reserve	165,066	344	16,608	27	182,045
Ta Chong Bank amortization of goodwill (accumulated impairment included)	48,237	( 48,237)	-	-	-
Unrealized loss on financial assets at fair value through profit or loss	13,025	16,764	-	-	29,789
Estimated non-leaving bonus	10,980	1,002	-	-	11,982
Unrealized loss on financial assets at fair value through other comprehensive income	3,982	-	( 4,069)	87	-
Deferred revenue of credit cards	2,847	( 250)	-	-	2,597
Valuation loss on foreign taxable	1,855	( 1,855)	-	-	-
Net operating loss carryforward	1,834	5,412	-	( 176)	7,070
Unrealized exchange loss	-	45,099	-	( 1)	45,098
Other	7,746	7,993	-	3,407	19,146
Subtotal	<u>611,830</u>	<u>210,868</u>	<u>12,539</u>	<u>3,402</u>	<u>838,639</u>
- Deferred tax liability:					
Unrealized exchange gain	(\$ 227,581)	\$ 227,589	\$ -	(\$ 8)	\$ -
Chin Fon Bank amortization of goodwill (accumulated impairment included)	( 74,903)	( 127,966)	-	-	( 202,869)
Unrealized gain on financial assets at fair value through other comprehensive income	( 43,242)	-	( 25,717)	62	( 68,897)
Reserve for land value increment tax	( 40,278)	-	-	8,251	( 32,027)
Amortization of other intangible asset	( 5,730)	( 5,731)	-	-	( 11,461)
Unrealized gain on financial assets at fair value through profit or loss	( 314)	314	-	-	-
Other	( 464)	-	255	20	( 189)
Subtotal	<u>( 392,512)</u>	<u>94,206</u>	<u>( 25,462)</u>	<u>8,325</u>	<u>( 315,443)</u>
Total	<u>\$ 219,318</u>	<u>\$ 305,074</u>	<u>(\$ 12,923)</u>	<u>\$ 11,727</u>	<u>\$ 523,196</u>

Note: Including the impact of exchange rate and an adjustment in IFRS 16.

- D. As of December 31, 2020, the Yuanta Savings Bank (Philippines)'s unused loss deduction was \$173,147. The validity period for the loss deduction pursuant to local regulations was before 2023.
- E. As of December 31, 2020, Yuanta Savings Bank (Korea)'s unused loss carry forward was \$270,110. The validity period for the loss carry forward pursuant to local regulations was before 2026.
- F. The company's income tax returns through 2015 has been assessed and approved by Tax Authority.
- G. Yuanta International Leasing's income tax returns through 2018 has been assessed and approved by the Tax Authority.

(40) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue during the period.

	<u>For the year ended December 31, 2020</u>		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and Diluted earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to the parent	\$ 6,895,871	7,394,039	\$ 0.93
	<u>For the year ended December 31, 2019</u>		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and Diluted earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to the parent	\$ 10,046,230	7,394,039	\$ 1.36

7. Related party transactions

(1) Parent and ultimate controlling party

Yuanta Financial Holdings is the parent company and ultimate controlling party of the Consolidated Company.

(2) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Bank</u>
Yuanta Securities Finance Co., Ltd. ("Yuanta Securities Finance")	Affiliated company in the same group
Yuanta Securities Investment Consulting Co., Ltd. ("Yuanta Securities Investment Consulting")	Affiliated company in the same group
Yuanta Securities Co., Ltd. ("Yuanta Securities")	Affiliated company in the same group
Yuanta Securities Investment Trust Co., Ltd. ("Yuanta Securities Investment Trust")	Affiliated company in the same group
Yuanta Futures Co., Ltd. ("Yuanta Future")	Affiliated company in the same group
Yuanta Life Insurance Co., Ltd. ("Yuanta Life Insurance")	Affiliated company in the same group
Yuanta Venture Capital Co., Ltd. ("Yuanta Venture")	Affiliated company in the same group
Yuanta Asset Management Co., Ltd. ("Yuanta Asset Management")	Affiliated company in the same group

Names of related parties	Relationship with the Bank
Yuanta Asia Investment Limited ("Yuanta Asia Investment")	Affiliated company in the same group
Yuanta Securities Hong Kong Co., Ltd. ("Yuanta Securities (Hong Kong)")	Affiliated company in the same group
Yuanta Securities Korea Co., Ltd. ("Yuanta Securities (Korea)")	Affiliated company in the same group
Funds managed by Yuanta Securities Investment Trust	Funds managed by the same group
Yuanta Construction Development Co., Ltd. ("Yuanta Construction Development")	Related party in substance
Greatness Trading Co., Ltd.	A director of Yuanta Group holds a key managing position (No longer a related party since November 20, 2020)
Shang Trip Travel Service Co., Ltd. ("Shang Trip Travel Service")	Related party in substance
Yuen Foong Yu Consumer Products Co., Ltd. ("Yuen Foong Yu")	Related party in substance (Has become a related party since June 22, 2020)
Yuanta Cultural & Education Foundation	A director of Yuanta Group holds a key managing position
Polaris Research Institute	Related party in substance
He's Education Foundation	A director of Yuanta Group holds a key managing position
Others	The Consolidated Company's affiliated companies and directors, supervisors and managers, and their relatives

(3) Significant transactions and balances with related parties

A. Deposit

December 31, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 45,339,692	3.64	0.00~6.065
December 31, 2019			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 51,074,940	4.49	0.00~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.80% ~ 6.065% and 6.065% for the years ended December 31, 2020 and 2019, respectively. The range of interest rate on other related parties' demand savings deposits were 0.00%~4.60% and 0.00%~5.11%, respectively. The interest rates and other terms provided to the above related parties were the same as those offered to the general public.

For the years ended December 31, 2020 and 2019, interest expense on the above deposits were \$276,325 and \$429,472, respectively.



B. Loans

December 31, 2020

Unit Thousands of New Taiwan Dollars						
Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts	
Consumer loans	384	\$ 121,628	\$ 65,606	\$ 65,606	\$ -	None
Home mortgage loans	499	4,242,226	3,682,393	3,682,393	-	None
	Greatness Trading	20,000	-	-	-	None
	Yuen Foong Yu	254,800	-	-	-	None
	He's Education Foundation	27,000	-	-	-	None
Other loans	94	412,222	211,013	211,013	-	None
Total			\$ 3,959,012	\$ 3,959,012	\$ -	

December 31, 2019

Unit Thousands of New Taiwan Dollars						
Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts	
Consumer loans	382	\$ 89,525	\$ 45,855	\$ 45,855	\$ -	None
Home mortgage loans	462	3,813,793	3,182,318	3,182,318	-	None
	Greatness Trading	15,000	15,000	15,000	-	None
	He's Education Foundation	27,000	27,000	27,000	-	None
	Shang Trip Travel service	1,850	-	-	-	None
	Yuanta Securities	183,147	-	-	-	None
Other loans	95	294,295	168,871	168,871	-	None
Total			\$ 3,439,044	\$ 3,439,044	\$ -	

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 0.80% to 2.00% and 1.27% to 2.50%, the interest rates on the remaining loans are ranging from 0.00% to 6.69% and 0.00% to 11.07% for the years ended December 31, 2020 and 2019, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2020 and 2019, interest income resulting from the above loans amounted to \$52,995 and \$53,640, respectively.

C. Service fee and commission

Names of related parties	For the years ended December 31,	
	2020	2019
Parent company:		
Yuanta Financial Holdings	\$ 286	\$ 203
Fellow subsidiary:		
Yuanta Life Insurance	590,884	829,780
Yuanta Securities Investment Trust	35,468	8,081
Yuanta Securities(Hong Kong)	2,788	-
Yuanta Securities	1,156	9,481
Yuanta Asia Investment	341	239
Yuanta Futures	266	230
Yuanta Securities Investment Consulting	1	1
Yuanta Construction Development	-	33
Total	<u>\$ 631,190</u>	<u>\$ 848,048</u>

The following income was mainly from commissions from sales of mutual funds and insurance and fiduciary affiliated services, the related receivables were as follows:

Names of related parties	December 31, 2020	December 31, 2019
Fellow subsidiary:		
Yuanta Life Insurance	\$ 22,897	\$ 92,162
Yuanta Securities Investment Trust	<u>2,074</u>	<u>367</u>
Total	<u>\$ 24,971</u>	<u>\$ 92,529</u>

D. Rental revenue

Names of related parties	Purpose	For the years ended December 31,	
		2020	2019
Parent company:			
Yuanta Financial Holdings	Office rental/ Parking lot rental	\$ 6,919	\$ 6,919
Fellow subsidiary:			
Yuanta Securities	Office rental/ Venue rental	7,498	7,440
Yuanta Futures	Venue rental/ Parking lot rental	1,769	1,732
Yuanta Life Insurance	Office rental	<u>144</u>	<u>668</u>
Total		<u>\$ 16,330</u>	<u>\$ 16,759</u>

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-in were as follows:

Names of related parties	December 31, 2020	December 31, 2019
Parent company:		
Yuanta Financial Holdings	\$ 1,151	\$ 1,151
Fellow subsidiary:		
Yuanta Securities	1,249	1,268
Yuanta Futures	299	288
Yuanta Life Insurance	24	24
Total	\$ 2,723	\$ 2,731

E. Rent expense

Names of related parties	Purpose	For the years ended December 31,	
		2020	2019
Fellow subsidiary:			
Yuanta Securities	Office rental/ Venue rental	\$ 144,528	\$ 105,486
Yuanta Securities Finance	Office rental	7	2,537
Yuanta Life Insurance	Office rental	6	-
Total		\$ 144,541	\$ 108,023

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-out were as follows:

Names of related parties	December 31, 2020	December 31, 2019
Fellow subsidiary:		
Yuanta Securities	\$ 5,494	\$ 5,516
Yuanta Life Insurance	2,161	-
Yuanta Securities Finance	633	633
Total	\$ 8,288	\$ 6,149

F. Donations

Names of related parties	For the years ended December 31,	
	2020	2019
Fellow subsidiary:		
Yuanta Cultural & Education Foundation	\$ 23,000	\$ 27,900
Polaris Research Institute	9,930	12,370
Total	\$ 32,930	\$ 40,270

G. Consulting fee

<u>Names of related parties</u>	For the years ended December 31,	
	<u>2020</u>	<u>2019</u>
Fellow subsidiary:		
Yuanta Securities Investment Consulting	\$ <u>12,420</u>	\$ <u>12,780</u>

H. Commission expense

<u>Names of related parties</u>	For the years ended December 31,	
	<u>2020</u>	<u>2019</u>
Fellow subsidiary:		
Yuanta Securities	\$ 74,033	\$ 25,785
Yuanta Futures	1	-
Yuanta Securities (Korea)	-	185
Total	\$ <u>74,034</u>	\$ <u>25,970</u>

I. Current income tax assets/ liabilities

<u>Names of related parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax receivables	\$ <u>1,395,127</u>	\$ <u>2,282,925</u>
Consolidated income tax payables	\$ <u>11,794</u>	\$ <u>1,255,910</u>

J. Leasing arrangements – lessee

(A) The Consolidated Company leased buildings from Yuanta Securities, Yuanta Securities Finance and Yuanta Life insurance. With 3 to 5 years period of lease, rents are paid every month.

(B) Right-of-use assets-net:

<u>Names of related parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Right-of-use assets</u>	<u>Right-of-use assets</u>
Fellow subsidiary:		
Yuanta Life Insurance	\$ 56,412	\$ -
Yuanta Securities	45,925	42,373
Yuanta Securities Finance	5,001	-
Total:	\$ <u>107,338</u>	\$ <u>42,373</u>

<u>Names of related parties</u>	For the years ended December 31,	
	<u>2020</u>	<u>2019</u>
	<u>Deprecaions expense</u>	<u>Deprecaions expense</u>
Fellow subsidiary:		
Yuanta Securities	\$ 28,441	\$ 23,311
Yuanta Securities Finance	2,501	-
Yuanta Life Insurance	1,945	-
Total	\$ <u>32,887</u>	\$ <u>23,311</u>

- A. The Consolidated Company acquires right-of-use assets from Yuanta Securities for \$31,993 and \$23,667, respectively, for the years ended December 31, 2020 and 2019.
- B. On January 1, 2019 (the date of initial application of IFRS 16), the Consolidated Company increased right-of-use assets by \$42,016.
- C. The Consolidated Company acquired right-of-use assets from Yuanta Securities Finance for \$7,502 for the year ended December 31, 2020. No acquisition of right-of-use assets for the year ended December 31, 2019.
- D. The Consolidated Company acquired right-of-use assets from Yuanta Life Insurance for \$58,357 for the year ended December 31, 2020. No acquisition of right-of-use assets for the year ended December 31, 2019.

(C) Lease liabilities

Names of related parties	December 31, 2020	December 31, 2019
	Lease liabilities	Lease liabilities
Fellow subsidiary:		
Yuanta Life Insurance	\$ 58,423	\$ -
Yuanta Securities	46,325	42,866
Yuanta Securities Finance	5,022	-
Total:	<u>\$ 109,770</u>	<u>\$ 42,866</u>
	For the years ended December 31,	
	2020	2019
Names of related parties	Interest expense	Interest expense
Fellow subsidiary:		
Yuanta Securities	\$ 318	\$ 320
Yuanta Life Insurance	66	-
Yuanta Securities Finance	50	-
Total	<u>\$ 434</u>	<u>\$ 320</u>

K. Property transactions

- (A) Service charges for trading of futures are as follows:

Fellow subsidiary:	For the years ended December 31,	
	2020	2019
Yuanta Futures		
Interest income	<u>\$ 1</u>	<u>\$ 12</u>
Service fee expense	<u>\$ 21</u>	<u>\$ 21</u>

- (B) As of December 31, 2020 and 2019, the Consolidated Company sold transportation equipment to Yuanta Financial Holding, the disposal price were \$1,800 and \$2,220, respectively, and gains on disposal were \$148 and \$761, respectively.
- (C) As of December 31, 2020 and 2019, the Consolidated Company purchased transportation equipment from Yuanta Securities for \$860 and \$1,250, respectively, and were presented as transportation equipment.
- (D) As of December 31, 2020, the Consolidated Company sold transportation equipment to Yuanta Asset Management, the disposal price was \$1,300 and losses on disposal was \$37.

- (E) As of December 31, 2020, the Consolidated Company sold transportation equipment to Yuanta Features, the disposal price was \$850 and gains on disposal was \$281.
- (F) As of December 31, 2020, the Consolidated Company sold transportation equipment to Yuanta Securities Finance, the disposal price was \$2,500 and gains on disposal was \$342.
- (G) As of December 31, 2019, the Consolidated Company sold transportation equipment to Yuanta Securities, the disposal price was \$1,380 and the losses on disposal was \$173.
- (H) As of December 31, 2019, the Consolidated Company purchased transportation equipment from Yuanta Securities Investment Trust for \$500 and was presented as transportation equipment.
- (I) As of December 31, 2019, the Consolidated Company entered foreign exchange swap transaction with Yuanta Life Insurance, the principal was USD 13,000 and the contract matured on April 19, 2019 with related gains of \$5,629.

L. Others

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Receivables - Yuanta Securities	\$ 429	\$ 38
Receivables - Yuanta Financial Holdings	359	-
Other assets - Yuanta Life Insurance	11,286	8,874
Other assets - Yuanta Securities (Korea)	5,250	5,210
Other assets - Yuanta Financial Holdings	1,100	-
Payables - Yuanta Securities	44,423	9,483
Payables - Yuanta Financial Holdings	1,449	3,653
Payables - Yuanta Life Insurance	430	450
	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest revenues - Yuanta Securities (Korea)	\$ 9	\$ 16
Miscellaneous revenues - Yuanta Securities	164	164
Miscellaneous revenues - Yuanta Futures	164	164
Operating expenses - Yuanta Asset Management	23,895	-
Operating expenses - Yuanta Life Insurance	22,604	19,145
Operating expenses - Yuanta Securities	1,160	120

(4) Information on remunerations to the key management

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	\$ 737,058	\$ 851,055
Post-employment benefits	24,122	24,119
Termination benefits	1,046	976
Total	<u>\$ 762,226</u>	<u>\$ 876,150</u>

## 8. Pledged assets

As of December 31, 2020 and 2019, the Consolidated Company's assets pledged as collateral are as follows:

Items	December 31, 2020	Purpose of pledge
<u>Investments in debt</u>		
<u>instruments at amortised cost</u>		
- Negotiable certificates of deposit of Central Bank	\$ 10,000,000	Foreign currency clearing overdraft guarantee
- Time deposits	657,240	Foreign currency clearing overdraft guarantee
- Government bonds	711,844	Collateral for provisional seizure
- Government bonds	195,929	Trust fund reserve
- Government bonds	109,514	OTC EBTS for bond settlement reserves
- Government bonds	60,233	Operating guarantee deposits for securities
- Government bonds	54,757	Deposit guarantees of bills merchants
- Government bonds	5,257	VISA International card payment reserves
<u>Due from Central Bank and call loans to other banks</u>	183,757	Operating guarantee deposits
Items	December 31, 2019	Purpose of pledge
<u>Investments in debt</u>		
<u>instruments at amortised cost</u>		
- Negotiable certificates of deposit of Central Bank	\$ 10,000,000	Foreign currency clearing overdraft guarantee
- Time deposits	518,760	Foreign currency clearing overdraft guarantee
- Government bonds	610,476	Collateral for provisional seizure
- Government bonds	197,169	Trust fund reserve
- Government bonds	110,214	OTC EBTS for bond settlement reserves
- Government bonds	76,881	Operating guarantee deposits
- Government bonds	55,107	Deposit guarantees of bills merchants
- Government bonds	55,107	Operating guarantee deposits for securities
- Government bonds	5,290	VISA International card payment reserves
<u>Financial assets at fair value through other comprehensive income</u>		
- Corporate bonds	430,402	Operating guarantee deposits

## 9. Significant contingent liabilities and unrecognized contract commitments

### (1) Commitments

As of December 31, 2020 and 2019, capital expenditures contracted for at the balance sheet date but not yet incurred were \$2,898,346 and \$252,223, respectively.

### (2) Litigation case

A. Ta Chong Bank had conducted foreign exchange derivatives transactions with Sino United International Co., Ltd. and Plosa International Co., Ltd (collectively referred herein as “the SINO and PLOSA companies”). As the SINO and PLOSA companies disputed the loss in Target Redemption Forward (TRF) when closing position, they filed a complaint with the Taiwan Taipei

District Court against Ta Chong Bank and alleged that Ta chong Bank shall reimburse the loss in transactions incurred by them (preferential claim: US\$3,123 thousand and interests accrued therefrom; alternative claim: US\$1,445 thousand and interest accrued therefrom). The Bank has assumed the lawsuit after acquiring Ta Chong Bank. On January 26, 2018, the first instance court has ruled in favour of the Bank. The SINO and PLOSA companies disagreed with the ruling and filed an appeal with the Taiwan High Court. On March 12, 2019, the Taiwan High Court for the second instance adjudicated in favour of the Bank. The SINO and PLOSA companies disagreed with the ruling and filed an appeal for the third instance. However, currently only the appeal of SINO is under review of the Supreme Court as the appeal of PLOSA was overruled due to the unpaid court costs. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of the Bank as of December 31, 2020.

B. Yuanta Savings Bank (Korea) exercised its pledge right to acquire a 33.3% interest equity of Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City from 2006 to 2008. In September 2008, Pentagon City implemented a capital reduction on shares originally held by Yuanta Savings Bank (Korea) and another shareholder under which Pentagon City returned cash of ₩28 billion to Yuanta Savings Bank (Korea). Pentagon City claimed that Yuanta Savings Bank (Korea) breached the 10% holding limit for an unlisted company imposed by law with respect to Savings Banks, and thus claimed Yuanta Savings Bank (Korea) should return ₩19,599,160 thousand as unjustly received benefit, which represents consideration of shares above the 10% holding limit. On June 20, 2019, the Seoul District Court as the first instance court has ruled in favour of the Yuanta Savings Bank (Korea), and Pentagon City disagreed with the ruling and field an appeal on July 8, 2019, the Seoul Korean High Court as the second instance court has ruled in favour of the Yuanta Savings Bank (Korea) on November 3, 2019, and Pentagon City disagreed with the ruling and field an appeal on November 18, 2020. As of December 31, 2020, the case is still under the review of the Supreme Court of South Korea. The subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of Yuanta Saving Bank (Korea) and Yuanta Bank as of December 31, 2020.

### (3) Others

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Irrevocable loan commitments	\$ 23,460,752	\$ 25,604,687
Unused credit commitments on credit cards	119,349,211	119,477,639
Unused letters of credit balance	3,332,772	3,635,756
Other guarantees	13,042,579	13,217,092
Consignment collection for others	17,916,355	16,990,839
Trust assets	214,007,780	208,314,564
Items under custody	33,887,263	29,999,685
Commitment of securities under repurchase agreements	-	1,582,270
Commitment of securities under resale agreements	2,100,384	5,315,823

### 10. Significant losses from disasters

None.

### 11. Significant subsequent events

In accordance with Jin-Guan-Yin-Kong-Zi Letter No. 1090222256 dated September 8, 2020, the Consolidated Company issued the first series of subordinate financial debentures on February 23, 2021. The par value was \$5,000,000 and issuing price was at face value on issue date.



## 12. Others

### (1) Fair value information of financial instruments

#### A. Outline

Fair value is the amount for which an asset could be exchanged or a liability can be settled between market participants in an orderly transaction.

#### B. Definition for the hierarchy classification of financial instruments measured at fair value

##### (A) Level 1

Inputs that are quoted prices in active markets for identical financial instruments. An active market has to satisfy all the following conditions: A market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the investments of the Consolidated Company, such as listed stocks investment, beneficiary certificates, beneficiary securities, popular Taiwan government bonds and the derivatives with a quoted price in an active market, are deemed as Level 1.

##### (B) Level 2

Inputs other than quoted prices in active markets, are those observable price, either directly (that is, as prices) or indirectly (that is, derived from prices) in active market. Investment of the Consolidated Company such as non-popular government bonds, corporate bonds, financial bonds, convertible corporate bonds and most derivatives are all classified within Level 2.

##### (C) Level 3

Inputs used to measure fair values that are not data obtainable in the market or counterparty quotes. A portion of the Consolidated Company's investments in financial assets at fair value through other comprehensive income are considered as such.

(Blank below)

(2) Financial instruments measured at fair value

A. Hierarchy of fair value estimation of financial instruments:

<u>Recurring fair value measurements</u>	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Equity investments	\$ 2,325,735	\$ 2,325,735	\$ -	\$ -
Debt investments	162,443,290	19,892,489	142,550,801	-
Financial assets at fair value through other comprehensive income				
Equity investments	7,953,324	4,064,078	-	3,889,246
Debt investments	145,244,286	56,128,093	89,116,193	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 1,620,460	\$ -	\$ 1,620,460	\$ -
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 3,014,414	\$ -	\$ 3,014,414	\$ -
<u>Recurring fair value measurements</u>	December 31, 2019			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Equity investments	\$ 2,570,437	\$ 2,570,437	\$ -	\$ -
Debt investments	143,133,598	27,167,528	115,966,070	-
Financial assets at fair value through other comprehensive income				
Equity investments	11,074,413	7,523,804	-	3,550,609
Debt investments	90,221,326	31,085,049	59,136,277	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 2,867,340	\$ -	\$ 2,867,340	\$ -
Liabilities				
Financial liabilities at fair value through profit or loss	\$ 3,568,060	\$ -	\$ 3,568,060	\$ -

B. Valuation technique of fair value

(A) If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value. Market prices bulletined by major SEC and OTC, where high volume of central government bonds are traded, are the foundation of debt instruments' fair value of quoted market price in an active market and listed equity instruments.

- (B) If the market quotation from Stock Exchange Corporation, Reuters, Bloomberg information, commission merchants, or competent authorities can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market. If the above condition cannot be met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price, significantly increasing price variance or extremely low trading volume are all indicators of an inactive market.
- (C) If the financial instruments held by the Consolidated Company have an active market, the fair values by classification and nature are as follows:
- a. NTD Central Government Bond: the yield rates across different contract length bulletined by Over-The-Counter (hereinafter OTC) are used.
  - b. NTD local government bonds, corporate bonds, financial bonds and beneficiary securities: the yield rates across different contract length bulletined by OTC are adopted.
  - c. Foreign government bonds, financial bonds and corporate bonds and: the quotations from Bloomberg information or OTC are adopted.
  - d. Listed stocks (TSE and OTC) and ETF: The closing price on the date that the stock or ETF being listed in TSE or OTC for the first-time or the prior transaction price is adopted.
  - e. Domestic convertible corporate bonds: reference prices for the next day bulletined by the TSE are adopted as valuation standard.
  - f. Domestic and overseas funds: the net fund values announced by the investment trust are adopted.
  - g. Overseas convertible bond: quotations from Bloomberg are adopted.
- (D) If the financial instruments held by the Consolidated Company have no active market, the fair values by classification and nature are as follows:
- a. NTD Central Government Bond: Bonds with lower trading volume adopt the theory price of fair value bulletined by OTC.
  - b. NTD local government bonds, corporate bonds, financial debentures and beneficiary securities: For bonds with lower trading volume, theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.
  - c. NTD negotiable certificates of deposit, short-term commercial papers and treasury bills: TAIBIRO2 rate provided by Taiwan Depository Clearing Corporation is referenced to discount future cash flow and calculate the present value of valuation.
  - d. Foreign financial debentures, corporate bonds, negotiable certificates of deposit and securitized instruments: When public quotes are not obtainable through the market, appropriate interest models are elected to measure value or quotes provided by counterparties are adopted as the valuation basis.
  - e. Interest rate structured instruments and equity structured instruments: Interest valuation techniques elect valuation models for options to obtain reasonable theoretical prices.
  - f. Derivatives trading:
    - (a) Foreign exchange forward contract, currency swaps, interest rate swaps and cross currency swaps: quoted priced of Reuters on Bloomberg information is referenced and used to discount future cash flow.

- (b) Options: Black-Scholes, Vanna-Volga, Local Volatility or stochastic volatility models are mainly adopted for valuation, and the quoted prices of Reuters are referenced.
- (c) Foreign structured instruments: The quoted prices of Reuters are mainly referenced. Multi-factor models are adopted for valuation and the quoted prices from counterparties are also used.
- g. Unlisted stocks: The fair values of the company's held unlisted stocks without an active market are measured by electing the market approach, income approach or replacement cost method.

C. Fair value adjustment

(A) Valuation model limit and uncertain inputs

The outputs of the valuation model are estimates and the valuation techniques may not reflect all relevant factors of the Consolidated Company's financial instruments. Thus, the estimates of the valuation model are adjusted in accordance with extra inputs, i.e. model risk or liquidity risks. Under management policy for fair value valuation model and related control procedures, management believes valuation adjustment is necessary in order to present the fair value of financial instruments in the consolidated balance sheets fairly. The price information and inputs used in the valuation are carefully assessed and adjusted based on current market conditions.

(B) Credit risk valuation adjustment

The credit risk valuation adjustment is included in the computation of fair value of financial instruments in order to reflect counterparty's credit risk and the Consolidated Company's credit quality.

D. Transfer between Level 1 and Level 2

As of December 31, 2020 and 2019, there were no transfers from Level 1 to Level 2.

(Blank below)

E. Movements of financial instruments classified into Level 3 of fair value are as follows:

(A) Movements of financial assets classified into Level 3 of fair value are as follows:

Items	For the year ended December 31, 2020						
	Gain and loss on valuation		Addition		Reduction		
	Beginning balance	comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	Ending balance
Financial assets at fair value through other comprehensive income	\$ 3,550,609	\$ 338,637	\$ -	\$ -	\$ -	\$ -	\$ 3,889,246
Total	\$ 3,550,609	\$ 338,637	\$ -	\$ -	\$ -	\$ -	\$ 3,889,246

For the year ended December 31, 2019

Items	For the year ended December 31, 2019						
	Gain and loss on valuation		Addition		Reduction		
	Beginning balance	comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	Ending balance
Financial assets at fair value through other comprehensive income	\$ 3,116,112	\$ 434,594	\$ -	\$ -	\$ 97	\$ -	\$ 3,550,609
Total	\$ 3,116,112	\$ 434,594	\$ -	\$ -	\$ 97	\$ -	\$ 3,550,609

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2020 and 2019, the gains and losses on assets were \$338,633 and \$434,524, respectively.

(B) Movements of financial liabilities classified into Level 3 of fair value are as follows:

There were no financial liabilities classified into Level 3 of fair value for the years ended December 31, 2020 and 2019.

F. Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value. (Quotes provided by counterparties are excluded)

The fair value measurement that the Consolidated Company made onto the financial instruments is deemed reasonable; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input discount for marketability of financial instrument classified in Level 3 moves upward or downward by 1%, the effects on gain and loss in the period or the effects on other comprehensive income are as follow:

	Change in fair value recognized in other comprehensive income	
	Favorable movements	Unfavorable movements
December 31, 2020		
<u>Assets</u>		
Financial assets at fair value through other comprehensive income	\$ 11,247	(\$ 11,247)
December 31, 2019		
<u>Assets</u>		
Financial assets at fair value through other comprehensive income	\$ 10,228	(\$ 10,228)

Favorable and unfavorable movements of the Consolidated Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

G. Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The Consolidated Company's fair value measurements that are classified as Level 3 include financial assets at fair value through other comprehensive income - stock investments.

Most of the Consolidated Company's fair values that are classified as Level 3 have recurring significant unobservable inputs. Quantitative information on significant unobservable inputs is as follows:

Recurring fair value measurements	Fair value on December 31, 2020	Valuation technique	Significant unobservable input	Range (Weight average)	The relationship between unobservable input and Fair value
Financial assets at fair value through other comprehensive income					
Stock investments	\$ 3,888,757	Market method	Discount for marketability	≤40%	Discount for marketability higher, the fair value lower.
Financial assets at fair value through other comprehensive income					
Stock investments	\$ 3,550,124	Market method	Discount for marketability	≤40%	Discount for marketability higher, the fair value lower.

H. Valuation procedure of financial instruments classified into Level 3

Other than quotes provided by counterparties, the parent company's risk management department is responsible for verifying the fair value of financial instruments that are classified as Level 3. The risk management department assesses the independency, reliability, consistency and representativeness of sources and periodically inspects valuation models and valuation inputs for verification to ensure that valuation procedure and results adhere to IAS requirements.

(3) Financial instruments not measured at fair value

A. Fair value information:

Except for those listed in the table below, the carrying amounts of the Consolidated Company's financial instruments not measured at fair value are approximate to their fair values.

Items	December 31, 2020	
	Book value	Fair value
<u>Financial assets</u>		
Investments in debt instruments at amortised cost (Note)	\$ 69,560,984	\$ 75,870,966
<u>Financial liabilities</u>		
Financial debentures payable	34,500,000	35,809,098

Items	December 31, 2019	
	Book value	Fair value
<u>Financial assets</u>		
Investments in debt instruments at amortised cost (Note)	\$ 70,068,046	\$ 73,922,177
<u>Financial liabilities</u>		
Financial debentures payable	34,500,000	35,985,883

Note: The government bonds, corporate bonds, and financial bonds which are classified as investments in debt instruments at amortised cost.

B. Hierarchy of fair value estimation of financial instruments:

Items	Total	December 31, 2020		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost (Note)	\$75,870,966	\$ 3,133,569	\$72,707,587	\$ 29,810
<u>Financial liabilities</u>				
Financial debentures payable	35,809,098	-	35,809,098	-
Item	Total	December 31, 2019		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments at amortised cost (Note)	\$73,922,177	\$ 3,120,202	\$70,763,737	\$ 38,238
<u>Financial liabilities</u>				
Financial debentures payable	35,985,883	-	35,985,883	-

Note: The government bonds, corporate bonds, and financial bonds which are classified as investments in debt instruments at amortised cost.

### C. Valuation technique

The assumptions and methods used to estimate the financial instruments not measured by fair value:

- (A) The financial instruments such as cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreements, receivables- net, other financial assets- net, refundable deposits, deposits from Central Bank and other banks, payables, and deposits received. As the short maturities or future payment or receipt is close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.
- (B) Bills discounted and loans: The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.
- (C) Investments in debt instruments at amortised cost: NTD Central Government bonds elect bond yields or theoretical prices bulletined by the Taipei Exchange; government bonds, corporate bonds and financial debentures primarily elect quotes from Bloomberg. If there are no market prices available for reference, then estimates from valuation methods are elected.
- (D) Deposits and remittances: Considering the nature of the banking industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. Additionally, as the maturities are less than three years to date, it is reasonable to use the carrying amount to estimate the fair value.
- (E) Bonds payable: Theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.

#### (4) Management objective and policy for financial risk

The Consolidated Company engages in risk management under the principles of not only serving customers but also conforming to the Consolidated Company's operational goals, overall risk tolerance limits, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and to create a trilateral win for all customers, shareholders, and employees. The Consolidated Company is mainly exposed to credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and commodity risks), and liquidity risk on or off balance sheets.

The Consolidated Company has established written risk management policies and guidelines which have been approved by the Board of Directors or senior management in order to identify, measure, monitor and control credit risk, market risk, and liquidity risk.

##### A. Risk Management Framework:

Ultimate responsibility for the effective management of risk rests with the Board. In order to achieve the Consolidated Company's overall risk management goals, the Board of Directors is in charge of reviewing risk management policies and related procedures, as well as monitoring the effectiveness of risk management systems. The Board delegates authority for monitoring the control of risks to the Audit Committee. The Risk Management Committee is responsible for risk



management reporting, discussion of issues and the integration and execution of policies. The chief executive officer delegates authority to the Credit Evaluation Committee, the Human Resource Evaluation Committee, the Assets and Liabilities Management Committee, the Non-Performing Loan Management Committee, the Financial Product Evaluation Committee, and the New Product Evaluation Committee. The President holds regular or ad hoc meetings with relevant committees to discuss issues regarding risk management; moreover, an emergency response team has been established, so that the Bank, when faced with crises or extraordinary events, is able to take timely and effective actions to prevent further damage, to mitigate risks, and to stay functional.

## B. Credit risk

### (A) Source and definition of credit risk

Credit risk is the potential loss due to a failure of a counterparty to meet its obligations to pay the Consolidated Company in accordance with the agreed terms. Credit risk may happen due to accounts on and off the balance sheet. For accounts on the balance sheet, credit risk exposure of the Consolidated Company mainly comprises of bills discounted, loans, credit card business, debt instruments, derivatives and call loans from banks, etc. Off balance sheet accounts include financial guarantees, acceptance bills, letters of credit and loan commitments that could give rise to credit risk exposure to the Consolidated Company.

### (B) Principle of credit risk management

The Bank has stipulated credit risk management guidelines where the framework of credit risk management is set out, and through the building and implementation of the management system, potential credit risk relating to businesses can be carefully assessed and signaled. The Bank has divided its services into consumer finance services and corporate finance services according to the nature of services. With an emphasis on segregation of duties whereby the credit investigation is performed independently from the credit review, risk management is effective. Detailed risk management information of corporate finance services, consumer finance services, and cross-services integration is set out as follows:

- a. Credit Risk Management for Corporate Finance Services: The Bank develops a credit rating model and a risk grading mechanism for loan applications, strengthens quantitative mechanisms for credit risk management, and effectively assesses the quality of credit assets and its fluctuation to secure credit assets. A credit client early warning system is established aimed at credit risk exposures from significantly unusual cases. And an information integration and communication mechanism are set to monitor the financial and operational positions of these clients, providing a timely knowledge of these clients' operations and credit status.
- b. Credit Risk Management for Consumer Finance Services: The Bank controls the credit risks through credit grading mechanisms, credit review and overdue management systems. With these systems in place, the Bank is able to strengthen controls over consumer finance, raise the bar on credit reviewing, strengthen controls over credit limits, enhance the quality of credit assets, and cut losses arising from credit risk.
- c. Cross-Services Integration of Risk Management: The Bank-wide and cross-services credit risk early warning system serves as a platform for operating units to check on the financial and operational positions of clients with lower credit ratings, and it is used as a reference for loan management. To effectively manage concentration risk, a Bank-wide large risk exposures guideline is set up.

### (C) Credit Risk Mitigation Policies

To keep credit risk within the tolerable range, the Bank has set out a rule in its credit risk management guidelines that for the products provided and businesses conducted which includes all transactions arising from both banking and trading books, either on-balance or off-balance sheet, a detailed analysis should be carried out to identify any existing and potential credit risk; Before the introduction of new products or businesses, accompanying credit risk should be identified and examined in accordance with relevant guidelines. As for the more complex credit services, e.g. factoring, credit-linked derivatives, etc., tailored risk management mechanisms are incorporated into the relevant operating guidelines.

Procedures and methods used in credit risk management for the core businesses of the Consolidated Company are as follows:

#### a. Credit business (including loan commitment and guarantees)

Details of credit assets classification and credit quality rating are set out as follows:

##### (a) Credit Assets Classification

Credit assets are classified into five types. Other than normal credit assets, which are classified as Category One, the remaining non-performing loans are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category Three for assets deemed recoverable. Category Four for assets whose recovery is doubtful. Category Five for assets which are not recoverable.

##### (b) Credit Quality Rating

In response to the characteristics and scale of business, the Consolidated Company sets up credit quality rating for risk management purposes (such as implementing internal evaluation model of credit risk, setting up credit rating table or other relevant regulations) and puts it into practice for risk management.

The Consolidated Company, using statistical methods and expert professional judgment, as well as the consideration of client information, developed a business credit rating model for the purpose of evaluating the credit risk of corporate clients. The model is regularly reviewed to check if the calculation result is consistent with the actual situation, and adjustment of various inputs is calibrated to optimize the calculation result.

Credit rating of corporate finance is categorized into 11 levels in normal and 1 level in default according to the risks assessment on each credit extension case. When a loan is granted, in addition to the credit quality of the client, fund purpose, and repayment source, the protection of claims and credit prediction should be considered, and credit risk by credit account and facility should also be respectively assessed and rated based on the corporate or consumer risk rating referencing standards.

Credit risk rating of consumer finance is categorized by client category, client profession, the rating of collateral threshold and credit loss.

The credit quality of borrowers can be divided into four grades as follows:

	Corporate finance	Consumer finance
Credit risk rating	Internal/External	Credit risk rating
Excellent	Level 1~6	Excellent
Acceptable	Level 7~8	Acceptable
Weak	Level 9~11	Weak
Credit Loss	D	Credit Loss

The Bank reassesses ratings for each client at least once a year. Moreover, to ensure the reasonableness of the design and the process of credit rating system, and that of the estimates of related risk factors, the Bank takes actual defaults into account and performs inspections and back testing on the credit rating model annually.

b. Due from and call loans to other banks

The Bank assesses the credit status of each counterparty before any transaction, and ratings assigned by domestic and foreign external ratings agencies are used in determining internal credit grades on which various credit risk exposure limits are set and then granted to different counterparties.

c. Debt instruments investment and derivatives

The risk management of the Bank's debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

Financial institutions with which the Bank conducts derivative transactions are mostly above investment grade and each year counterparty credit risk limits at different levels are submitted to the Board for approval. The limits are the basis for credit risk control. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives approved by general credit procedures to manage credit exposure of counterparties.

The Consolidated Company divides the credit quality of debt instruments investment and derivatives into three grades as follows:

- (a) Excellent: Exposure to instrument with a result of internal/ external credit rating level between 1 and 6.
- (b) Acceptable: Exposure to instrument with a result of internal/ external credit rating level between 7 and 8.
- (c) Weak: Exposure to instrument with a result of internal/ external credit rating level between 9 and 11.

(D)Expected credit losses calculation

Impairment assessment is based on the calculation of expected credit losses, taking into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, which is available without undue cost or effort, including forecastable information. The Consolidated Company determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognizes expected credit losses according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit-impaired (Stage 3). 12-month expected credit losses are recognized for assets in Stage 1, and lifetime expected credit losses are recognized for assets in Stage 2 and Stage 3.

The definition of expected credit losses recognized for each stage are as follows:

	Stage 1	Stage 2	Stage 3
Definition	Financial assets with no significant increase in credit risk since initial recognition or low credit risk on balance sheet date.	Financial assets with significant increase in credit risk since initial recognition.	Financial assets that became credit impaired after initial recognition.
Recognition of expected credit losses	12-month expected credit losses are recognized.	Lifetime expected credit losses are recognized.	Lifetime expected credit losses are recognized.

The Consolidated Company uses the following key judgements and assumptions when estimating expected credit losses in accordance with IFRS 9:

- a. Determining whether there has been a significant increase in credit risk since initial recognition

At every balance sheet date, the Consolidated Company and its subsidiaries assess the change in default risk over the lifetime of each financial asset to determine whether there has been a significant increase in credit risk since initial recognition.

(a) Credit business

The Consolidated Company considers reasonable and supportable information (including forecastable information) when determining whether there has been significant increase in credit risk. The main indicators taken into account are as follows:

- i. The borrower is over 30 days past due.
- ii. Significant deterioration in credit quality and placed on the Consolidated Company's warning list.
- iii. Deterioration in credit rating:  
Credit rating: The Consolidated Company's internal credit rating of the asset is equivalent to a non-investment grade rating by an external agency, and the rating has dropped by more than two scales since initial recognition.
- iv. Records of bad credit are confirmed after assessment

(b) Investments in debt instruments

At the balance sheet date, a debt instrument is considered to have significant increase in credit risk when both the internal and external credit ratings of the credit reference subject are of non-investment grade and any one of the following conditions is met:

- i. The internal and external ratings of the credit reference subject have dropped by more than one scale since initial recognition.
- ii. The implied credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(c) Other financial assets

At the balance sheet date, other financial assets is determined to have significant increase in credit risk when the following condition is met:

- i. Refundable deposits: At the balance sheet date, the deposit has not been returned at maturity.
- ii. Call loans to banks and due from the Central Bank, banks overdrafts, bills and bonds with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Consolidated Company received the payment from counterparties is over the collection date, unless the contractual terms specify it.
- iii. Remaining receivables: At the balance sheet date the number of past-due days is over 30 days, or the number of past-due days is not over 30 days, but it meets the terms of default.

b. Definitions of financial assets in default and credit-impaired financial assets

According to the definition stated in IFRS 9, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(a) Credit business

- i. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.
- ii. New payment schedule is negotiated so that loan is not classified as non-performing.
- iii. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).
- iv. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).
- v. Cases where the court has initiated reorganization or liquidation proceedings.
- vi. Declaration of bankruptcy in court.
- vii. Reclassified as non-accrual.
- viii. Special criterion for credit card products: credit card accounts closed by the issuer.
- ix. Debtor's loans from other banking institutions have been recognized as non-performing, and reclassified as non-accrual or written off as bad debt.
- x. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.
- xi. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with the Bankers Association Self-regulatory Rules for Debt Workouts.
- xii. Non-performing loans where a payment installment plan has been negotiated.
- xiii. Loans classified as "in default" according to the Consolidated Company's internal credit rating model.

(b) Investments in debt instruments

An investment in a debt instrument by the Consolidated Company is considered credit-impaired if any of the following conditions apply.

- i. Both internal and external credit ratings of the instrument are “in default.”
- ii. Principal or interest payments are not made in accordance with the agreement.
- iii. Bankruptcy, reorganization, or other debt clearance proceedings has been filed.
- iv. Other breaches of contract by the debtor as assessed on a case-by-case basis.

(c) Other financial assets

- i. Refundable deposits: At the balance sheet date, the deposit has not been returned at maturity for over 30 days.
- ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills and bonds with a reverse repo, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Consolidated Company received the payment from counterparties is 30 days overdue from the collection date, unless the contractual terms specify it.
- iii. Remaining receivables: At the balance sheet date, the number of past-due days is over 90 days.

(d) Definition of default

When assessing whether the borrower is in default, the Consolidated Company selects among the multiple loans held by the borrower the one with the lowest credit quality. The borrower is considered in default if the principal and interest payments on this selected loan is over 90 days past due or if the selected loan is reclassified as non-accrual or bad debt during the observation period.

c. Write off policy

If any of the following conditions apply, the Consolidated Company writes off its non-performing and non-accrual loans as bad debt, less the estimated recoverable amount:

- (a) The loan cannot be fully or partially recovered due to the dissolution of, disappearance of, settlement with, or declaration of bankruptcy by the debtor.
- (b) The collateral and assets of the primary and secondary debtors cannot be used to recover the loan due to low appraisal value, liquidity preference, or high administrative costs associated with seizure and liquidation.
- (c) The collateral and assets of the primary and secondary debtors could not be auctioned off after multiple attempts.
- (d) The non-performing and non-accrual loans are two years past due, and could not be recovered from collection procedures.

d. Measurement of expected credit losses

The model of expected credit losses (ECL) is based on the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

(a) Credit business

- i. Probability of default

The estimation of PD is based on the product type and internal credit ratings of the

Consolidated Company, with the one-year PD and multi-year PD estimated separately.

- (i) One-year PD: Calculate the actual one-year PD from historical data and use it to estimate the one-year PD parameter.
- (ii) Multi-year PD: The multi-year PD is estimated using historical data on annual marginal default rates. Applying the multi-year PD to each loan requires selecting the corresponding lifetime. The lifetime of the loan is estimated based on the length of the remaining contract.

ii. Loss given default

Loans are grouped according to type (corporate or consumer) and whether they are secured with collateral, and the LGD of each group is calculated based on historical recovery experience.

iii. Exposure at default (EAD)

- (i) On balance sheet - Loans and loan receivables: calculated from credit balance
- (ii) Off balance sheet - Loan commitments and financial guarantees: off balance sheet figures multiplied by the credit conversion factor (CCF). The CCF is estimated according to the rules described in the “Calculation Method of Equity Capital and Risky Assets and Accompanying Forms - Credit Risk Standard Rules.”

(b) Investments in debt instruments

- i. Probability of default: Calculated based on default rate tables published by external credit rating agencies, incorporating forecastable information.
- ii. Loss given default: Calculated based on the collateral and liquidity preference of the debt instrument, incorporating the average recovery rate disclosed by external credit rating agencies; or set in accordance with rules of the competent authority.
- iii. Exposure at default: Total carrying amount, including interest receivable. Total carrying amount is the amortised cost of the financial asset before any adjustment to the loss allowance.

(c) Other financial assets

- i. Probability of loss: Categorize the ending account balances of each year according to the stages they are in, then divide the impairment already recognized at the end of the period by the beginning balance.
- ii. Individual assessments for special cases with large balances may be considered.

e. Consideration of forward-looking information

The Consolidated Company incorporates forward-looking information when determining whether there has been a significant increase in credit risk since initial recognition and measuring expected credit losses.

(a) For determining significant increase in credit risk

- i. The Consolidated Company’s credit approval process includes evaluation of forward-looking information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.

- ii. Identify customers with potential risk using the early warning list of the Consolidated Company. The early warning system of the Consolidated Company involves the assessment of the credit risk of the customer by reviewing the following five factors: management, financial statements, cash flows, source of repayment, and past performance.

(b) For measuring expected credit losses

At least reflected in the forward-looking adjustments of PD: In order to predict future probabilities of default, historical performances of PD, current trends in PD, the correlation between PD and macroeconomic factors, and other relevant information is considered by experts to give an overall assessment of forward-looking scenarios of PD. The PD parameters are then adjusted accordingly to produce the forecastable PD parameters.

(c) Other

Forecastable adjustments are not made if the results from such adjustments are not expected to differ significantly from the original results, assuming there are no significant changes in current economic conditions and the future macroeconomic environment. However, if significant changes in the future macroeconomic environment are predicted, the loss rates have to be adjusted accordingly, for example, adjusting the loss rate by a certain percentage according to expected changes in GDP.

(E) Hedging and mitigation of credit risk

a. Collateral

The Consolidated Company adopts a series of policies and measures to mitigate credit risk in relation to credit extension business. Amongst those, requesting borrowers to provide collateral is one of the most usual means. The Consolidated Company has specific criteria for acceptable collateral and collateral valuation, management and disposing procedures regarding the collateral valuation management, collateral assessment for credit facility in order to protect the credit right. Besides, protection of creditor's right, collateral terms and offsetting terms are all addressed in the credit extension contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, or various types of deposits can be used to offset its liabilities to mitigate credit risks.

Collateral for other non-credit extension business depends on the nature of financial asset.

b. Credit risk limit and credit risk concentration control

In avoidance of high risk concentration, the Bank has set up credit limits based on the industry, enterprise of group, country, pledged stocks for credit extension and monitored risk concentration of each asset. Through the system consolidation, single counterparty, group's enterprises, industry, ultimate risk and various credit risk concentration can be monitored.

c. Net-settled general agreement

The transactions of the Consolidated Company are usually gross-settled. However, net-settled agreements are signed with certain counterparties to further mitigate credit risk in case of any default and all transactions shall be terminated with the counterparties and settled by net amount.



(F) Management procedures of overseas branches and subsidiary

Plan and establish all credit risk management processes of overseas subsidiaries, including formulating credit authorization procedures, establishing appropriate credit management, and periodically examining, reporting and improving asset quality etc., as well as establishing credit risk limits and managing the status of credit risk concentration in accordance with requirements of local governing authorities, operating scale, business characteristics etc., in order to establish a credit risk management culture for overseas subsidiaries and to facilitate the improvement of asset quality to adhere to the Bank's management requirements.

(G) The impact of COVID-19

As a result of the COVID-19 pandemic in the beginning of 2020 and the impact to the macroeconomic development, the actual impact would be determined based on the duration of the pandemic as well as the magnitude of the effect on the economic environment. In response to COVID-19, the Consolidated Company has continued to monitor and manage the sectors affected by country risk and industries (such as transportation, tourism, catering, distribution, etc.). The review and analysis showed that the risk is still within tolerance. In addition, the government and the financial industry had already proposed countermeasures. If the pandemic is brought under control in the near future, it is not expected that the Consolidated Company's assets will be exposed to an increase in credit risk in 2020. The Consolidated Company will continually monitor the development of the pandemic, and assess and resolve the related impact on the financial condition and operating performance of the Consolidated Company.

(H) Maximum risk exposure of the Consolidated Company

- a. As of December 31, 2020 and 2019, the maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit strengthening instruments, is equivalent to the carrying amount. Please see Note 9(3) for the maximum credit risk exposure of the consolidated balance sheet.
- b. The management of the Consolidated Company believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Consolidated Company can be minimized and continuously controlled. The total carrying value of the Consolidated Company's financial assets with the maximum credit risk is as follows:

Bills discounted and loans (Note 1)

December 31, 2020	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings - excellent	\$ 503,860,760	\$ 506,109	\$ -	\$ -	\$ 504,366,869
Internal ratings - acceptable	217,506,279	1,042,545	-	-	218,548,824
Internal ratings - weak	53,972,717	691,275	-	-	54,663,992
Internal ratings - credit-loss	-	216,165	5,613,423	-	5,829,588
Total carrying amount	775,339,756	2,456,094	5,613,423	-	783,409,273
Allowance for bad debts	( 1,428,851)	( 198,404)	( 3,212,073)	-	( 4,839,328)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	6,909,777	( 6,909,777)
Total	<u>\$ 773,910,905</u>	<u>\$ 2,257,690</u>	<u>\$ 2,401,350</u>	<u>(\$ 6,909,777)</u>	<u>\$ 771,660,168</u>

December 31, 2019	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings - excellent	\$ 491,595,920	\$ 603,721	\$ -	\$ -	\$ 492,199,641
Internal ratings - acceptable	211,182,998	1,116,466	-	-	212,299,464
Internal ratings - weak	48,049,256	432,472	-	-	48,481,728
Internal ratings - credit-loss	-	306,526	7,330,867	-	7,637,393
Total carrying amount	750,828,174	2,459,185	7,330,867	-	760,618,226
Allowance for bad debts	( 1,271,335)	( 144,464)	( 3,633,911)	-	( 5,049,710)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	( 7,502,152)	( 7,502,152)
<b>Total</b>	<b>\$ 749,556,839</b>	<b>\$ 2,314,721</b>	<b>\$ 3,696,956</b>	<b>(\$ 7,502,152)</b>	<b>\$ 748,066,364</b>

### Receivables and Other financial assets (Note 1)

December 31, 2020	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings- excellent	\$ 13,061,746	\$ 20,933	\$ -	\$ -	\$ 13,082,679
Internal ratings- acceptable	754,615	27,314	-	-	781,929
Internal ratings- weak	964,957	143,179	-	-	1,108,136
Internal ratings- no rated	3,266,538	-	-	-	3,266,538
Internal ratings - credit-loss	-	-	895,775	-	895,775
Total carrying amount	18,047,856	191,426	895,775	-	19,135,057
Allowance for bad debts	( 17,486)	( 48,175)	( 852,250)	-	( 917,911)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	( 69,356)	( 69,356)
<b>Total</b>	<b>\$ 18,030,370</b>	<b>\$ 143,251</b>	<b>\$ 43,525</b>	<b>(\$ 69,356)</b>	<b>\$ 18,147,790</b>

December 31, 2019	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings- excellent	\$ 15,152,759	\$ 21,665	\$ -	\$ -	\$ 15,174,424
Internal ratings- acceptable	1,177,967	35,426	-	-	1,213,393
Internal ratings- weak	1,235,022	158,846	-	-	1,393,868
Internal ratings- no rated	5,208,443	9	-	-	5,208,452
Internal ratings - credit-loss	-	-	1,246,994	-	1,246,994
Total carrying amount	22,774,191	215,946	1,246,994	-	24,237,131
Allowance for bad debts	( 22,027)	( 74,785)	( 1,158,116)	-	( 1,254,928)
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	( 79,845)	( 79,845)
<b>Total</b>	<b>\$ 22,752,164</b>	<b>\$ 141,161</b>	<b>\$ 88,878</b>	<b>(\$ 79,845)</b>	<b>\$ 22,902,358</b>

Note 1: On December 31, 2020 and 2019, amount of bills discounted and loans include interest receivables and advance were \$651,379 and \$875,168, respectively, and following bad debt allowance were \$18,817 and \$33,355, respectively.

### Financial assets at fair value through other comprehensive income

December 31, 2020	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Credit ratings				
Internal ratings - excellent	\$ 143,150,927	\$ -	\$ -	\$ 143,150,927
Internal ratings - acceptable	429,656	-	-	429,656
Total carrying amount	143,580,583	-	-	143,580,583
Valuation adjustment	1,663,703	-	-	1,663,703
Total	<u>\$ 145,244,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,244,286</u>
December 31, 2019	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Credit ratings				
Internal ratings - excellent	\$ 89,511,453	\$ 200,000	\$ -	\$ 89,711,453
Internal ratings - acceptable	40,439	-	-	40,439
Total carrying amount	89,551,892	200,000	-	89,751,892
Valuation adjustment	467,403	2,031	-	469,434
Total	<u>\$ 90,019,295</u>	<u>\$ 202,031</u>	<u>\$ -</u>	<u>\$ 90,221,326</u>

### Investments in debt instruments at amortised cost

December 31, 2020	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Credit ratings				
Internal ratings - excellent	\$ 218,122,851	\$ -	\$ -	\$ 218,122,851
Internal ratings - acceptable	105,563	-	-	105,563
Total carrying amount	218,228,414	-	-	218,228,414
Accumulated impairment	(190)	-	-	(190)
Total	<u>\$ 218,228,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,228,224</u>
December 31, 2019	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Credit ratings				
Internal ratings - excellent	\$ 201,279,043	\$ -	\$ -	\$ 201,279,043
Internal ratings - acceptable	30,158	-	-	30,158
Total carrying amount	201,309,201	-	-	201,309,201
Accumulated impairment	(95)	-	-	(95)
Total	<u>\$ 201,309,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,309,106</u>

The exposure at default of the Consolidated Company's off-balance sheet items ( Please refer to Note 12(4)B for the calculation of the exposure at default) are as follows:

Off-balance sheet items

December 31, 2020	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings - excellent	\$ 29,326,344	\$ 12,016	\$ -	\$ -	\$ 29,338,360
Internal ratings - acceptable	6,479,010	80,869	-	-	6,559,879
Internal ratings - weak	894,669	27,411	-	-	922,080
Internal ratings - credit-loss	-	-	74,743	-	74,743
Exposure at default	\$ 36,700,023	\$ 120,296	\$ 74,743	\$ -	\$ 36,895,062
Provisions for loss (Note 2)	(\$ 53,504)	(\$ 10,835)	(\$ 56,344)	\$ -	(\$ 120,683)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	74,526	( 74,526)
Total	(\$ 53,504)	(\$ 10,835)	(\$ 56,344)	74,526	\$ 195,209

December 31, 2019	Stage 1	Stage 2	Stage 3	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses		
Credit ratings					
Internal ratings - excellent	\$ 28,570,654	\$ 14,179	\$ -	\$ -	\$ 28,584,833
Internal ratings - acceptable	8,608,791	5,360	-	-	8,614,151
Internal ratings - weak	954,392	33,494	-	-	987,886
Internal ratings - credit loss	-	-	76,806	-	76,806
Exposure at default	\$ 38,133,837	\$ 53,033	\$ 76,806	\$ -	\$ 38,263,676
Provisions for loss (Note 2)	(\$ 45,742)	(\$ 16,003)	(\$ 45,879)	\$ -	(\$ 107,624)
Impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	87,899	( 87,899)
Total	(\$ 45,742)	(\$ 16,003)	(\$ 45,879)	87,899	\$ 195,523

Note 2: Including provisions for guarantee liabilities, loan commitments and letters of credit.

The financial impact related to maximum amount exposed to credit risk arises from collaterals pledged for assets on the consolidated balance sheets and items off the consolidated balance sheets and master netting arrangements. The table summarizes the relevant information:

<u>December 31, 2020</u>	<u>Collateral (Note)</u>	<u>Net-settled general</u>	<u>Total</u>
<u>For accounts on the balance sheet</u>			
Receivables			
- other	\$ 124,281	\$ -	\$ 124,281
Bills discounted and loans	611,445,986	-	611,445,986
Financial assets at fair value through profit or loss	327,988	666,445	994,433
<u>For accounts off the balance sheet</u>			
Irrevocable loan commitments	7,744,531	-	7,744,531
Unused letters of credit balance	137,817	-	137,817
Guarantees (including for non-performing loans)	3,526,369	-	3,526,369
	<u>Collateral (Note)</u>	<u>Net-settled general</u>	<u>Total</u>
<u>December 31, 2019</u>			
<u>For accounts on the balance sheet</u>			
Receivables			
- other	\$ 65,427	\$ -	\$ 65,427
Bills discounted and loans	561,708,410	-	561,708,410
Financial assets at fair value through profit or loss	1,253,968	1,138,660	2,392,628
<u>For accounts off the balance sheet</u>			
Irrevocable loan commitments	6,999,973	-	6,999,973
Unused letters of credit balance	109,415	-	109,415
Guarantees (including for non-performing loans)	4,749,347	-	4,749,347

Note: The value of collaterals, except for cash items, is at present value, the others are allocated based on amount of loans.

(Blank below)

(I) Credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Consolidated Company concentrate on accounts and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, placements and call loan to the banks, securities investment, receivables and derivatives. The Consolidated Company does not significantly carry out transactions with single client or single counterparty and the gross amount does not exceed 5% of balance of each component item. Information regarding bills discounted, loans and overdue accounts, and the credit risk concentration by industry, location and collateral are shown as follows:

a. Industry

Industry	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Privately owned businesses	\$ 336,613,629	43.00	\$ 355,995,694	46.86
Non-profit organizations	1,225,624	0.16	1,077,343	0.14
Private individuals	441,446,588	56.39	400,216,102	52.68
Financial institutions	2,467,941	0.32	1,216,163	0.16
Others	1,004,112	0.13	1,237,756	0.16
Total	<u>\$ 782,757,894</u>	<u>100.00</u>	<u>\$ 759,743,058</u>	<u>100.00</u>

b. Geography location

Geography location	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Republic of China	\$ 701,591,398	89.63	\$ 659,839,737	86.85
Asia	72,783,516	9.30	88,157,687	11.60
Others	8,382,980	1.07	11,745,634	1.55
Total	<u>\$ 782,757,894</u>	<u>100.00</u>	<u>\$ 759,743,058</u>	<u>100.00</u>

c. Collateral

Collateral	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Non-guaranteed	\$ 171,311,908	21.89	\$ 198,034,648	26.07
Guaranteed				
- Stock collateral	20,743,886	2.65	21,003,600	2.76
- Bond collateral	7,256,920	0.93	5,695,667	0.75
- Real estate collateral	522,563,652	66.75	481,239,317	63.34
- Moveable collateral	53,922,147	6.89	48,441,441	6.38
- Guarantee	4,408,235	0.56	2,481,903	0.33
- Others	2,551,146	0.33	2,846,482	0.37
Total	<u>\$ 782,757,894</u>	<u>100.00</u>	<u>\$ 759,743,058</u>	<u>100.00</u>

(J) Changes in the Consolidated Company's allowance for bad debts and accumulative impairment

a. Credit business

For the years ended December 31, 2020 and 2019, the reconciliation of the balance of allowance for bad debts is as follows:

(a) Bills discounted and loans

	For the year ended December 31, 2020	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
Beginning balances	\$ 1,253,944	\$ 144,378	\$ 3,631,035	\$ 5,029,357	\$ 7,489,150	\$ 12,518,507	
Changes from financial instruments recognized at the beginning							
- Transferred to lifetime expected credit losses	( 3,178)	4,351	1,173	-	-	-	
- Transferred to credit-impaired financial asset	( 8,789)	3,950	12,739	-	-	-	
- Transferred to 12-month expected credit losses	94,160	12,032	82,128	-	-	-	
- Financial assets derecognized in the current period	( 503,789)	34,201	1,846,622	2,384,612	-	( 2,384,612)	
Impairment allowance for purchased or originated financial asset	736,094	12,451	55,396	803,941	-	803,941	
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	583,866	( 583,866)	
Write-off as bad debt	( 813,201)	21,259	1,957,970	2,792,430	-	( 2,792,430)	
Change in exchange and others	627,490	108,571	3,432,687	4,168,748	-	4,168,748	
Ending balances	\$ 1,382,731	\$ 198,309	\$ 3,243,964	\$ 4,825,004	\$ 6,905,284	\$ 11,730,288	

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
For the year ended December 31, 2019						
Beginning balances	\$ 1,583,670	\$ 907,311	\$ 2,593,676	\$ 5,084,657	\$ 6,821,578	\$ 11,906,235
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	( 4,019)	7,489	3,470	-	-	-
- Transferred to credit-impaired financial asset	( 11,714)	24,733	36,447	-	-	-
- Transferred to 12-month expected credit losses	148,917	35,948	112,969	-	-	-
- Financial assets derecognized in the current period	( 593,982)	( 365,965)	( 500,486)	( 1,460,433)	-	( 1,460,433)
Impairment allowance for purchased or originated financial asset	611,779	19,798	224,780	856,357	-	856,357
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	667,572	667,572
Write-off as bad debt	( 553,705)	( 42,483)	( 1,566,918)	( 2,163,106)	-	( 2,163,106)
Change in exchange and others	72,998	321,091	2,959,975	2,711,882	-	2,711,882
Ending balances	\$ 1,253,944	\$ 144,378	\$ 3,631,035	\$ 5,029,357	\$ 7,489,150	\$ 12,518,507





(b) Receivables and other financial assets

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans	Total
For the year ended December 31, 2020						
Beginning balances	\$ 39,418	\$ 74,871	\$ 1,160,992	\$ 1,275,281	\$ 92,847	\$ 1,368,128
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	( 110)	1,356	( 1,246)	-	-	-
- Transferred to credit-impaired financial asset	( 58)	954	1,012	-	-	-
- Transferred to 12-month expected credit losses	66,041	( 36,679)	( 29,362)	-	-	-
- Financial assets derecognized in the current period	( 9,745)	( 123)	( 12,885)	( 22,753)	-	( 22,753)
Impairment allowance for purchased or originated financial asset	8,097	4,016	17,022	29,135	-	29,135
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	( 18,998)	( 18,998)
Write-off as bad debt	( 34,811)	( 12,556)	( 229,088)	( 276,455)	-	( 276,455)
Change in exchange and others	( 5,226)	18,339	( 86,086)	( 72,973)	-	( 72,973)
Ending balances	\$ 63,606	\$ 48,270	\$ 820,359	\$ 932,235	\$ 73,849	\$ 1,006,084

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Non-accrual Loans	Total
For the year ended December 31, 2019	\$ 25,331	\$ 82,389	\$ 1,397,413	\$ 1,505,133	\$ 99,373	\$ 1,604,506
Beginning balances						
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	( 118)	1,832	1,714	-	-	-
- Transferred to credit-impaired financial asset	( 54)	1,006	1,060	-	-	-
- Transferred to 12-month expected credit losses	76,766	38,820	37,946	-	-	-
- Financial assets derecognized in the current period	10,038	117	3,791	13,946	-	13,946
Impairment allowance for purchased or originated financial asset	11,041	6,476	31,568	49,085	-	49,085
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						
Write-off as bad debt	( 53,398)	16,881	54,917	125,196	-	125,196
Change in exchange and others	( 10,112)	40,998	170,681	139,795	-	139,795
Ending balances	\$ 39,418	\$ 74,871	\$ 1,160,992	\$ 1,275,281	\$ 92,847	\$ 1,368,128

For the years ended December 31, 2020 and 2019, there were no significant changes to allowance for bad debts for accounts receivable and other financial assets.

(c) Provisions for off-balance sheet items(Note)

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans	Total
For the year ended December 31, 2020	\$ 45,742	\$ 16,003	\$ 45,879	\$ 107,624	\$ 87,899	\$ 195,523
Beginning balances						
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	( 964)	1,012	( 48)	-	-	-
- Transferred to credit-impaired financial asset	( 1)	( 14)	15	-	-	-
- Transferred to 12-month expected credit losses	11,893	( 11,593)	( 300)	-	-	-
- Financial assets derecognized in the current period	( 17,467)	( 2,211)	( 16,787)	( 36,465)	-	( 36,465)
Impairment allowance for purchased or originated financial asset	18,944	454	19,334	38,732	-	38,732
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	( 13,373)	( 13,373)
Change in exchange and others	( 4,643)	7,184	8,251	10,792	-	10,792
Ending balances	\$ 53,504	\$ 10,835	\$ 56,344	\$ 120,683	\$ 74,526	\$ 195,209

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognized in accordance with IFRS9	Difference in impairment provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
For the year ended December 31, 2019	\$ 53,547	\$ 19,502	\$ 55,824	\$ 128,873	\$ 125,474	\$ 254,347
Beginning balances						
Changes from financial instruments recognized at the beginning						
- Transferred to lifetime expected credit losses	( 30)	110	( 80)	-	-	-
- Transferred to credit-impaired financial asset	( 1)	( 22)	23	-	-	-
- Transferred to 12-month expected credit losses	14,076	( 13,721)	( 355)	-	-	-
- Financial assets derecognized in the current period	( 24,182)	( 3,286)	( 29,861)	( 57,329)	( 57,329)	( 57,329)
Impairment allowance for purchased or originated financial asset	18,898	1,050	15,991	35,939	-	35,939
Differences in impairment of financial assets provided in accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	( 37,575)	( 37,575)	( 37,575)
Change in exchange and others	( 16,566)	12,370	4,337	141	-	141
Ending balances	\$ 45,742	\$ 16,003	\$ 45,879	\$ 107,624	\$ 87,899	\$ 195,523

Note: Including provisions for guarantee liabilities, loan commitments and letters of credit.

For the years ended December 31, 2020 and 2019, there were no significant changes to provisions for guarantee liabilities, loan commitments and letters of credit.

b. Bills and bonds investments

For the years ended December 31, 2020 and 2019, the reconciliation of the balance of accumulative impairment are as follow:

(a) Financial assets measured at fair value through other comprehensive income

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2020	\$ 19,244	\$ 8,837	\$ -	\$ 28,081
Beginning balances				
Changes from financial instruments recognized at the beginning				
- Financial assets derecognized in the current period	( 7,799)	( 8,837)	-	( 16,636)
Impairment allowance for purchased or originated financial asset	9,917	-	-	9,917
Change in exchange and others	2,182	-	-	2,182
Ending balances	<u>23,544</u>	<u>-</u>	<u>-</u>	<u>23,544</u>
For the year ended December 31, 2019	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 23,494	\$ 10,383	\$ -	\$ 33,877
Changes from financial instruments recognized at the beginning				
- Financial assets derecognized in the current period	( 8,916)	-	-	( 8,916)
Impairment allowance for purchased or originated financial asset	5,783	-	-	5,783
Change in exchange and others	( 1,117)	( 1,546)	-	( 2,663)
Ending balances	<u>19,244</u>	<u>8,837</u>	<u>-</u>	<u>28,081</u>

(b) Investments in debt instruments at amortised cost

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
For the year ended December 31, 2020				
Beginning balances	\$ 95	\$ -	\$ -	\$ 95
Change in exchange and others	95	-	-	95
Ending balances	\$ 190	\$ -	\$ -	\$ 190
For the year ended December 31, 2019				
Beginning balances	\$ 98	\$ -	\$ -	\$ 98
Change in exchange and others	( 3)	-	-	( 3)
Ending balances	\$ 95	\$ -	\$ -	\$ 95

For the years ended December 31, 2020 and 2019, there were no significant changes to bills and bonds investments.

(Blank below)

(K) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Non-performing loans and non-performing loan asset quality

Month / Year	December 31, 2020					December 31, 2019					
	Business / Items	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for bad debts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for bad debts	Coverage ratio
Corporate banking	Secured loans	152,050	212,006,282	0.07%	2,882,450	1,895.73%	164,019	191,391,066	0.09%	2,584,108	1,575.49%
	Unsecured loans	614,396	174,449,111	0.35%	3,717,801	605.11%	501,986	207,447,875	0.24%	5,249,983	1,045.84%
Consumer banking	Residential mortgage loans	169,796	216,420,949	0.08%	3,250,643	1,914.44%	368,085	197,009,232	0.19%	2,971,664	807.33%
	Cash card services	-	49,077	-	1,035	-	-	75,704	-	1,232	-
Gross loan business	Small amount of credit loans	5,243	12,150,744	0.04%	138,915	2,649.53%	10,364	9,633,476	0.11%	118,764	1,145.93%
	Others	128,942	163,439,631	0.08%	1,696,908	1,316.02%	133,599	151,571,107	0.09%	1,566,316	1,172.40%
Gross loan business	Guaranteed	87	4,242,100	0.00%	42,536	48,891.95%	374	2,614,598	0.01%	26,440	7,069.52%
	Non-guaranteed	1,070,514	782,757,894	0.14%	11,730,288	1,095.76%	1,178,427	759,743,058	0.16%	12,518,507	1,062.31%
Credit card services	Amount of overdue accounts	6,697	8,789,379	0.08%	111,054	1,658.26%	8,030	10,179,092	0.08%	144,648	1,801.34%
	Without recourse factoring	9,396	4,159,900	0.23%	74,235	790.07%	9,529	5,713,936	0.17%	89,853	942.94%

Note 1: The amount recognized as non-performing loans is in compliance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans". The amount included in overdue accounts for credit cards is in compliance with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio = non-performing loans / gross loans. Overdue account ratio for credit cards = overdue accounts / balance of accounts receivable.  
 Note 3: Coverage ratio for loans = allowance for doubtful accounts of loans / non-performing loans. Coverage ratio for accounts receivable of credit cards = allowance for doubtful accounts for accounts receivable of credit cards / overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 5: Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

Note 6: Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.

Note 7: Pursuant to the Banking Bureau Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.



Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2020		December 31, 2019	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	49,620	28,219	72,658	38,457
Perform in accordance with debt liquidation program and restructuring program (Note 2)	905,211	338,173	1,048,749	351,372
Total	954,831	366,392	1,121,407	389,829

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory the Banking Bureau (1) Letter No. 09510001270 of FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory the Banking Bureau (1) Letter No. 09700318940 of FSC dated September 15, 2008 and Banking Bureau (Fa) Letter No. 10500134790 of FSC dated September 20, 2016.

b. Contract amounts of significant credit risk concentration are as follows:

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2020			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total Stockholders' Equity
1	Group A – Financial Leasing	4,747,470	3.83
2	Company B – Real Estate Leasing	4,180,000	3.37
3	Group C – Air Transportation	3,870,417	3.12
4	Group D – Real Estate Development	3,790,216	3.06
5	Company E – Investment Trust, Funds and kindred financial entities	3,415,000	2.76
6	Group F – Real Estate Development	3,400,000	2.74
7	Group G – Real Estate Development	3,276,820	2.64
8	Group H – Shoe Manufacturing Industry	3,267,924	2.64
9	Group I – Real Estate Development	3,181,573	2.57
10	Group J – Activities of Amusement Parks and Theme Parks	3,000,000	2.42

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2019			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total Stockholders' Equity
1	Group A – Real Estate Development	7,647,440	6.27
2	Group B – Air Transportation	6,838,333	5.61
3	Group C – Iron and Steel Smelting	4,966,679	4.08
4	Company D – Real Estate Leasing	4,240,000	3.48
5	Group E – Real Estate Development	3,788,718	3.11
6	Group F – Seasoning Manufacturing Industry	3,651,106	3.00
7	Company G – Investment Trust, Funds and kindred financial entities	3,374,556	2.77
8	Group H – Shoe Manufacturing Industry	3,096,718	2.54
9	Company I – Real Estate Development	2,792,000	2.29
10	Company J – Real Estate Development	2,352,000	1.93

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of enterprise group should be categorized and listed in total, and disclosed by “code” plus “industry type” (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with “Standard Industrial Classification System” of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

Note 2: Definition of enterprise group is based on the Article 6 of “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Reviews of Securities Listings”.

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, security financing receivables, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), remittances purchased, advance accounts for factoring receivables, acceptance receivables, and guarantee receivables.

### C. Liquidity risk

Liquidity risks include fund liquidity risk and market liquidity risk. Fund liquidity risk happens when the fund supply cannot be sufficiently obtained in an expected period of time leading to a failure of fulfilling the capital need as maturity comes due. Market liquidity risk arises due to the insufficiency in market depth or the disorder which lead to the disposed or written off position held cannot be traded in a reasonable period of time and reasonable price resulting in a significant bid price or significantly discounted put price.

#### (A) Risk management principle, procedure and assessment

##### a. Principle

- (a) In accordance with cost benefit analysis, the Bank achieves effective liquidity management through appropriate allocation of assets and liabilities on and off the balance sheet.
- (b) As to large deposits, large loans, and block trading position of financial instruments, the Bank shall avoid excessive transaction with single client and have appropriate control over such deposits, loans, and block trading position.
- (c) The Bank shall maintain smooth financing channels and consider diversity and dispersion of funding resource to ensure the disposal of various assets. For the use of limit, the Bank shall maintain appropriate available balance.

##### b. Procedure

- (a) The liquidity risk management units includes decision-making units, supervisory units (asset and liability committee), and executive unit (departments in charge of deposit and loan products and fund management units under the finance department in the Bank) for liquidity risk management. The supervisory unit appoints the general affairs division and risk management unit, regularly supervises the implementation processes of the executive unit, and conducts timely supervision of liquidity management indicators. The risk monitoring unit submits quarterly reports to the Board of Directors and the asset and liability committee to facilitate review and supervision of the state of liquidity management.
- (b) The finance department works with the risk management department to establish applicable ratios and limits on liquidity risk indicators, which will be reported to the asset and liability committee and then assessed by the chairman with the authorization of the Board of Directors.
- (c) When liquidity risk exposure exceeds the ratio supervised by liquidity risk indicators, the risk management unit draws up a response plan, which will be delivered to the relevant unit for implementation upon reporting to the asset and liability committee for resolution. The asset and liability committee will keep track of enforcement of the plan regularly.

c. Assessment

- (a) Set up liquidity risk indicator and warning in order to control elements adverse to liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.
- (b) Use information about the Bank's non-performing credit assets and changes in external ratings addressing asset quality and external indicators as leading indicators for liquidity management to identify the Bank's liquidity risk management.
- (c) Assessments are regularly made to the assets and liabilities denominated in major currencies in the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

d. Management procedures of overseas branches and subsidiaries

Plan and establish capital liquidity risk measurements and precautionary indicators for overseas branches and subsidiaries in order to control factors adverse to liquidity, decrease the degree of influence of the adverse factors, and implement cascading reporting procedures in accordance with requirements. In a timely manner establish an emergency response mechanism to act as a guideline for the Bank when liquidity emergencies occur.

(B) Maturity analysis for the financial assets and non-derivative liabilities held for liquidity risk management:

a. Financial assets held for liquidity risk management

In order to fulfill the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets with high liquidity were held by the Consolidated Company, including cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills discounted and loans, financial assets at fair value through other comprehensive income and investments in debt instruments at amortised cost, etc.

b. Maturity analysis on non-derivative assets and liabilities

The following table illustrates the analysis made on cash outflow of non-derivative financial assets and liabilities of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. While the amounts disclosed in the table are not made based on the consolidated cash flow, certain accounts may differ from the corresponding accounts in the balance sheet.

c. Maturity analysis on derivative financial assets and financial liabilities by date

(a) Derivative financial instruments settled on a net basis

Derivative financial instruments of the Consolidated Company settled on a net basis include: non-delivery forwards, interest rate swaps, commodity options, hybrid embedded derivative instruments and other futures contracts.

(b) Derivative financial instruments settled on a gross basis

Derivative financial instruments of the Consolidated Company settled on a gross basis include: FX options, foreign exchange forward contracts, cross currency swaps, foreign exchange swaps, asset swaps, fixed-rate commercial paper contracts and equity options.

The following table illustrates the maturity analysis on derivative financial instruments settled on a gross and net amount basis of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. According to the assessment, the maturities on the contract are the most fundamental element to understand all the derivatives on the consolidated balance sheet. The amounts disclosed in the table are made on the basis of contractual cash flow, therefore, certain disclosed amounts may not be consistent with the corresponding accounts in the consolidated balance sheet.

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December 31, 2020

	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
<b>Financial assets</b>						
<b>Non-derivative financial instruments</b>						
Cash and cash equivalents	\$ 19,486,840	\$ 120,886	\$ 45,643	\$ -	\$ 30,000	\$ 19,683,369
Due from Central Bank and call loans to other banks	23,142,313	4,112,282	3,363,492	6,729,267	17,026,202	54,373,556
Financial assets at fair value through profit or loss	164,769,025	-	-	-	-	164,769,025
Financial assets at fair value through other comprehensive income	4,256,830	1,017,032	1,622,334	8,824,156	137,477,258	153,197,610
Investments in debt instruments at amortised cost	105,400,497	6,955,832	13,158,786	15,949,189	76,764,110	218,228,414
Bills and bonds purchased under resale agreements	1,798,668	300,000	-	-	-	2,098,668
Receivables	10,511,767	4,369,372	2,713,451	1,435,317	230,624	19,260,531
Bills discounted and loans	56,864,187	84,801,843	58,276,546	99,963,319	482,851,999	782,757,894
Other financial assets	246,234	63	162	-	279,446	525,905
Other capital inflow upon maturity	1,610,546	-	-	1,313	518,888	2,130,747
<b>Derivative financial instruments</b>						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	35,986,472	22,284,244	8,056,774	2,321,437	-	68,648,927
Cash outflow	(35,555,664)	(21,914,379)	(7,921,082)	(2,229,014)	-	(67,620,139)
Net settlement	29,132	1,757	1,648	31,374	599,636	663,547
Total	\$ 388,546,847	\$ 102,048,932	\$ 79,317,754	\$ 133,026,358	\$ 715,778,163	\$ 1,418,718,054
<b>Financial liabilities</b>						
<b>Non-derivative financial instruments</b>						
Deposit from Central Bank and other banks	\$ 10,921,928	\$ 1,226,878	\$ 2,623,250	\$ 640,243	\$ -	\$ 15,412,299
Due to Central Bank and other banks	13,000	583,000	-	79,000	-	675,000
Payables	5,624,881	2,400,060	547,760	393,162	304,968	9,270,831
Deposits and remittances	176,844,570	128,913,356	125,569,006	247,070,767	568,105,836	1,246,503,535
Financial debentures payable	-	3,500,000	-	9,300,000	21,700,000	34,500,000
Other financial liabilities	9,596	20,024	15,160	83,045	3,221,423	3,349,248
Lease liabilities	61,661	96,008	147,817	287,681	3,608,959	4,202,126
Other capital outflow upon maturity	334,428	-	-	-	45,280	379,708
<b>Derivative financial instruments</b>						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(49,811,286)	(22,955,013)	(10,324,840)	(2,070,992)	-	(85,162,131)
Cash outflow	51,658,124	23,350,371	10,418,288	2,155,460	-	87,582,243
Net settlement	28,532	2,267	2,955	32,147	598,677	664,578
Total	\$ 195,685,434	\$ 137,136,951	\$ 128,999,396	\$ 257,970,513	\$ 597,585,143	\$ 1,317,377,437

December 31, 2019

	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
<b>Financial assets</b>						
<b>Non-derivative financial instruments</b>						
Cash and cash equivalents	\$ 25,040,364	\$ 66,708	\$ 70,063	\$ -	\$ 30,000	\$ 25,207,135
Due from Central Bank and call loans to other banks	19,518,003	3,267,741	3,277,816	6,204,935	13,766,190	46,034,685
Financial assets at fair value through profit or loss	145,704,035	-	-	-	-	145,704,035
Financial assets at fair value through other comprehensive income	7,823,830	2,354,021	2,397,526	3,468,935	85,251,427	101,295,739
Investments in debt instruments at amortised cost	95,702,157	3,433,133	4,991,597	9,678,062	87,504,252	201,309,201
Bills and bonds purchased under resale agreements	1,500,000	3,810,000	-	-	-	5,310,000
Receivables	14,912,133	5,011,254	2,298,574	2,136,385	326,968	24,685,314
Bills discounted and loans	55,092,402	92,202,089	60,805,714	83,999,391	467,643,462	759,743,058
Other financial assets	88,165	-	107	-	338,713	426,985
Other capital inflow upon maturity	1,173,702	-	-	1,042	523,772	1,698,516
<b>Derivative financial instruments</b>						
<b>Financial assets at fair value through profit or loss</b>						
<b>Gross settlement</b>						
Cash inflow	19,604,032	25,959,244	7,639,979	2,526,771	-	55,730,026
Cash outflow	( 19,278,630)	( 25,542,767)	( 7,529,905)	( 2,513,459)	-	( 54,864,761)
Net settlement	121,534	299,347	10,338	16,854	1,453,468	1,901,541
<b>Total</b>	<b>\$ 367,001,727</b>	<b>\$ 110,860,770</b>	<b>\$ 73,961,809</b>	<b>\$ 105,518,916</b>	<b>\$ 656,838,252</b>	<b>\$ 1,314,181,474</b>
<b>Financial liabilities</b>						
<b>Non-derivative financial instruments</b>						
Deposit from Central Bank and other banks	\$ 8,616,657	\$ 1,221,878	\$ 2,628,250	\$ 640,243	\$ -	\$ 13,107,028
Bills and bonds sold under repurchase agreements	1,550,312	-	-	-	-	1,550,312
Payables	9,959,824	1,061,643	551,689	447,678	297,066	12,317,900
Deposits and remittances	173,280,327	151,075,735	121,906,688	230,272,174	460,855,363	1,137,390,287
Financial debentures payable	-	-	-	-	34,500,000	34,500,000
Other financial liabilities	31,918	282,998	139,552	203,887	6,055,954	6,714,309
Lease Liabilities	64,660	103,314	154,492	278,986	3,622,038	4,223,490
Other capital outflow upon maturity	1,229,627	-	-	-	47,893	1,277,520
<b>Derivative financial instruments</b>						
<b>Financial liabilities at fair value through profit or loss</b>						
<b>Gross settlement</b>						
Cash inflow	( 28,332,296)	( 27,447,882)	( 9,656,852)	( 2,458,328)	-	( 67,895,358)
Cash outflow	29,209,127	27,961,785	9,820,079	2,470,710	-	69,461,701
Net settlement	113,269	295,756	10,134	14,317	1,457,026	1,890,502
<b>Total</b>	<b>\$ 195,723,425</b>	<b>\$ 154,555,227</b>	<b>\$ 125,554,032</b>	<b>\$ 231,869,667</b>	<b>\$ 506,835,340</b>	<b>\$ 1,214,537,691</b>

Maturity analysis for the above deposits and remittances are amortised to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of December 31, 2020 and 2019, expenses during the period of 0~30 days will increase by \$611,645,211 and \$480,061,961, respectively.

(C) Maturity analysis for items off the balance sheet, and capital expense commitment

Items off the balance sheet, while the client may choose when to make a payment, are classified into the earliest time category.

Capital expenditure commitment of the Consolidated Company refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis on off-balance sheet items and capital expenditure commitment of the Consolidated Company:

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	December 31, 2020			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off-balance sheet				
Irrevocable loan commitments	\$ 23,460,752	\$ -	\$ -	\$ 23,460,752
Unused letters of credit balance	3,332,772	-	-	3,332,772
Guarantees	13,042,579	-	-	13,042,579
Capital expenditure commitment	1,501,359	1,396,987	-	2,898,346
	December 31, 2019			Total
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off-balance sheet				
Irrevocable loan commitments	\$ 25,604,687	\$ -	\$ -	\$ 25,604,687
Unused letters of credit balance	3,635,756	-	-	3,635,756
Guarantees	13,217,092	-	-	13,217,092
Capital expenditure commitment	240,295	11,928	-	252,223

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(D)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Structure analysis of time to maturity (NTD)

		December 31, 2020						
		(Expressed in Thousands of New Taiwan Dollars)						
	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	
Primary funds inflow upon maturity	1,268,913,752	225,155,154	122,641,996	97,090,727	75,589,176	117,129,074	631,307,625	
Primary funds outflow upon maturity	1,477,209,693	32,609,360	70,314,511	166,640,632	181,426,517	281,208,813	745,009,860	
Gap	( 208,295,941)	192,545,794	52,327,485	( 69,549,905)	( 105,837,341)	( 164,079,739)	( 113,702,235)	

		December 31, 2019						
		(Expressed in Thousands of New Taiwan Dollars)						
	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	
Primary funds inflow upon maturity	1,177,368,232	212,461,663	96,801,947	111,373,738	68,851,661	98,122,374	589,756,849	
Primary funds outflow upon maturity	1,386,693,818	39,506,197	79,894,457	175,283,414	180,788,224	261,628,984	649,592,542	
Gap	( 209,325,586)	172,955,466	16,907,490	( 63,909,676)	( 111,936,563)	( 163,506,610)	( 59,835,693)	

b. Structure analysis of time to maturity (USD)

		December 31, 2020						
		(Expressed in Thousands of US Dollars)						
	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year		
Primary funds inflow upon maturity	5,667,952	1,316,544	539,137	272,454	511,034	3,028,783		
Primary funds outflow upon maturity	6,233,430	1,528,930	846,693	859,118	1,317,774	1,680,915		
Gap	( 565,478)	212,386)	( 307,556)	( 586,664)	( 806,740)	( 1,347,868)		

		December 31, 2019						
		(Expressed in Thousands of US Dollars)						
	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year		
Primary funds inflow upon maturity	5,014,755	1,366,111	553,595	260,225	118,589	2,716,235		
Primary funds outflow upon maturity	6,808,048	1,883,170	1,610,167	1,039,183	1,093,044	1,182,484		
Gap	( 1,793,293)	517,059)	( 1,056,572)	( 778,958)	( 974,455)	( 1,533,751)		

#### D. Market risk

Market risks refer to the losses on and off the balance sheet as a result of the change in market price, such as interest rate, exchange rate, equity securities and commodity price. Market risk management is there to identify, evaluate, monitor and report risks for the purpose of ensuring that market risk of all kinds can be controlled within an acceptable level.

##### (A) Risk management principle

###### a. Principle

- (a) In order to establish a well-functioning risk management system and sound business development, promote an appropriate risk management-oriented business model, achieve business objectives and enhance shareholder value, the Bank takes the Board-approved risk management policy to completely carry out the risk management system and further create stable and high-quality earnings for shareholders.
- (b) The Bank has gradually implemented market risk quantification based on the criteria laid down in the established risk management policy and standards. The Bank has also set up mechanisms to evaluate and manage value at risk to optimize capital allocation.
- (c) Market risk management is implemented in accordance with “Market Risk Management Standards” and other relevant regulations of the Bank in order to meet operational targets and maintain sound capital adequacy ratio.
- (d) The Bank established a market risk information system to effectively monitor different limit controls, profit and loss assessments, analysis of sensitivity factors, implementation of stress testing and calculation of value at risk with respect to the positions of financial instruments held by the Bank. The relevant information is presented at risk control meetings and Board meetings for senior management’s reference in their strategic decision-making.

###### b. Policies and procedures

- (a) The Bank has established a clear market risk management system based on the risk management policies of its parent company, Yuanta Financial Holdings. This system includes risk management guidelines, risk management procedures and reasonable risk measurement methods. By implementing the market risk management mechanism, the Bank can accurately identify, measure and monitor market risk changes and trends.
- (b) Business domain and scope of financial instruments: the Bank established market risk management standards and has defined the scope of market risk management covering the business domain to include foreign exchange trading, money market trading, capital market trading and derivative financial instrument transactions.
- (c) The Bank established risk management procedures and took advantage of measurement methods (such as sensitivity analysis, VaR calculation, scenario simulation and stress testing) to require relevant units to set not only trading limits on various financial instruments including position limit, nominal principal limit, and stop-loss limit but also limits of authorization and limit exceeding handling procedures applicable to various limits. To increase transparency of market risk information, the risk management unit reviews and submits statements of risk management on a daily basis and performs continuous monitoring and tracking in case of abnormal transactions.

(B) Procedure of market risk management

a. Recognition and measurement

- (a) By establishing value at risk (VaR) measurement systems that are tailored to each financial product, the Bank continually strengthens potential loss estimation models and methods, gradually integrates them into a comprehensive risk management system that thoroughly discloses information, effectively strengthens early warning capabilities, and meets the requirements of the New Basel Capital Accord with regard to risk management quality.
- (b) Both the business unit and risk management unit have market risk factors for identifying exposed positions so that market risk can be measured accordingly. For interest rate instruments, except for measurement of VaR above, the impact of an interest rate shift on profit and loss is measured using price value of a basis point (DV01). Risk of holding equity securities is monitored by limits on market value and liquidity. The impact of options on the Bank is measured using Delta and Gamma. The Bank also arranges scenario and performs regular stress testing for market risk.

b. Supervision and reporting

According to different business characteristics, the Bank sets up policies governing risks of various financial instruments to cover procedures of identification, measurement, supervision and reporting. Risk management segment is assigned to keep track of the business unit's compliance.

- (a) Daily transactions: the Bank's front office business and risk control of middle office belong to different units and are independent from each other. The risk management department supervises trading positions of the business unit on a daily basis to produce supervision reports recording the utilization of limits, market value assessment and income statements, exposed positions, and the utilization of risk limits for the approval of senior management. The Bank's risk management unit also submits monthly/quarterly reports recording information about enforcement of risk management objectives, control over positions and profit or loss, sensitivity analysis, and state of VaR to the audit committee and the Board of Directors to ensure that they are sufficiently informed on the Bank's market risk control status.
- (b) Exception management: The Bank established explicit early-warning and limit exceeding handling procedures, which have been set to stop losses if transactions overrun market risk limits or individual limits due to market changes. Those filing exception management applications due to business reasons shall state the reasons and handling plans clearly and report to senior management for approval.

(C) Risk management policies for trading book

The so-called trading book refers to financial instruments and physical instruments held for trading or for hedging trading book position. The so-called positions held for trading mainly refer to positions are held with an intention to earn profit from actual or expected price variance between the purchase price and selling price. Positions not classified as trading book above are banking book positions.

a. Strategy

Various assessments and controls are implemented to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by the business unit. In addition, risk limits on each portfolio of the trading book are set up according to

the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policies and procedures

The Bank established “Market Risk Management Standards” as a significant control regulation to be followed when holding trading book positions.

c. Evaluation policy

If valuations on various financial instruments of the trading book have market values, assessment shall be performed based on independent sources and accessible information at least once a day. For those evaluated by models, the Bank shall carefully adopt mathematical models to perform valuation and regularly review assumptions and inputs used in the evaluation models.

d. Measurement methods

(a) Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.

(b) The Bank performs stress testing quarterly on the assumptions of the change in interest rate, equity securities, and foreign exchange rate and reports to the senior management.

(D) Risk management for foreign exchange, equity securities, and interest rates is set out below:

a. Interest rate risk management of trading book

(a) Definition of interest rate risk

“Interest rate risk” refers to risk of loss on earnings or change in fair value of trading book position as a result of interest rate movement. Major instruments include interest-rate securities and derivatives.

The Bank’s interest rate risk mainly arises from interest rate swaps, cross currency swaps, foreign exchange swaps, fixed income transactions, and interest rate futures.

(b) Interest rate risk management procedures for trading book

The Bank carefully chooses underlying investment targets through studies of the issuer’s credit rating and financial position, state of country risk, and interest rate trends. According to business strategy and market conditions, the Bank sets up trading limits and stop-loss limits on the trading book (including limits on trading room, trading representatives, and trading instruments), and reports to the senior management or the Board of Directors for approval.

(c) Measurement methods

i. Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.

ii. The Bank measures the impact of interest rate risk on investment portfolios by DV01 on a daily basis.

b. Interest rate risk management of banking book

“Interest rate risk of banking book” refers to interest rate risk from the banking book position and interest rate risk faced by off-balance sheet transactions which are not classified into the trading book.

(a) Strategy

The Bank’s interest rate risk management strategy of the banking book is used to reduce the negative impact of interest rate movement on future net interest income and net economic value of balance sheet accounts in the banking book.

(b) Management process

i. Recognition and measurement

Recognition and measurement of interest rate risk in the banking book shall take account of sources of repricing risk, yield curve risk, basis risk, and characteristics of options, and measure possible impact of interest rate movement on the Bank's earnings and economic value.

ii. Supervision and reporting

The risk management department is responsible for supervision and presenting reports on various interest rate risk management objectives set by the Bank, including relevant risk data in view of earnings, economic value, stability, and concentration at monthly meeting of the Asset and Liability Management Committee. In case of exceeding risk management objectives or other special circumstances that may significantly affect the Bank's earnings or economic value, the Bank will report to the senior management in advance, adopt appropriate interest rate risk mitigation method, and track the effectiveness of improvement measures.

iii. Measurement methods

The Bank estimates the effects on profit or loss / equity on the assumption that the interest rates have parallel shift of +/-200 bps.

(c) Interest-rate-sensitive analysis (Bonds Quoted in New Taiwan Dollars)

		<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Variation of Interest-rate</u>	Effects on other comprehensive (loss) income	Effects on other comprehensive (loss) income
Financial assets at fair value through other comprehensive income - Bond	Major yield- curve rises one basis point	(\$ 39,181)	(\$ 95,298)

c. Foreign exchange risk management

Foreign exchange risk refers to profit or loss resulting from conversion between two different currencies at different periods. The Bank's foreign exchange risk mainly arises from foreign exchange spot, forward, foreign exchange options and other derivatives business.

(a) Policies, procedures, and measurement methods of foreign exchange risk management

To control foreign exchange risk, the Bank sets operating limits and stop-loss limits on the trading room and trading representatives. The Bank also established annual maximum loss limits to control losses within an acceptable level.

(b) Measurement methods

i. Please refer to Note 12(4)D(F) for assumptions and calculation methods for VaR.

ii. Delta and Vega are used to measure the effect of foreign exchange risk on investment portfolios on a daily basis.

For the Bank's foreign exchange risk, the Bank performs a stress testing on the assumptions of change in the exchange rates of major currencies on a quarterly basis at least, and reports the results to senior management.

d. Price risk management of equity securities

The Bank's market risk of holding equity securities includes unique risk arising from market price change of unique equity security and general market risk arising from overall market price change.

The Bank's equity security risk mainly arises from stocks, ETF, funds, and convertible corporate bonds transactions.

(a) The purpose of price risk management of equity securities

The purpose of price risk management of equity securities is to avoid material fluctuation that may worsen the Bank's financial position or cause loss on earnings and to promote sound business operation and improved effectiveness of capital utilization.

(b) Procedures for price risk management of equity securities

Procedures are used to control equity security risk and set annual maximum loss limit in order to control losses within an acceptable level. Additionally, for the stop-loss point set for individual shares, the Bank is required to handle individual shares that have met the stop-loss point in accordance with limit exceeding handling procedures for market risk.

(c) Measurement methods

- i. Price risk of equity securities is mainly controlled based on VaR
- ii. Delta is used to measure the impact of equity security risk on investment portfolios on a daily basis.

(E) Management procedures of overseas branches and subsidiaries

When planning and establishing all financial transactions, transactions should be classified as Banking Book positions or Trading Book positions according to their held purpose. Appropriate and effective market risk limits should be elected for each business according to their product portfolio, strategy attributes, and trading purpose and risk attributes.

(F) Valuation techniques of market risk

a. Value at Risk (VaR)

A VaR model is used to measure the possible maximum potential losses in investment portfolios as a result of movement in market risk factor in a specified period and confidence level. In terms of trading positions, the VaR model is used as a major tool to control market risk. The Bank currently uses "confidence level of 99%" for estimating maximum possible losses on trading positions on a single day (that is VaR (99%, one day)) as a standard to measure market risk.

The Bank performs back testing of the VaR model on an ongoing basis to ensure that the model can continuously, reasonably, effectively measure maximum potential losses that may arise from investment portfolios.

	December 31, 2020			December 31, 2019		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange	13,926	27,724	6,422	17,120	34,620	3,128
Interest rate	71,876	86,303	32,062	29,231	33,331	24,582
Equity securities	11,778	25,686	5,734	9,368	16,889	4,099
Total VaR	76,166	96,070	32,055	36,450	49,307	22,985

b. Stress testing

In addition to the VaR model, the Bank regularly measures stress losses the Bank may incur in extremely abnormal stress scenarios. For setting such stress scenarios, the Bank comprehensively considers the rationality and possibility of standard scenarios, historical scenarios and hypothetical scenarios to completely assess possible stress losses on positions.

When stress testing exceeds risk tolerance, the Bank shall carry out market risk analysis and risk warnings, then execute a counter strategy to contain risk within a reasonable scope.

(G)As of December 31, 2020 and 2019, the Consolidated Company's foreign currency denominated financial instruments whose balances are greater than 5% of the balance of total assets or liabilities or which are important are presented based on foreign exchange risk concentration by the carrying amount below.

	December 31, 2020		December 31, 2019	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Bills discounted and loans - Net	\$ 2,216,471	\$ 63,187,196	\$ 2,670,980	\$ 80,412,527
Foreign currency denominated financial liabilities				
Deposits and remittances	\$ 4,514,794	\$ 128,707,867	\$ 4,441,669	\$ 133,720,883

Note: As of December 31, 2020 and 2019, USD to TWD exchange rates were 28.508 and 30.106, respectively.

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(H)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2020

Item	(Expressed in Thousands of New Taiwan Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	817,786,741	63,802,552	26,567,464	253,298,979	1,161,455,736
Interest-rate-sensitive liabilities	257,320,518	688,398,640	146,094,436	29,216,673	1,121,030,267
Interest-rate-sensitive gap	560,466,223	( 624,596,088)	( 119,526,972)	224,082,306	40,425,469
Total equity					120,703,459
Ratio of interest-rate-sensitive assets to liabilities (%)	103.61				
Ratio of interest-rate-sensitive gap to equity (%)	33.49				

December 31, 2019

Item	(Expressed in Thousands of New Taiwan Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	757,680,494	42,519,810	20,976,127	225,721,404	1,046,897,835
Interest-rate-sensitive liabilities	297,608,065	546,615,749	115,852,297	39,182,811	999,258,922
Interest-rate-sensitive gap	460,072,429	( 504,095,939)	( 94,876,170)	186,538,593	47,638,913
Total equity					119,042,275
Ratio of interest-rate-sensitive assets to liabilities (%)	104.77				
Ratio of interest-rate-sensitive gap to equity (%)	40.02				

Note 1: The above amounts include only New Taiwan Dollars held by the Bank, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities)

b. Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2020

Item	(Expressed in Thousands of US Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,233,841	178,547	46,686	1,872,163	5,331,237
Interest-rate-sensitive liabilities	1,937,706	496,957	920,806	1,371,298	4,726,767
Interest-rate-sensitive gap	1,296,135 (	318,410)	( 874,120)	500,865	604,470
Total equity					120,447
Ratio of interest-rate-sensitive assets to liabilities (%)					112.79
Ratio of interest-rate-sensitive gap to equity (%)					501.86

December 31, 2019

Item	(Expressed in Thousands of US Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,532,599	348,437	24,750	773,975	4,679,761
Interest-rate-sensitive liabilities	2,893,156	408,096	671,612	793,575	4,766,439
Interest-rate-sensitive gap	639,443 (	59,659)	( 646,862)	19,600)	86,678)
Total equity					86,290
Ratio of interest-rate-sensitive assets to liabilities (%)					98.18
Ratio of interest-rate-sensitive gap to equity (%)					( 100.45)

Note 1: The above amounts include only US Dollars amounts held by the Bank, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those earning assets, interest bearing liabilities, revenues or costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to USD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities).

(I) Transfer of financial assets

Transferred financial assets that did not meet the requirements of derecognition in their entirety conducted in the Consolidated Company's ordinary course of business were primary incident to repurchase agreements of debt instruments. Because such transactions in respect to the agreements, had transferred their receivable contractual cash flows to other parties, and are reflected in the Consolidated Company's related liabilities, which indicate the obligation to repurchase transferred financial assets in a specified future period within a fixed price, the Consolidated Company, within the effective period of the transaction, cannot use, sell or pledge the already transferred financial asset, but must still bear interest risk and credit risk. Thus, such financial assets were not derecognized in their entirety.

The information in the table below analyzes financial assets and their relevant financial liabilities that do not meet the requirements of derecognition in their entirety:

There is no transfer of financial assets as of December 31, 2020.

Financial assets category	December 31, 2019	
	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Bond sold under repurchase agreements	\$ 1,645,032	\$ 1,550,312

(J) Offsetting financial assets and financial liabilities

The Consolidated Company has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. For example: global master repurchase agreements or similar agreements that are repurchase transactions or reverse repurchase transactions. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as below:

December 31, 2020

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received	
Derivative instruments	\$ 1,606,659	\$ -	\$ 1,606,659	\$ 666,445	\$ 214,497	\$ 725,717
Bonds purchased under resale agreements	2,098,668	-	2,098,668	2,098,668	-	-

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received	
Derivative instruments	\$ 3,014,414	\$ -	\$ 3,014,414	\$ 666,445	\$ 1,496,538	\$ 851,431

December 31, 2019

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received	
Derivative instruments	\$ 2,860,992	\$ -	\$ 2,860,992	\$ 1,138,660	\$ 1,147,176	\$ 575,156
Bonds purchased under resale agreements	5,310,000	-	5,310,000	5,310,000	-	-

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet (d) (Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received	
Derivative instruments	\$ 3,568,060	\$ -	\$ 3,568,060	\$ 1,138,660	\$ 1,060,613	\$ 1,368,787
Bonds sold under repurchase agreements	1,550,312	-	1,550,312	1,550,312	-	-

Note 1: The related offsetting amount shall not exceed the recognized financial assets or liabilities.

Note 2: Including net settled master netting arrangements and non-cash collaterals.

Note 3: Including net settled master netting arrangements.

(5) Capital risk management

A. The objectives of capital management of the Consolidated Company:

- (A) Meeting the minimum regulated capital adequacy ratio is the most basic objective for the qualifying self-owned capital of the financial group controlled by the Consolidated Company. The calculation of qualifying self-owned capital and legal capital should be made in compliance with regulations of competent authorities.
- (B) In order to process sufficient capital to assume various risks, the Consolidated Company assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realize utilization of capital allocation.
- (C) Stress testing is performed on a regular basis in compliance with regulations of competent authorities to ensure that the Consolidated Company's capital is sufficient to cover the potential losses from significant adverse events.

B. Capital management procedure

- (A) The Consolidated Company maintains the overall capital adequacy ratio and reports to the competent authorities quarterly in compliance with the regulations from competent authorities' requirements.
- (B) Each risk responsible segment, in accordance with the Consolidated Company's risk management framework in the areas of credit risk, market risk, operational risk, interest rate risk of the banking book, liquidity risk, capital adequacy ratio, legal compliance risk and the regulations of competent authorities, is to identify, measure, monitor and report the discovery of major risks. In this way, the capital plans of the Consolidated Company can reflect its current financial status, and its capital profile shall be applicable to its services and the scope of business.
- (C) The Bank's capital management objectives shall be agreed to by the Board of Directors, based on the quarterly reports of the Bank's risk management status. The risk management department shall report to the Board of Directors summaries of the Bank's risk exposure and capital adequacy ratio, and shall evaluate whether the Bank's capital can sufficiently respond to various types of risk and meet the Bank's capital management objectives.
- (D) In accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", the Regulatory Capital of the Consolidated Company are classified as Tier 1 Capital and the Tier 2 Capital:
  - a. The Tier 1 Capital includes common equity Tier 1 and additional Tier 1 capital.
    - (a) The common equity Tier 1 capital consists of the common equity that deducts intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of

operation reserves and loan loss provisions, the revaluation surplus of real estate, and the statutory adjustment items calculated in accordance with other rules for calculation methods.

- (b) The additional Tier 1 capital consists of the total amount of the non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts and the non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by subsidiaries, and are not directly or indirectly held by the Bank minus the total amount of deductible items in accordance with the rules for calculation guideline.
- b. The range of Tier 2 capital shall include the total amount of the following items minus the total amount of deductible items in accordance with the rules for calculation guideline:
  - (a) The total amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium.
  - (b) When the real estate was recognized under International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost, the difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on financial assets at fair value through other comprehensive income, as well as operational reserves and loan-loss provisions.
  - (c) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums, which are issued by subsidiaries, and are not directly or indirectly held by the Bank.

The loan-loss provisions included in Tier 2 capital refer to the amount of the provisions that the bank provided in excess of the expected loss assessed according to historical loss experience.

### C. Capital adequacy ratio

		December 31, 2020	December 31, 2019	
Eligible Capital	Common Equity Tier 1	112,621,903	108,234,328	
	Additional Tier 1 Capital	7,000,000	6,549,768	
	Tier 2 Capital	20,423,469	23,596,563	
	Eligible Capital	140,045,372	138,380,659	
Total risk-weighted assets	Credit risk	Standardized Approach	710,299,359	755,272,256
		Internal Ratings- Based Approach	-	-
		Securitization	-	-
	Operational risk	Basic Indicator Approach	-	-
		Standardized Approach / Alternative Standardized Approach	40,154,208	40,682,988
		Advanced Measurement Approach	-	-
	Market risk	Standardized Approach	60,140,425	75,038,125
		Internal Models Approach	-	-
	Total risk-weighted assets		810,593,992	870,993,369
Capital adequacy ratio		17.28%	15.89%	
Common Equity Tier 1 Ratio		13.89%	12.43%	
Tier 1 Risk-based Capital Ratio		14.76%	13.18%	
Leverage Ratio		8.03%	8.34%	

Note 1: The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier 1 Capital + Tier 2 Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) \* 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Common Equity Tier 1 Ratio = Common Equity Tier 1 / Total risk-weighted assets
5. Tier 1 Risk-based Capital Ratio = (Common Equity Tier 1 + additional Tier 1 Capital) / Total risk weighted assets
6. Leverage Ratio = Tier 1 Capital / Exposure Measurement

(6) Content and amount of investment trust business in accordance with Trust Enterprise Act

In accordance with Article 17 of the Trust Enterprise Act, the Bank discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

December 31, 2020			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 4,929,532	Payable - Customers' securities under custody	\$ 46,264,666
Stocks	6,013,624	Pecuniary trust	150,036,281
Funds (Note)	108,822,242	Securities trust	903,394
Bonds	27,224,683	Real estate trust	15,734,340
Structured product	6,355,822	Net gain	173,956
Real estate - land	12,430,564	Accumulated earnings	895,143
Real estate - construction in process	1,966,647		
Customers' securities under custody	46,264,666		
Total trust assets	<u>\$ 214,007,780</u>	Total trust liabilities	<u>\$ 214,007,780</u>
December 31, 2019			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 4,454,180	Payable - Customers' securities under custody	\$ 31,522,869
Stocks	11,302,555	Pecuniary trust	141,387,733
Funds (Note)	97,452,016	Securities trust	5,491,100
Bonds	24,254,758	Real estate trust	14,464,716
Structured product	11,950,923	Movables trust	14,372,380
Real estate - land	11,952,665	Net income	680,512
Real estate - construction in process	1,052,218	Accumulated earnings	395,254
Movables	14,372,380		
Customers' securities under custody	31,522,869		
Total trust assets	<u>\$ 208,314,564</u>	Total trust liabilities	<u>\$ 208,314,564</u>

Note: Includes mutual funds in the monetary market.

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Trust Income Statement

	For the years ended December 31,	
	2020	2019
Trust revenue		
Interest income	\$ 10,004	\$ 12,050
Investment income (stock)	22,483	430,506
Investment income (fund)	1,520	432
Dividend Income	196,284	287,586
Rental income	-	86
	<u>230,291</u>	<u>730,660</u>
Trust expenses		
Management fees	( 16,357)	( 15,385)
Tax expenses	( 37,509)	( 29,451)
Insurance expense	( 2,402)	( 3,734)
Loss on investment	-	( 1,464)
	<u>( 56,268)</u>	<u>( 50,034)</u>
Income before income tax	174,023	680,626
Income tax expense	( 67)	( 114)
Net income	<u>\$ 173,956</u>	<u>\$ 680,512</u>

Trust Property List

Invested items	December 31, 2020	December 31, 2019
	Book value	Book value
Bank deposits	\$ 4,929,532	\$ 4,454,180
Bonds	27,224,683	24,254,758
Stocks	6,013,624	11,302,555
Structured products	6,355,822	11,950,923
Funds (Note)	108,822,242	97,452,016
Real estate - land	12,430,564	11,952,665
- construction in process	1,966,647	1,052,218
Movables	-	14,372,380
Customers' securities under custody	46,264,666	31,522,869
	<u>\$ 214,007,780</u>	<u>\$ 208,314,564</u>

Note: Includes mutual funds in monetary market.

The trust balance sheet and trust schedule of property as at December 31, 2020 and 2019 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Bank.

(7) Cross-selling marketing strategies implemented between the Consolidated Company, the Yuanta Financial Holdings and its subsidiaries

A. In order to achieve integrated benefits for the financial holding company, the Consolidated Company adopts the cross-selling marketing approach to take advantage of the operation channels, branches and staff to satisfy various needs of the clients, to increase the Consolidated Company's sales performance and to enhance cost-saving efficiency. The cross-selling marketing approach was conducted in conformance with the "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to regulate the Consolidated Company, Yuanta Financial Holdings Co. and its subsidiaries, to ensure clients' rights.

B. Information exchange

Article 11 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" allows the Consolidated Company, Yuanta Financial Holding Co. and its subsidiaries (excluding foreign subsidiaries) to share clients' information internally, yet other than clients' name and address, information should be restricted in accordance with the "Personal Information Protection Act" for any gathering, processing and using purposes.

C. Mutual use of operation facilities or place

As the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach, such entities should comply with Article 3 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to apply for approval from the Financial Supervisory Commission of the Executive Yuan and should comply with Articles 6 and 8 of the Rules for the scope and method in adopting cross-selling business.

D. The Consolidated Company and Yuanta Securities started cross-selling marketing business: NTD deposit account application on November 1, 2019.

(8) Profitability

Items		For the years ended December 31,	
		2020	2019
Return on total assets (%)	Before tax	0.58	0.87
	After tax	0.50	0.76
Return on equity (%)	Before tax	6.53	9.69
	After tax	5.61	8.46
Net profit margin ratio (%)		34.03	42.98

Note 1: Return on total assets = Income before (after) income tax / average total assets.

Note 2: Return on equity = Income before (after) income tax / average equity.

Note 3: Net profit margin ratio = Income after income tax / net revenues.

Note 4: The term “Income before (after) income tax” represents net income from January 1 to the balance sheet date of the reporting period.

Note 5: Average total assets and average equity are calculated based on the amount on January 1, 2019 of the application of IFRS 16.

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13. Other disclosure items

(1) Related information on material transaction items:

A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Bank's paid-in capital:

None.

B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Bank's paid-in capital:

None.

C. Information on the disposal of real estate for which the sale amount exceeded \$300 million or 10% of the Bank's paid-in capital:

Expressed in Thousands of New Taiwan Dollars

Name of company	Type of property	Transaction date	Acquisition date	Carrying amount	Transaction amount	Amount actually receivable	Gain or loss from disposal	Counterparty	Nature of relationship	Purpose of disposal	Price reference	Other terms
Yuanta Bank	7F, from 7F-1 to 7F-6 and 14 parking spaces, No. 21, Ln. 583, Ruiguang Rd., Neihu Dist., Taipei, Taiwan.	2019/11/8	2018/1/1	362,039	370,000	Received in full amount	7,961	Child Welfare League Foundation, R.O.C.	None	Activating the economic value of real estate, making the deployment and use of funds more flexible	Based on the appraisal report and property price review opinion issued by Euro-Asia Real Estate Appraisers Firm on July 2, 2019, the name of the real estate appraiser is Lin,Chu-Chun, and the appraisal value is \$367,170.	

Note : November 8, 2019 is the signing date, and the transfer has been completed in January 2020.

D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.

E. Information regarding receivables from related parties exceeding \$300 million or 10% of the Bank's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Bank	Yuanta Financial Holdings	Parent Company	\$1,395,127 (Note)	-	\$ -	-	\$ -	-

Expressed in Thousands of New Taiwan Dollars

Note: Income tax refundable arising from filing consolidated income tax returns was recognized under current income tax assets.

F. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans:

Company	Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
Yuanta Savings Bank (Korea)	2020/5/29	Happiness Dream Financial. Co. Ltd.	Loans and Prepayments for Collect	\$ 35,734	\$ 37,768	\$ 2,034	-	None	Note2
Yuanta Savings Bank (Korea)	2020/10/26	A class Loan Co. Ltd.	Loans	\$ 21,117	\$ 21,218	\$ 101	-	None	Note3

Expressed in Thousands of New Taiwan Dollars

Note 1: The carrying amount and the sale price of the loan was KRW 926,299 thousand and KRW 979,561 thousand, using the exchange rate of 1 KRW to 0.025068 NTD.

Note 2: The carrying amount and the sale price of the loan was KRW 1,425,475 thousand and KRW 1,506,611 thousand, using the exchange rate of 1 KRW to 0.025068 NTD.

Note 3: The carrying amount and the sale price of the loan was KRW 842,396 thousand and KRW 846,442 thousand, using the exchange rate of 1 KRW to 0.025068 NTD.

(B) Sale of non-performing loans for which the amount exceeding NT \$1 billion (excluding sale to related parties): None.

G. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

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H. Significant transactions between parent company and subsidiaries

Information for the year ended December 31, 2020:

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage (%) of total consolidated net revenues or assets
				Account	Amount	Conditions	
0	Yuanta Bank	Yuanta International Leasing	1	Accounts payable	-	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	79,769	No significant difference from general customers.	0.01%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	307	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta Savings Bank (Philippines)	1	Other asset	721,702	No significant difference from general customers.	0.05%
1	Yuanta International Leasing	Yuanta Bank	2	Bank deposits	79,769	No significant difference from general customers.	0.01%
1	Yuanta International Leasing	Yuanta Bank	2	Accounts receivable	-	No significant difference from general customers.	0.00%
1	Yuanta International Leasing	Yuanta Bank	2	Interest revenue	307	No significant difference from general customers.	0.00%
2	Yuanta Savings Bank (Philippines)	Yuanta Bank	2	Other liabilities	721,702	No significant difference from general customers.	0.05%

Note 1: The numbers in the No. column refer to the following:

1. 0 for the parent company
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follow:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

I. Other significant transactions that may affect the decisions made by financial statement users:

None.

(2) Information on the subsidiaries regarding funds lent to others, endorsements or guarantees provided, securities held at the end of the period, accumulative transaction amount on the same securities for more than \$300 million, a transaction or engagement in derivative instruments which is equivalent to 10% of paid-in capital:

A. Funds lent to others:

None.

B. Endorsements and guarantees provided for others:

None.

C. Securities held at the end of the period:

None.

D. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Bank's paid-in capital:

None.

E. Information on derivative instrument transactions:

None.



(3) Information regarding reinvested business and consolidated stock holdings

Expressed in Thousands of New Taiwan Dollars/ Thousands of shares

Name of the Investee	Investee Location	Investee's main operations	Percentage of ownership (%) at the end of current period	Carrying value of investments	Investment income (loss) recognized by the Bank for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties			Note
						Number of ready shares	Number of pro-forma shares	Number of shares	
Yuanta International Leasing	7F, No.69, Baoqing Rd., Taipei, Taiwan	Leasing business	100	\$ 105,503	\$ 1,105	10,000	-	10,000	100
Yuanta Savings Bank (Philippines)	Chatham House 116, Valero cor. V.A. Rufino St, Salcedo Village, Makati City, Philippines	Deposits and loans of saving bank	100	( 579,891	( 35,646)	1,200,000	-	1,200,000	100
Yuanta Savings Bank (Korea)	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	Deposits and loans of saving bank	100	3,772,668	108,880	13,516	-	13,516	100

(4) Investments in People's Republic of China:

None.

## 14. Segment information

### (1) General information

In accordance with IFRS 8 as endorsed by the FSC, the overall performance of the operating segments is reviewed by the Board of Directors on a regular basis to determine the distribution of resources and to assess the results. All reportable segments determined by the Consolidated Company meet the disclosure requirements of IFRS 8 as endorsed by the FSC.

The Consolidated Company has a global market, comprising five major business segments below:

- A. Corporate finance: General corporate loans, policy finance, guarantees and acceptances, receivables finance and small and medium enterprise loans, etc.
- B. Offshore Banking: International syndicated loans and management of the overseas branches and subsidiaries.
- C. Consumer finance: Mortgage loans, auto loans, consumer loans, credit cards, etc.
- D. Wealth management: This segment consolidates deposits, wealth management, trust business and various financial instruments, and provides clients with tailor-made recommendations and advice according to their asset portfolio and financial position.
- E. Financial trading: Investing in and handling of foreign exchange and fixed income instruments, securities and other derivatives.

### (2) The income sources and service types of each reporting segment

#### A. Measurement of the profit and loss of operating segments

The Consolidated Company's measurement principles of profit and loss of operating segments are consistent with significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

In order to create a fair and reasonable evaluation system, the funding among segments is regarded as lending to a third party and interest incomes and expenses should be calculated according to internal funding rates which refer to market conditions. Incomes and expenses among internal segments shall be offset in the financial reports published.

Incomes and expenses attributable to each operating segments shall be classified as profits or losses of the segment; the indirect expenses that are not attributable to any segment and back office expenses should be reasonably allocated to operating segments. Expenses that cannot be reasonably allocated should be listed under "other segments".

#### B. Recognition element for reporting segment

The performance appraisal for the Consolidated Company's reporting segments, which is based on specific performance indicators which are reviewed and evaluated by the management on a regular basis, is a reference for resource allocation.

(3) Information about segment profit or loss

	For the year ended December 31, 2020						
	Segment Information						
	Corporate finance	Offshore banking	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	\$ 3,967,946	\$ 1,712,821	\$ 4,253,408	\$ 1,534,633	\$ 1,670,274	\$ 518,335	\$ 12,620,747
Net service fee and commission income (loss)	361,785	129,859	339,715	4,023,010	21,576	( 6,332)	4,869,613
Other operating income (loss) (Note)	( 7,277)	368,670	80,438	140,520	3,673,091	( 124,183)	4,131,259
Operating expenses	1,715,143	786,400	2,853,861	4,262,359	641,607	30,774	10,290,144
Other significant non-cash accounts: (Provision for) reversal of impairment (Provision for) reversal of bad debt expenses, commitment and guarantee reserve	- ( 621)	( 1,544,817)	- ( 125,247)	- ( 281)	7,650	( 1,348,399)	( 1,356,670)
Segmental profit (loss) before tax	\$ 2,334,452	\$ 120,488	\$ 1,694,453	\$ 1,435,523	\$ 4,715,747	\$ 2,027,860	\$ 8,031,827

For the year ended December 31, 2019

	For the year ended December 31, 2019						
	Segment Information						
	Corporate finance	Offshore banking	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	\$ 4,255,250	\$ 2,219,191	\$ 4,422,175	\$ 2,150,905	\$ 651,898	\$ 232,473	\$ 13,466,946
Net service fee and commission income (loss)	471,051	292,567	446,334	4,471,448	4,736	( 6,723)	5,679,413
Other operating income (loss) (Note)	( 29,185)	78,641	106,227	169,548	3,811,315	97,214	4,233,760
Operating expenses	1,711,190	858,992	2,806,087	4,488,002	627,281	306,045	10,797,597
Other significant non-cash accounts: (Provision for) reversal of impairment (Provision for) reversal of bad debt expenses, commitment and guarantee reserve	- 728	( 1,287,892)	- 177,476	- ( 396)	( 441)	( 8,857)	( 8,570)
Segmental profit (loss) before tax	\$ 3,031,175	\$ 444,243	\$ 2,346,125	\$ 2,303,503	\$ 3,840,263	\$ 458,007	\$ 11,507,302

Note: Net revenues include gain and loss on financial assets and liabilities at fair value through profit or loss, profit or losses on financial assets at fair value through other comprehensive income, gain arising from derecognition of financial assets measured amortised cost, foreign exchange gains and losses, and other non-interest income.

(4) Major customer information

The Consolidated Company has diverse income sources and has no significant trade to single client or transaction.

(5) Product information

The Consolidated Company's product information is identical with the segment information.

(6) Geographical information

The Consolidated Company is categorized according to the geographic location of operating segments. There were no revenues from a single foreign external customer that was material. Therefore, no disclosures have been made.

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