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Yuanta Financial Holding Co., Ltd.

2022 Annual Report

Publication date : January 31, 2023

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credit rating agencies	Address	Telephone	Companies for rating
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Fitch Ratings Taiwan	Room A2, 23F., No. 68, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City	(02)8175-7600	Yuanta Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Securities Finance, Yuanta Securities Asia Financial Services

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VI. Overseas Listings and Access to the Listing Information: None.

Contents

One. Letter to Shareholders	1
Two. Company Profile	10
I. Date of establishment	10
II. Corporate Milestones	10
Three. Corporate Governance Report	17
I. Organization	17
II. Information on Directors, Independent Directors and Managers	24
III. Remuneration paid to directors, general managers, deputy general managers, consultants, etc. and distribution of employee remuneration in the most recent year	44
IV. Status of Corporate Governance	56
V. Independent Auditor Fee Information	196
VI. Information on the Replacement of CPAs	197
VII. Name of Auditing Firm or Its Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee over the Past Year, His/her Position and Employment Period	197
VIII. Equity Changes, Transfers, and Pledges of Directors, Managers and Major Shareholders	198
IX. Information of the Top Ten Shareholders Being Related Parties	202
X. Total Shareholding Ratio in Each Invested Enterprise	203
Four. Financing Status	204
I. Corporate Capital and Shares	204
II. Corporate Bonds	213
III. Issuance of Preferred Shares	217
IV. Issuance of Overseas Depository Receipts	217
V. Issuance of Employee Stock Option Certificates	217
VI. Information about new restricted employee shares	217
VII. Mergers or Acquisitions	217
VIII. Implementation of Capital Utilization Plan	218
Five. Overview of Operations	219
I. Operations	219
II. Cross-Selling and Joint Marketing	311
III. Market and Business Overview	312
IV. Employee Information for the Most Recent Two Years Up to the Publication of this Annual Report	315
V. Corporate Social Responsibilities and Ethics	319
VI. Number of employees in non-managerial positions, annual average employee benefit expenses, and difference in comparison with those of the preceding year	327

VII. Information Technology and Facilities -----	327
VIII. Cyber security management-----	331
IX. Relations between laborers and employer -----	333
X. Important Contracts -----	340
Six. Financial Status -----	347
I. Summary Five-Year Balance Sheets and Consolidated Income Statement -----	347
II. Financial analysis for the most recent five years -----	353
III. Audit Committee’s Report on the Latest Financial Statements -----	356
IV. The Latest Consolidated Financial Statements of the Company and Its Subsidiaries Audited and Certified by CPAs -----	357
V. Any Financing Problems Encountered by the Company or Its Affiliates Which Might Affect the Company’s Financial Status -----	357
Seven. Discussion and Analysis of Financial Status and Financial Performance, and Risk Management -----	358
I. Comparative Analysis of Financial Conditions -----	358
II. Analysis of Financial Performance -----	361
III. Analysis of Cash Flow -----	363
IV. Major capital expenditures in the most recent year -----	364
V. Investment strategies, causes for investment gains and losses, and planned improvements for the most recent year and investment plan for the coming year -----	364
VI. Risk Management -----	365
VII. Crisis Management and Emergency Response -----	383
VIII. Other Significant Events -----	383
Eight. Special Items -----	384
I. Information on Affiliates -----	384
II. Status of Securities in Private Placement-----	404
III. Shares of the Company Held or Disposed of by Subsidiaries -----	404
IV. Other Important Supplementary Information -----	404
V. Significant Issues Which Might Affect Shareholders’ Equity or Price of Shares Pursuant to Item 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Past Year and Up to the Publication of this Annual Report -----	406
Appendix. The Latest Consolidated Financial Statement Audited and Certified by CPAs -----	407
Appendix. Greenhouse Gas Emissions Verification Opinion Statement of Yuanta Financial Holdings and its subsidiaries -----	658

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of shareholders’ meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

One. Letter to Shareholders

I. Domestic and International Financial Environment

Recalling 2022, the global economic condition has been adversely affected by the unfavorable factors, such as geopolitics and monetary policies. The Russia-Ukraine War resulted in the fluctuations in energy and food prices and severe inflation. The economy of Europe was the first to be affected by the haze of recession. In order to suppress the inflation, the US Fed and various countries' central banks have tightened the monetary policies proactively. As a result, various countries' economic activities had to bear the pressure caused and the pace of the post-pandemic recovery was consequently adversely affected. Meanwhile, the global economy was weakened due to the Zero-COVID policy and financial and housing crises in China. According to the latest forecast released by S&P Global in January 2023, the global economic growth rate would be 3.00% in 2022, lower than 5.90% in 2021. The economy in Taiwan was affected by the global political and economic conditions. Given the terminal market's weak demand, suppliers had to adjust inventory. As a result, Taiwan's export momentum became sluggish and private investment tended to be conservative instead. Upon recovery of private consumption after the pandemic, domestic demand became the driving force to support the economic growth. According to the latest announcement by the Directorate-General of Budget, Accounting and Statistics (DGBAS), Executive Yuan in February 2023, the economic growth rate of Taiwan in 2022 was forecast as 2.45%.

Looking forward to 2023, the global economy will need to deal with the uncertain factors including high-interest rate environment, the changeable and unpredictable Russia-Ukraine War development, and persistent confrontation between China and the United States. S&P Global estimated in January 2023 that the global economic growth rate would be 1.90% in 2023. In terms of the economy in Taiwan, despite the domestic export sales and investment growth momentum becoming sluggish due to the impact posed by the economic decline of the global leading countries, the private consumption was expected to improve further, as benefited from the recovery of nationals' consumption back to the normal condition after the pandemic. According to the forecast released by the DGBAS in February 2023, the economic growth rate of Taiwan is expected to be 2.12% in 2023, lower than that in the previous year.

In terms of the financial market, the inflation and accelerated lift rates resulted in the significant market volatility in 2022. The average daily turnover of TAIEX attained NT\$305.155 billion in 2022, declining by 36.13% annually. Investors' wait-and-see attitude posed impact to the securities broker service charges of Yuanta Securities. On the other hand, Yuanta Securities Investment Trust continued launching competitive products amid the market turmoil. In addition, due to the increasingly rampant effect produced by the premature termination of savings insurance and target maturity bond, the assets under management (AUM) of Yuanta Securities Investment Trust (including active and passive management funds and discretionary investment operations) broke NT\$990 billion at the end of the year, another historical high. Meanwhile, benefited from the strength in the lift rates and market share of the customers' deposit AUM ranking the first place, the profit sought by Yuanta Futures grew against the trend. The year-over-year (YoY) growth rate attained 33.14%, and the profit reached NT\$1,145 million. For the banking industry, the rebound in bond yield and market correction posed some impact to the performance of investment positions. The market turmoil also caused the wealth management customers to act more reluctantly to make investment. As a result, banks' service charge revenue declined. Notwithstanding, the lift rates and increasing lending resulted in the stable growth of net interest income. Affected by the high base period, declining bonds and stocks, and COVID-19 insurance claims last year, the life insurance

industry was generally underperforming. Nevertheless, no significant loss has been suffered by Yuanta Life for the COVID-19 insurance policy. The flexible asset and liability management and foreign exchange gains from appreciation of US dollars also helped Yuanta Life's profit amount to NT\$1,377 million stably.

Given the sluggish global economic growth in 2023, Taiwan's export drive is suppressed and TAIEX's performance still needs to deal with challenges. Further, although lift rates may help improve banks' net interest spread, the economic downturn in domestic manufacturing and real estate industries might also pose some impact to the banking momentum and result in increase in the credit costs. For the life insurance industry, benefited from the lift rates, the recurring yield is expected to grow accordingly. Notwithstanding, the expanding interest spread between Taiwan and the US is likely to cause the hedging costs to keep growing. In conclusion, the financial market is still full of multiple uncertain factors in 2023. Yuanta Financial Holding Company (FHC) will consistently uphold its strict risk control policy, and assess the circumstances and seize market opportunities to continue to create record performance.

II. Changes in Company Organization

The most significant changes in Yuanta FHC's organization in 2022 are as follows:

The corporate sustainable development has been valued significantly in the world. In response to the international development trend and implementation of the spirit of "Corporate Governance 3.0 – Sustainable Development Roadmap," Yuanta FHC's Board of Directors resolved to rename the "Sustainability Committee" into "Sustainable Development Committee" in March 2022. Further, Yuanta FHC's Board of Directors resolve in June 2022 to establish the "Project Planning Department" dedicated to providing the consulting services for important business management between the Yuanta Group and its subsidiaries.

In the future, Yuanta FHC will continue to adjust the capital structures of its subsidiaries in line with business development needs and strengthen the entire Yuanta Group's competitiveness through organizational restructuring. In order to create operational synergies, Yuanta FHC has adopted a joint channel strategy, setting up offices for securities and banking operation in the same location. As of the end of December 2022, a total of 56 securities and bank branches were operating from the same location, creating maximum synergy by integrating resources of Yuanta FHC.

III. Business Achievements

Recalling 2022, the world encountered the impact posed by geopolitics, severe inflation and strong lift rates, thereby causing significant volatility of markets. Nevertheless, Yuanta FHC continued to adopt a cautious and stable approach in dealing with external changes, and adjusted its orientation in a timely manner. The net profit after tax was NT\$21,456 million, with an earnings per share (EPS) after tax of NT\$1.72 in 2022, ranking the third place among 14 Taiwan Stock Exchange (TWSE) listed financial holding companies.

While developing the financial business thoroughly and creating profit, Yuanta FHC also values the promotion of positive development in such areas as environment, society and corporate governance (ESG), and establishes a sustainable business management and service model. Yuanta FHC has been selected by the "DJSI World Index" of the Dow Jones Sustainability Index, (DJSI), and "DJSI Emerging Markets Index" for four consecutive years. Yuanta FHC again achieved excellent results globally in the FBN Diversified Financial Services and Capital Markets, out of 500 participating enterprises this year, performing splendidly on the international stage. Meanwhile, Yuanta FHC has been selected by FTSE4Good Emerging Index for six consecutive years and has passed all ESG reviews for socially responsible investment, ranking as a benchmarking enterprise in Taiwan's financial industry stably.

Yuanta FHC has won recognition from multiple external organizations as it practiced sustainable development and valued climate change-related issues. For example, Yuanta FHC has made the Climate Change A List on the CDP (formerly Carbon Disclosure Project), a global environmental indicator, for three consecutive years and has been in the “Leadership Level” for five consecutive years, achieving the best performance in the domestic financial industry. Meanwhile, Yuanta FHC won the National Sustainable Development Award in the corporate category granted by the National Development Council, Executive Yuan, for the first time. Such award is considered as the highest honor in the field of corporate sustainability commended by the Taiwan government. The Group also completed 100% verification of the five ISO management guidelines on the environmental aspect (ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas (GHG) Inventory Verification, ISO 14046 Water Footprint Inventory, ISO 50001 Energy Management System and ISO 20400 Sustainable Procurement). Yuanta FHC received the “Best Company to Work for in Asia” award from *HR Asia* for three consecutive years, a leading Asian human resources magazine, for its comprehensive employee care and career development system. Yuanta FHC promoted a gender-friendly workplace and was selected by the “Bloomberg Gender-Equality Index (GEI)” for four consecutive years. Further, Yuanta FHC has been continuously recognized as one of the “Top 100 Enterprises for Excellence in Corporate Social Responsibility (CSR)” by the *CommonWealth Magazine*, won the role model award of the “2022 CSR Awards – ESG Integrated Performance-Financial Insurance Industry” from the *Global Views Monthly*, Financial Holdings CSR Premium Award from the *Wealth Magazine*, and was selected for the “Taiwan Top 10 Sustainable Model Enterprise Award (Service Industry Group)” by Taiwan Corporate Sustainability Awards (TCSA).

For corporate governance, Yuanta FHC ranked in the top 5% of the TWSE listed companies and the top 10% of the TWSE/TPEX listed companies engaged in financial insurance business in the eighth Corporate Governance Evaluation organized by TWSE. Yuanta FHC also received the Best Chief Executive Officer, Best Chief Financial Officer and Best Investor Relations Manager in Asia, and Best Investor Relations in Taiwan awards from *Corporate Governance Asia*. Further, Yuanta FHC passed the Taiwan Corporate Governance Association’s “CG6013 (2021) Corporate Governance Framework Assessment Certificate with Distinguished Honor” jointly with its subsidiaries including Yuanta Securities and Yuanta Bank, and continued its practices in improving stakeholders’ interests and rights, functions of the Board of Directors, corporate governance culture, and sustainable development and governance.

The business achievements of Yuanta FHC’s subsidiaries are as follows:

Yuanta Securities had 146 branches and one brokerage department as of the end of December 2022, with a brokerage market share of around 11.86% in 2022, maintaining the leading position in the industry. In recent years, Yuanta Securities has continuously developed multiple businesses domestically and overseas, driven by an enterprising culture of pursuing innovation and teamwork, and received recognition from domestic and international professional financial magazines, totaling 56 awards for the year, including the “Best Securities Brokerage in Taiwan” award for fifteen consecutive years and the “Best Overall Sales Services in Taiwan” for nine consecutive years from *Asiamoney*, and securities-related awards by various international institutions such as *The Asset*. Honors from Taiwan’s competent authorities included the “Securities Circulation Award – No. 1 for Securities Underwriters,” “Economy Vitalization Award – No. 1 for IPO Fund Raised and IPO Market Cap,” “No. 1 for Taiwan ETF Total Contribution Award,” “No. 1 for Taiwan ETF Market Making Award,” “Futures Proprietary Trading Volume Diamond Award,” “Futures Introducing Broker Trading Volume Diamond Award,” “Market-Making Performance Diamond Award,” and “No. 1 for E-TPEX Award” from TWSE, Taiwan Futures Exchange (TAIFEX), and Taipei Exchange (TPEX). Meanwhile, Yuanta FHC also received the “Wealth Management Award (*Wealth*

Magazine),” “Consumers Financial Brand Award (*Wealth Magazine*),” and the “National Brand Yushan Award – Outstanding Enterprise” and “Outstanding Product – Inescapable Net and Grain Market Newbie Village.” All these awards have demonstrated that Yuanta Securities’ proactive efforts in developing business as well as fulfilling customers’ rights and interests have been greatly affirmed.

Yuanta Bank pursued the growth of various business scales while controlling risks carefully, in order to improve the long-term profitability stably in 2022. When dealing with lending operations, Yuanta Bank targeted large corporate clients and quality personal accounts as the main customer base. Meanwhile, it improved the momentum for new cases of lending to develop the scale and asset quality stably at the same time. The number of wealth management customers and scale of AUM continued to grow, in conjunction with the management of credit card membership. As a result, Yuanta Bank’s cross-sale of other products was improved effectively. Further, Yuanta Bank also engaged in optimization of multiple functions and expansion of application scenes in the digital financial area, in order to support the development of various business lines through the real and virtual integration services. Until the end of December 2022, Yuanta Bank’s total loan scale amounted to NT\$975.6 billion, increased by NT\$112.5 billion from the previous year, i.e. a YoY growth by 13%. The loan-to-deposit ratio was also increased from 59.02% to 66.21%. For the asset quality, until the end of December 2022, the non-performing loans (NPL) ratio, NPL coverage ratio and loan coverage ratio were 0.02%, 6,609.32% and 1.36%, respectively, which continued to be excellent ones in the industry. With the results achieved by Yuanta Bank in improving various business lines, it also received awards and honors from external organizations including National Brand Yushan Award, *Wealth Magazine*, *Business Today*, *Commercial Times*, Taiwan Clearing House, Information Service Industry Association of the R.O.C., Taiwan Institute for Sustainable Energy, *World Business Outlook*, *International Business Magazine*, *World Economic Magazine* and *Global Business Magazine*, etc.

Yuanta Life continues to research and develop differentiated products according to diversified requirements of different target customers, adhere to the corporate core values of “Insurance Protection, Sustainable Business, and Society’s Well-being,” and focus on the development of “traditional products” and “investment-linked products” at the same time. Yuanta Life plans commodities based on customers’ needs, improves the competitiveness of USD-denominated legacy and long-term wealth management commodities and retirement-oriented commodities, and adds differentiated medical insurance products and exclusive value-added services for the high-asset customer base to meet customers’ needs for transfer of assets and health protection. With respect to the general customer base, Yuanta Bank provides multiple long-term high-protection commodities, so that customers may prepare their planning subject to their individual financial budget. Meanwhile, in response to the trend of lift rates, it enhances the conditions of regular-payment commodities to help customers prepare their long-term savings planning after retirement. In response to the uncertain factors, such as the increasing market risk volatility, it continues to promote investment-linked commodities to provide the policyholders with another retirement option based on the dual effects produced by insurance protection and long-term stable investment. In the future, Yuanta Bank will continue to extend the product layout, and promote financial inclusion and fair treatment policies according to specific groups’ needs (e.g. seniors’ and health promotion markets).

Yuanta Securities Investment Trust’s AUM has amounted to NT\$965.4 billion as of the end of 2022, growing by NT\$154.2 billion from 2021, i.e. a YoY growth by 19.0%. The AUM growth rate has attained nearly 20% for two consecutive years. The net profit after tax was NT\$1,821 million and EPS NT\$8.02 in 2022. Since Yuanta Securities Investment Trust was incorporated, it has adhered to the management philosophy stressing “Stability, Integrity, Service, and Innovation” and “Devoted Entirely to Managing Your Wealth,” and has been dedicated to engaging in the diversified investment and wealth management areas as the

investment trust company with the largest publicly offered fund scale and market share. The publicly offered funds amounted to NT\$934.8 billion, with the market share reaching 19.2%, and were affirmed by more than 2.178 million beneficiaries, stably occupying the first place in the market. Yuanta Securities Investment Trust owns the strongest and largest-scale research team dedicated to helping investors gain access to international trends and related financial products in a timely manner and also providing diversified investment solutions, in order to satisfy investors' wealth management needs. In past years, Yuanta Securities Investment Trust's domestic/overseas funds have pursued stable performance and growth rate. Yuanta Securities Investment Trust also won multiple awards and patents from domestic/overseas professional organizations, with respect to the three indicators including product, brand, and talent, establishing a leading position in the industry.

Yuanta Futures' futures brokerage market share was 21.95%, options brokerage market share 19.22%, and foreign futures market share 25.14% in 2022. Apparently, it continued to solidify its core business lines and grow steadily. In terms of financial performance, benefited from the lift rate cycle activated globally and interest income derived therefor, Yuanta Futures generated a net profit after tax of NT\$1,145 million, ranking the first place among fourteen professional futures firms, with an EPS after tax of NT\$3.95 and a rate of return (ROE) after tax of 9.08%, in 2022, demonstrating its excellent business performance. In the face of the persistent global financial market volatility, Yuanta Futures adheres to the principle of steady growth, controls risks carefully, and strengthens the resilience of operations, earning recognition from domestic/international competent authorities and professional financial organizations for its performance in various areas. For example, it has been included in the "Top 5% of TWSE/TPEX-listed Companies" of the Corporate Governance Evaluation by TWSE for eight consecutive years and "Top 25% of Futures Industry" of the "Assessment of the Implementation of Treating Customers Fairly Principles (TCF Principles)" by the Financial Supervisory Commission (FSC), and won "Futures Diamond Award" from TAIFEX, and the "Best Futures Firm of the Year" from *The Asset*. Further, it was also recognized with multiple honors in the performance of ESG, such as the "CSR Sustainable Citizenship Award – Little Giant Award, 3rd Place" from *CommonWealth Magazine* for five consecutive years. It was granted the long-term credit rating "AA-(tw)," with the "stable" outlook by Fitch Ratings. In the future, Yuanta Futures will continue to optimize all indicators and move towards becoming an international futures dealer in Asia.

In implementing their respective 2022 business plans, our subsidiaries posted the following results:

Item		Total assets (NT\$1,000)	Net income (NT\$1,000)	EPS (NT\$)
Yuanta Securities	2022	430,070,051	12,051,504	1.83
	2021	539,006,241	23,293,080	3.53
Yuanta Bank	2022	1,712,135,805	7,288,388	0.99
	2021	1,651,478,911	8,021,862	1.08
Yuanta Life	2022	415,054,660	1,376,517	0.58
	2021	390,529,091	2,074,289	0.87
Yuanta Securities Investment Trust	2022	7,157,085	1,820,634	8.02
	2021	6,934,264	1,918,960	8.46
Yuanta Futures	2022	109,878,680	1,145,348	3.95
	2021	95,652,955	860,282	2.97
Yuanta Venture Capital	2022	2,913,675	(197,272)	(0.73)
	2021	3,946,044	939,305	3.46

Item		Total assets (NT\$1,000)	Net income (NT\$1,000)	EPS (NT\$)
Yuanta Asset Management Company	2022	4,121,624	126,379	0.38
	2021	4,023,338	139,433	0.42
Yuanta Securities Investment Consulting	2022	307,872	10,850	1.09
	2021	299,984	1,085	0.11

IV. Credit Ratings' Dates and Results

Domestic and international credit rating organizations have recognized Yuanta FHC's stable asset quality and business achievements. Taiwan Ratings confirmed on January 16, 2023 that Yuanta FHC's outlook should remain "stable," reflecting that the Yuanta Group has a strong capital level on a consolidated basis and is in a leading position in the relevant securities markets in Taiwan. Fitch Ratings confirmed on November 11, 2022 that Yuanta FHC's outlook should remain as "stable," recognizing Yuanta Group's persistent and strong position in the domestic market and expanding position in the other territories of Asia. The Yuanta Group's continued development of its domestic banking services, overseas retail brokerage services, and wealth management services adds diversity to its profitability and financing model.

Yuanta FHC's most recent credit rating results are summarized below:

Rating category	Rating agency	Credit rating		Outlook	Effective date
		Long-term	Short-term		
International rating	Fitch Ratings	BBB+	F2	Stable	November 11, 2022
Domestic rating	Fitch Ratings	AA-(tw)	F1+(tw)	Stable	November 11, 2022
	Taiwan Ratings	twAA-	twA-1+	Stable	January 16, 2023

V. Future Development Strategies of Yuanta FHC

Yuanta FHC has always aimed to grow stably and upgrade shareholders' value. Looking back on the development history in recent years, the integration and voluntary growth, exercise of the consolidated effects of merger and acquisition (M&A) and consolidation, integration of the securities businesses overseas and efforts used in growing the business of various business entities, have driven the significant increase in the entire business scale. As a result, Yuanta FHC owning the five major profit engines, including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust, and Yuanta Futures, was incorporated. Meanwhile, the differentiated services and products drove the mutual growth of the Yuanta Group's five major business entities.

Looking forward to the post pandemic era, Yuanta FHC will control risks carefully and continue to adopt the overall growth and development strategy valuing "solidification of cores and driving of growth," with emphasis on "focusing on Taiwan's capital market" and "expanding overseas profit engines." Under the balance of the three core philosophies of "stable profitability," "risk control and management," and "sustainable development," Yuanta FHC operates businesses, markets, and customer segments with growth potential, leveraging the growth benefits of the Yuanta Group's cross-industry and cross-border integration to effectively stabilize and improve earnings levels, and steadily progresses towards the two goals of "Best Financial Services Provider in Asia Pacific" and "International Benchmark Enterprise for Sustainability."

The development strategies of Yuanta FHC for 2023 are summarized as follows:

(I) Yuanta Securities: Solidify core competitive advantages and promote financial products with Yuanta’s characteristics.

As a leading domestic brokerage firm, Yuanta Securities continues to solidify its competitive advantages in its core business and develop various businesses proactively. It continues to invest fund in digital financial research and strengthens the information security defense. Yuanta Securities conducts precise marketing through data analysis to achieve stratified, segmented, and refined customer management, providing diversified and differentiated products and services. It is also actively developing its wealth management business and promoting Yuanta’s unique financial products to create a dual engine of brokerage and wealth management profitability.

In terms of promoting overseas layout, Yuanta Securities develops diversified business lines and balances the source of revenue. Yuanta Securities has been able to enhance operational efficiency and create cooperative synergy through its business strategies of cross-border business integration and development, focusing on local operations, and cultivating local niche markets to maintain steady profit contribution. In order to expand the wealth management and private banking business, it establishes a wealth management subsidiary in Singapore to provide a full range of financial services to high-asset customers and move towards becoming a regional securities institution in Asia.

(II) Yuanta Bank: Strengthen and adjust the income structure and improve the efficiency of capital utilization.

Yuanta Bank will strengthen the profitability of its lending business with the advantage of excellent asset quality. For the corporate banking business, Yuanta Bank selects large-scale corporate group customers and potential industries to expand the depth of business and breadth of products. Meanwhile, it strengthens the undertaking of lending in foreign currency and quality syndicated loans to increase the net income from interest and service charges. For retail banking, it maintains stable growth in mortgage and auto loan businesses, and invests resources to strengthen the development of credit loans. Deposit-taking strategy will be mainly in Taiwan dollars, supplemented by foreign currencies, and deposit structure and period adjustment will be made to control deposit costs. In terms of financial investments, Yuanta Bank will maintain flexibility in investment operations and select investment targets prudently, taking into account liquidity risk, credit risk, and yield.

For wealth management services, Yuanta Bank will expand the business team and improve stability. For products, the protection of customer rights and interests will continue to be prioritized, and Yuanta Bank will be made the main bank for personal daily cash flow through the promotion of the membership system and the binding of Yuanta credit cards and accounts on the payment platform, so as to enhance customer adhesion. For the overseas development, Yuanta Bank will focus on improvement of the business performance of its existing branches and subsidiaries, and adjust business strategies from time to time, subject to changes in the business environments in various countries.

(III) Yuanta Life: Continue to develop and promote the “protection-type and long-term products” and “investment-linked products,” in order to satisfy various customer groups’ needs.

Yuanta Life continues to focus its product development on the needs of various customer segments, and in response to the aging trend and interest rate environment, it has adopted traditional and investment-linked as the two main axes of product development. Meanwhile, it continues to develop the insurance products that satisfy the needs of retirement life, retirement medical treatment, and retirement care, in order to enrich the product lines and optimize the coverage to meet various insurance needs. Through

different sales channels such as financial services, insurance brokers and agents, and salespersons, Yuanta Life reaches out to every corner to help customers and their families build a complete protection and financial plan. In addition to delivering the core values of Yuanta Life – “Insurance Protection, Sustainable Business, and Society’s Well-being” – to its customers, Yuanta Life also helps itself achieve long-term financial and business goals.

In terms of channels, Yuanta Life will aim at the target markets and customer needs, and will distinguish the needs of different channel customers to promote differentiated products and services. Yuanta Life will also integrate Yuanta Group’s advantageous resources to deepen the adhesion of customers with cooperative channels and boost the contribution. Meanwhile, in response to the digital transformation wave and post-pandemic era, it exercises the insurance technology proactively to promote various digital services and optimize channel digital services, including remote insurance underwriting and implementation of AI smart customer services in the service process. Yuanta Life also actively participates in the Life Insurance Association’s policy passbook services and claims alliance chain re-evolution functions to achieve the three major goals of providing zero-contact services, energy saving and carbon reduction, and achieving financial inclusion in the post-pandemic era.

(IV) Yuanta Securities Investment Trust: Solidify core competitive advantages and grow in both scale and profitability.

Yuanta Securities Investment Trust (SIT) focuses on solidifying its core competitive advantages and sustainable management, enhancing the performance of active funds and actively promoting key funds to expand market share. The offering of new funds is based on the demand of “stable growth and fixed income,” providing investors with diversified solutions. In terms of sustainable development, Yuanta SIT cooperates with the competent authorities to move towards the milestones and leads sustainable investment to achieve the impact of the funds. In the areas of financial inclusion and digital development, Yuanta SIT has been promoting fixed deposits for funds and ETFs, strengthening its digital platform and providing quality services, such as platform optimization and revamping, and expanding one-stop e-payment fund purchase services to assist customers of different generations to grasp financial opportunities. Yuanta SIT also implements the principles of friendly financial services and fair treatment of customers, and actively cooperates with life insurance companies and channels to launch new policies to achieve the resonance effect of discretionary policies and funds.

(V) Yuanta Futures: “Integrity in Governance, Wealth Creation and Sustainability” to solidify business profitability and build an international trading platform.

Under the business model of both compliance and risk control, Yuanta Futures continues to strengthen the profitability of its core business, actively create multiple sources of revenue, combine software, hardware and digital services with continuous innovation, and comprehensively refine the overall operation process to optimize customer service and various business development. Yuanta Futures also deeply pursues the concept of sustainable management and integrates the implementation of ESG objectives into its management policies, taking into account Yuanta Futures’ business development and corporate vision of sustainability. In terms of international layout, Yuanta Futures aims to become a large international futures dealer and continues to expand its futures trading and clearing business opportunities, linking Taiwan, Hong Kong, Singapore and other regions to build a transnational trading operation model in the Asia Pacific region, and providing traders in Taiwan and Asia with the most complete asset allocation and hedging services.

Yuanta FHC’s corporate governance plan and sustainable development strategy for the

year 2023 are highlighted below:

Yuanta FHC pays attention to the development trend of corporate governance both domestically and internationally, and in accordance with the Financial Supervisory Commission's (FSC) "Corporate Governance 3.0 - Sustainable Development Roadmap" and various action plans, Yuanta FHC's corporate governance plan is introduced in a timely manner and is revised annually in line with the execution status to achieve effective implementation. The corporate governance plan and specific measures for the year 2023 include continuing to strengthen the functions of the Board of Directors (establishing a functional committee of the Board of Directors - the Risk Management Committee - and planning diversified continuing education programs for directors), enforcing the accountability of the Board of Directors (establishing norms for reporting related party transactions in non-business activities at shareholders meetings), enhancing the transparency of audit quality (regularly evaluating the independence and appropriateness of appointed accountants by referring to the Audit Quality Indicators (AQIs) each year), and safeguarding shareholders' rights and treating shareholders equally (uploading the materials of shareholders meetings in English and Chinese in advance).

In terms of sustainable development strategy, Yuanta FHC has integrated the Yuanta Group's resources to actively respond to the FSC's "Green Finance Action Plan 2.0" by enhancing sustainable finance-related products and services, issuing and underwriting sustainable development bonds, following voluntary green investment principles and initiatives, and implementing the Equator Principles and Yuanta FHC's "Sustainable Finance Guidelines" assessment. In addition, Yuanta FHC continues to use financial technology (FinTech) to promote financial inclusion, enhance financial inclusion and provide a friendly financial environment, optimize customer relationship management, and continue to deepen the Climate-Related Financial Disclosures (TCFD), cooperate with the CDP and advocate the Science Based Targets initiative (SBTi), and expand the scope of carbon footprint certification for financial products or services, in order to strengthen the development of sustainable finance with its core functions to contribute to the sustainable development of society and the environment.

Looking forward to the future, Yuanta FHC will continue to invest capital in ESG, and everyone will work together in this spirit for the sound and sustainable development of Yuanta FHC.

Two. Company Profile

I. Date of Establishment: February 4, 2002.

II. Corporate Milestones

(I) Milestones

- Fuhwa Financial Holding Company (later renamed Yuanta Financial Holding Company) was formed on February 4, 2002 through a 100% equity swap between Fuhwa Securities Finance (later renamed Yuanta Securities Finance) and Fuhwa Securities (later renamed Yuanta Securities). This created a platform to leverage resources of the two business lines to enhance profitability and provide customers with more diversified products and services.
- In May 2002, Fuhwa Futures and Fuhwa Capital Management, both subsidiaries under Fuhwa Securities Finance (later renamed Yuanta Securities Finance) were later designated as direct subsidiaries of the parent company, on the same level as Fuhwa Securities Finance (later renamed Yuanta Securities Finance) and Fuhwa Securities (later renamed Yuanta Securities). This gave Fuhwa Financial Holding Company (later renamed Yuanta Financial Holding Company) better control over all four of its subsidiaries, providing a platform to leverage resources and enhance profitability.
- In August 2002, Fuhwa Bank (formerly known as Asia Pacific Bank, and later renamed Yuanta Bank) was acquired through a transfer of shares and Fuhwa Securities Investment Trust (formerly known as Asia Pacific Securities Investment Trust) was acquired as another subsidiary.
- In December 2002, Fuhwa Venture Capital (later renamed Yuanta Venture Capital) was established.
- In April 2003, Fuhwa Asset Management (later renamed Yuanta Asset Management) and Fuhwa Financial Consulting (later renamed Yuanta Financial Consulting) were established.
- On April 2, 2007, Yuanta FHC acquired Yuanta Core Pacific Securities via conversion of outstanding shares, launching Yuanta FHC into the top tier of financial holding companies in terms of capital, net value, and business scale.
- On September 23, 2007, Yuanta FHC completed the merger of Yuanta Securities (formerly known as Fuhwa Securities) and Yuanta Core Pacific Securities, and Yuanta Securities was held as the surviving company, while Yuanta Core Pacific Securities was held as the extinguishing company. Meanwhile, Yuanta FHC also completed the merger of Yuanta Futures and Fuhwa Futures, and Yuanta Futures was held as the surviving company, while Fuhwa Futures was held as the dissolved company.
- On September 27, 2007, Yuanta FHC was officially named “Yuanta Financial Holding Co., Ltd.”.
- On November 27, 2007, Yuanta FHC’s Board of Directors resolved that Yuanta FHC could subscribe for common stock totaling 80,000,000 shares and private placement common stock totaling 14,000,000 shares of Yuanta Futures as held by Yuanta Securities, so as to upgrade Yuanta Futures as a subsidiary wholly owned by Yuanta FHC. The Board of Directors also resolved that Yuanta FHC could subscribe for the whole common stock of Yuanta Securities Investment Consulting as held by Yuanta Securities, totaling 30,000,000 shares, so as to upgrade Yuanta Securities Investment Consulting as a subsidiary wholly owned by Yuanta FHC.
- In October 2008, Yuanta FHC disposed of all equity in the subsidiary, Fuhwa Securities Investment Trust, and sold it to Manulife Asset Management (HK) Limited

of the Manulife Group.

- On November 2008, Yuanta FHC's subsidiary, Yuanta Financial Consulting, called a directors' meeting acting on behalf of a shareholders' meeting to resolve that Yuanta Financial Consulting should wind up and be dissolved.
- On October 3, 2011, Yuanta FHC acquired a 100% shareholding in Polaris Securities through a share conversion.
- Yuanta Securities and Polaris Securities were merged on April 1, 2012, as were Yuanta Futures and Polaris MF Global Futures. The English names of the surviving companies are Yuanta Securities and Yuanta Futures.
- In May 2012, Yuanta FHC completed the merger of Yuanta Securities Investment Trust and Polaris Securities Investment Trust, and renamed the new company as Yuanta Securities Investment Trust. Meanwhile, Yuanta Securities Investment Trust became a subsidiary in which Yuanta Securities held 72.18% shares directly.
- In June 2012, Yuanta FHC's Board of Directors resolved that Yuanta FHC could subscribe for 72.18% of the equity of Yuanta Securities Investment Trust as held by the subsidiary, Yuanta Securities. Yuanta Securities Investment Trust canceled the 46,231 shares repurchased from the dissenting shareholders in the merger on July 16, 2012, and the capital reduction ratio was 0.0204%. Therefore, the proportion of equity of Yuanta Securities Investment Trust held by Yuanta FHC upon the settlement in September 2012 was 72.20%.
- In August 2012, Yuanta FHC's Board of Directors resolved that 25.17% of the equity of Yuanta Futures as held by Yuanta Securities should be transferred to Yuanta FHC. Yuanta FHC and Yuanta Securities completed the transfer of 15.18% and 9.99% of the equity of Yuanta Futures respectively on the open market in October 2012. Upon completion of said transfer, Yuanta FHC held 68.65% of the equity of Yuanta Futures directly.
- In May 2013, Yuanta FHC's subsidiary, Yuanta Financial Consulting, completed its liquidation on May 31, 2013, and reported the same to Taiwan Taipei District Court on June 28, 2013. The liquidation was approved by the Taiwan Taipei District Court for record on July 5, 2013.
- Yuanta FHC signed the equity purchase agreement with New York Life Insurance on June 25, 2013 and acquired 100% of the equity of New York Life Insurance Taiwan Corporation at the total price of NT\$100 million.
- On January 1, 2014, Yuanta FHC completed the transfer of equity of New York Life Insurance, and launched into the life insurance business officially since then.
- In February 2014, Yuanta FHC's subsidiary, New York Life Insurance, was renamed Yuanta Life Insurance Co., Ltd. and carried out business under the name of Yuanta Life officially on March 10, 2014.
- In June 2014, Yuanta FHC's subsidiary, Yuanta Securities, completed the settlement to gain control of the equity of Tong Yang Securities. Tong Yang Securities subsequently became a subsidiary of Yuanta Securities Asia Financial officially, and was renamed as Yuanta Securities (Korea).
- In November 2014, Yuanta Securities (Korea) sold its subsidiary, TONGYANG Savings Bank, owned by it wholly, to Yuanta Bank.
- In April 2015, Yuanta FHC's subsidiary, Yuanta Securities, completed the settlement of equity of PT AmCapital Indonesia and renamed the company into PT Yuanta Securities Indonesia (then renamed into PT Yuanta Sekuritas Indonesia) on July, 2015.
- On July 6, 2015, Yuanta FHC's subsidiary, Yuanta Polaris Securities, was renamed "Yuanta Securities"; Yuanta Polaris Futures was renamed "Yuanta Futures"; and

Yuanta Polaris Securities Investment Trust renamed “Yuanta Securities Investment Trust”.

- On January 29, 2016, upon FSC’s approval, Yuanta FHC acquired a 100% share in Ta Chong Bank through share swap and consolidated Ta Chong Bank as a subsidiary wholly owned by Yuanta FHC. Yuanta FHC also set the record date of share swap at March 22, 2016.
- On April 25, 2016, Yuanta FHC’s subsidiary, Yuanta Bank, completed the settlement of equity of Hanshin Savings Bank, which was renamed into Yuanta Savings Bank Korea Co., Ltd. on February 13, 2017.
- On July 8, 2016, Yuanta FHC’s subsidiary, Yuanta Securities, completed the settlement of equity of KKTrade Securities Company Limited, which was renamed into Yuanta Securities (Thailand) Company Limited on September 1, 2016.
- On October 24, 2017, the liquidation of Shanghai Xinsheng Investment Consulting was completed.
- On December 7, 2017, Yuanta Securities’ subsidiaries, Yuanta Securities Asia Financial Services and Yuanta Securities (HK), completed the acquisition of equity of First Securities Joint Stock Company in Vietnam in part. After that, the shareholdings of Yuanta Securities Asia Financial Services was 50.76%. The shareholdings of Yuanta Securities (HK) was 49.19%. That is, both companies held a total of 99.95% shareholdings. First Securities Joint Stock Company in Vietnam was renamed Yuanta Securities Vietnam Joint Stock Company on February 13, 2018 officially.
- On January 1, 2018, Yuanta FHC completed the consolidation of Yuanta Bank and Ta Chong Bank. Yuanta Bank is identified as the surviving company, while Ta Chong Bank was identified as the extinguished company.
- On July 26, 2018, the Board of Directors of Yuanta Securities passed the motion for dissolution and liquidation of Yuanta Securities (UK). On August 17, 2018, the FSC approved the wind-up and liquidation. The record date for liquidation was set on November 1, 2018, since then Yuanta Securities (UK) has not engaged in any business activities.
- On September 19, 2018, Yuanta Securities Vietnam completed the capital increase by VND700 billion. After that, the shareholdings of Yuanta Securities Asia Financial Services and Yuanta Securities (HK) in Yuanta Securities Vietnam were 85.23% and 14.76%, respectively. Both companies held a total of 99.99% in shareholdings.
- On November 29, 2018, Yuanta Securities’ subsidiary, Yuanta Securities Asia Financial Services, completed the acquisition of 0.01% of the remaining minority equity of Yuanta Securities Vietnam Joint Stock Company. After that, the shareholdings of Yuanta Securities Asia Financial Services and Yuanta Securities (HK) in Yuanta Securities Vietnam Joint Stock Company were 85.24% and 14.76% respectively. That is, both companies held a total of 100% shareholdings.
- The Board of Directors of Yuanta FHC resolved on March 25, 2019 again to sell the whole equity of Yuanta Securities Finance to Yuanta Securities at the price of NT\$8.818 billion, and the date for settlement would be March 26, 2019. Upon completion of the settlement, Yuanta Securities Finance became a subsidiary wholly owned by Yuanta Securities.
- On June 14, 2019, upon approval of the competent authority in Vietnam, the State Securities Commission (SSC), Yuanta Securities Vietnam Joint Stock Company was officially renamed Yuanta Securities Vietnam Limited Company.
- On September 17, 2019, Yuanta Securities Asia Financial Services increased the capital of Polaris Securities (HK) with 100% of the equity held by it in Yuanta Asia

Investment in kind. Upon completion of the capital increase, Yuanta Asia Investment became a subsidiary wholly owned by Polaris Securities (HK), and Polaris Securities (HK) was renamed as Yuanta Asia Investment (HK) on September 24, 2019.

- On February 14, 2020, the registration of cancellation requested by Yuanta Securities Holdings (BVI) was approved by the BVI Companies Registry.
- SYF Information (Samoa) completed the liquidation on July 17, 2020. SYF Information owned SYF Information (Shanghai) wholly.
- On September 14, 2020, Yuanta Securities Vietnam completed the capital increase by VND500 billion. After that, the shareholdings of Yuanta Securities Asia Financial Services and Yuanta Securities (HK) in Yuanta Securities Vietnam were 90.16% and 9.84%, respectively. Both companies held a total of 100% shareholdings.
- On November 4, 2020, Yuanta Asia Investment received the approval of a certificate for liquidation from the competent local authority on BVI. Then, it completed the liquidation in kind and distributed and returned its assets to Yuanta Asia Investment (HK).
- On June 24, 2021, Yuanta Securities (UK) completed the liquidation procedures pursuant to the local laws and regulations and received the certificate of liquidation.
- On October 21, 2021, the application for relocation to Singapore filed by Yuanta Securities Asia Financial Services was approved by the competent authority in Singapore, namely the “Accounting and Corporate Regulatory Authority.” Accordingly, its name in English was changed into Yuanta Securities Asia Financial Services Private Limited simultaneously. Meanwhile, its application for emigration was approved by the Registrar of Companies in Bermuda on October 28, 2021. The effective date of the emigration is as same as that of relocation to Singapore.
- On December 15, 2021, Yuanta Securities Vietnam completed the capital increase by VND500 billion. After that, the shareholdings of Yuanta Securities Asia Financial Services and Yuanta Securities (HK) in Yuanta Securities Vietnam were 92.62% and 7.38%, respectively. Both companies held a total of 100% shareholdings.
- On September 16, 2022, the disposal of PT Yuanta Asset Management was completed. PT Yuanta Sekuritas Indonesia already reported the registration of transfer to the competent authority in Indonesia.
- On November 24, 2022, Yuanta Investment Management (Cayman) Ltd. completed the liquidation procedures pursuant to the local laws and regulations.
- On February 17, 2023, Yuanta Securities Vietnam completed the capital increase by VND500 billion. After that, the shareholdings of Yuanta Securities Asia Financial Services and Yuanta Securities (HK) in Yuanta Securities Vietnam were 94.10% and 5.90%, respectively. Both companies held a total of 100% shareholdings.

(II) Awards and honors won in the most three years

1. 2020

- (1) Yuanta FHC ranked among the top 5% of TWSE listed company groups in the 6th term “Corporate Governance Evaluation Operation” held by TWSE.
- (2) Yuanta FHC was selected by the “DJSI World Index” - Diversified Financials.
- (3) Yuanta FHC was selected by the “DJSI Emerging Markets Index” - Diversified Financials.
- (4) Passed the Taiwan Corporate Governance Association’s “CG6012 (2019) Corporate Governance Framework Assessment Certificate with Distinguished Honor.” (Effective term: December 15, 2020~December 24, 2022)
- (5) Yuanta FHC was rated by the MSCI ESG Rating as Level A for Diversified Financials.
- (6) Awarded by Corporate Governance Asia– Best Investor Relations Company in Taiwan, Asia’s Best CEO (Investor Relations) – Chairman Tony Shen, Asia’s Best CFO (Investor Relations) - CFO Hsu Shu Mai, and Asia’s Best Investor Relation Manager - Senior Vice President Allen Wu.
- (7) Selected nominations by FTSE4Good Emerging Index.
- (8) Selected nominations by “FTSE4Good TIP Taiwan ESG Index”.
- (9) Rated by the international NPO, CDP (Carbon Disclosure Project), as Level A (Leadership level).
- (10) Awarded the “2020 Sustainability Resilience Awards - Leadership Award” by BSI.
- (11) Selected by the “2020 Bloomberg Gender-Equality Index (GEI).”
- (12) Awarded the “Taiwan’s Excellence in Corporate Social Responsibility Awards - New Star Award” by CommonWealth Magazine.
- (13) Awarded the “Excellency Award in Education Promotion category with its project” by the 16th Annual Corporate Social Responsibility Awards by Global Views Monthly.
- (14) Awarded the “Platinum Award for the Best ESG Enterprise” by The Asset.
- (15) Awarded the “Insurance Dragon & Phoenix Awards - Most Attractive Financial Holding Company, Excellence Award” by Risk Management Insurance Finance Foundation.

2. 2021

- (1) Yuanta FHC ranked among the top 6%–20% of TWSE listed company groups in the 7th term “Corporate Governance Evaluation Operation” held by TWSE.
- (2) Yuanta FHC was selected by the “DJSI World Index” – Diversified Financials and jumped to 1st place globally in the FBN Diversified Financial Services and Capital Markets.
- (3) Yuanta FHC was selected by the “DJSI Emerging Markets Index” – Diversified Financials.
- (4) Awarded by Corporate Governance Asia – Best Investor Relations Company in Taiwan, Asia’s Best CEO (Investor Relations) – President Chien Weng, Asia’s Best CFO (Investor Relations) – CFO Hsu Shu Mai, and Asia’s Best Investor Relation Manager – Senior Vice President Allen Wu.
- (5) Selected nominations by FTSE4Good Emerging Index.
- (6) Selected by the “2021 Bloomberg Gender-Equality Index (GEI).”

- (7) Awarded by S&P Global “2021 The Sustainability Yearbook – Bronze Award.”
- (8) Awarded HR Asia “Best Companies to Work for in Asia.”
- (9) Selected nominations by “FTSE4Good TIP Taiwan ESG Index”.
- (10) Rated by the international NPO, CDP (Carbon Disclosure Project), as Level A (Leadership level).
- (11) Awarded the “2021 Sustainability Resilience Awards – Leadership Award” by BSI.
- (12) Awarded the Global Banking & Finance Review “Best CSR Company in Taiwan.”
- (13) Awarded the International Business Magazine “Best CSR Company in Taiwan.”
- (14) Awarded the “Role Model Award for Financial Insurance Group and Role Model Award for Public Welfare Promotion” of the 17th Annual Corporate Social Responsibility Awards by Global Views Monthly.
- (15) Awarded the “Jade Award for the Best ESG Enterprise” by The Asset.
- (16) Awarded the “Sustainability Excellence Award for Financial Holdings” by Wealth Magazine.
- (17) Awarded the “National Excellent Healthy Workplaces” by Health Promotion Administration, Ministry of Health and Welfare.
- (18) Awarded the “Peaceful WorkPlace Certification” by the Department of Health, Taipei City Government.
- (19) Awarded the “Indoor Air Quality Self-Management Excellence Mark” by Environmental Protection Administration, Executive Yuan.
- (20) Awarded the “silver medal” of the 3rd ROC Enterprise Environmental Protection Award.

3. 2022

- (1) Yuanta FHC ranked among the top 5% of the TWSE listed companies, the top 10% of the TWSE/TPEx listed companies engaged in financial insurance business, and 8th in “Corporate Governance Evaluation Operation” held by TWSE.
- (2) Yuanta FHC was selected by the “DJSI World Index” – Diversified Financials and remained 1st place globally in the FBN Diversified Financial Services and Capital Markets.
- (3) Yuanta FHC was selected by the “DJSI Emerging Markets Index” - Diversified Financials.
- (4) Passed the Taiwan Corporate Governance Association’s “CG6013 (2021) Corporate Governance Framework Assessment Certificate with Distinguished Honor.” (Effective term: December 29, 2022~December 28, 2024)
- (5) Rated by the international NPO, CDP (Carbon Disclosure Project), as Level A (Leadership level).
- (6) Selected by the “2022 Bloomberg Gender-Equality Index (GEI).”
- (7) Awarded by Corporate Governance Asia – Best Investor Relations Company, Asia’s Best Corporate Social Responsibility, Asia’s Best CEO (Investor Relations) – President Chien Weng, Asia’s Best CFO (Investor Relations) – CFO Hsu Shu Mai, and Asia’s Best Investor Relation Manager – Senior Vice President Allen Wu.

- (8) Selected nominations by FTSE4Good Emerging Index.
- (9) Awarded by S&P Global “2022 The Sustainability Yearbook – Gold Award.”
- (10) Awarded HR Asia “Best Companies to Work for in Asia.”
- (11) Selected nominations by “FTSE4Good TIP Taiwan ESG Index”.
- (12) Awarded the “2022 Sustainability Resilience Awards - Leadership Award” by BSI.
- (13) Awarded the “National Sustainable Development Award (Enterprise Group)” by the National Development Council.
- (14) Awarded the “Role Model Award for Financial Insurance Group” of the 18th Annual ESG and CSR Awards by Global Views Monthly.
- (15) Awarded the “Golden Prize for Taipei City Gender Equality in Employment Certification” by Department of Labor, Taipei City Government.
- (16) Awarded the “Excellent Enterprise for Disclosure of Occupational Safety and Health Indicators in Sustainability Report” by Occupational Safety and Health Administration, Ministry of Labor.
- (17) Awarded the “Top 100 Enterprises for Excellence in Corporate Social Responsibility (CSR)” by the CommonWealth Magazine.
- (18) Awarded the “Sustainability Excellence Award for Financial Holdings” by Wealth Magazine.

Three. Corporate Governance Report

I. Organization

(I) Departmental duties and responsibilities

1. Secretariat Office: Responsible for the affairs of the Board of Directors and deliberations matters of all functional committees, as well as coordination and integration of affairs to be handled by the subsidiaries within the scope of job duty.
2. Internal Auditing Department: Responsible for internal audits as well as oversight, integration and evaluation of matters related to subsidiaries within the scope of its responsibilities.
3. Risk Management Department: Responsible for risk control as well as oversight, integration and evaluation of matters related to subsidiaries within the scope of its responsibilities.
4. Corporate Planning Department: Responsible for handling the Company's annual/mid-term and long-term development plans, setting operating goals and executing performance evaluations for the Company and its subsidiaries, managing and integrating important domestic business activities of the subsidiaries, promoting the corporate governance affairs, planning merger and acquisition projects, and promoting other important projects, et al. and oversight, integration and evaluation of matters related to subsidiaries within the scope of its responsibilities.
5. Institutional IR Department: Responsible for maintaining relations and strategically communicating with institutional investors, providing feedback for their suggestions, etc.
6. Compliance Affairs Department: A compliance affairs unit subordinated to the president, responsible for planning, management and execution of the compliance system; establishment of various conveyance, consultation, coordination and communication systems for laws & regulations; confirmation of timely update of various operations and management regulations subject to laws & regulations; issuance or conclusion of the opinion which meets laws & regulations and internal regulations; analysis of deficiencies of various units in compliance or the causes thereof and opinion about corrective actions; performance appraisal of various units in compliance; assurance of effective operation of the compliance system; and, supervision and performance appraisal of the relevant functions assumed by subsidiaries.
7. Legal Affairs Department: Responsible for researching and drafting Company's contracts with others; audit and management; advising and processing of legal issues and non-litigious and litigious matters; and, supervision and performance appraisal of the relevant functions assumed by subsidiaries.
8. Financial Department: Responsible for the Company's fiscal management, allocation of funds, capital planning, investment and financial management, market research and analysis, and oversight, integration and evaluation of matters related to subsidiaries within the scope of its responsibilities.
9. Accounting Department: Responsible for the establishment of the Company's accounting systems and operating procedures, accounting processing and management, final accounts, preparation of financial statements, a compilation of financial plans, planning and management of taxation affairs, and oversight, integration and evaluation of matters related to subsidiaries within the scope of its responsibilities.
10. Administration Department: Responsible for planning and implementation of the Company's construction engineering, procurement affairs, asset management, shareholders service, occupational safety and health, paperwork, public affairs

(including PRs, media affairs, promotional materials, CIS and CSR compilations), and oversight, integration and evaluation of matters related to subsidiaries within the scope of its responsibilities.

11. Human Resource Department: Responsible for planning and implementation of recruiting and hiring, education and training, employee development, remunerations, benefits, labor-management relations, drafting and amending of personnel regulations as well as oversight, integration and evaluation of matters relating to subsidiaries within the scope of its responsibilities.
12. Information Technology Department: Responsible for the planning, design, and implementation all the Company's IT matters as well as oversight, integration and evaluation of matters related to subsidiaries within the scope of its responsibilities.
13. IT Security Department: Responsible for the planning, design, and implementation of all the Company's IT security matters as well as oversight, integration and evaluation of matters related to subsidiaries within the scope of its responsibilities.
14. Operational Support Department: Responsible for raising efficiency of the operational support unit of each subsidiary company, including related operating systems and procedures, workforce optimization and upgrading of operational efficiency, and oversight of the operational planning, management, implementation and evaluation of various subsidiaries.
15. Project Planning Dept.: Responsible for providing the important operational management consulting services, and assisting subsidiaries, as an internal advisor, to research action projects to boost the operating revenue and profit growth and improve the efficiency.
16. Corporate Banking Division: Responsible for planning, management, execution and evaluation of integrated effects of operations related to corporate banking of the Company and its subsidiaries.
17. International Operations Division: Responsible for planning, management, execution and evaluation of integrated effects of operations related to international affairs of the Company and its subsidiaries.
18. Digital Development Division: Responsible for planning, management, execution and evaluation of integrated effects of operations related to Digital Development of the Company and its subsidiaries.

Chief functional officers and chief executive officers shall be appointed, who are responsible for implementing various functional affairs, or executing the guidance and integration of departments Business, and vice chief functional officer and vice chief executive officers may be appointed to assist the chief functional officers and chief executive officers, if necessary.

The chief functional officer under the supervision of the Board of Directors shall perform the following functions and operations:

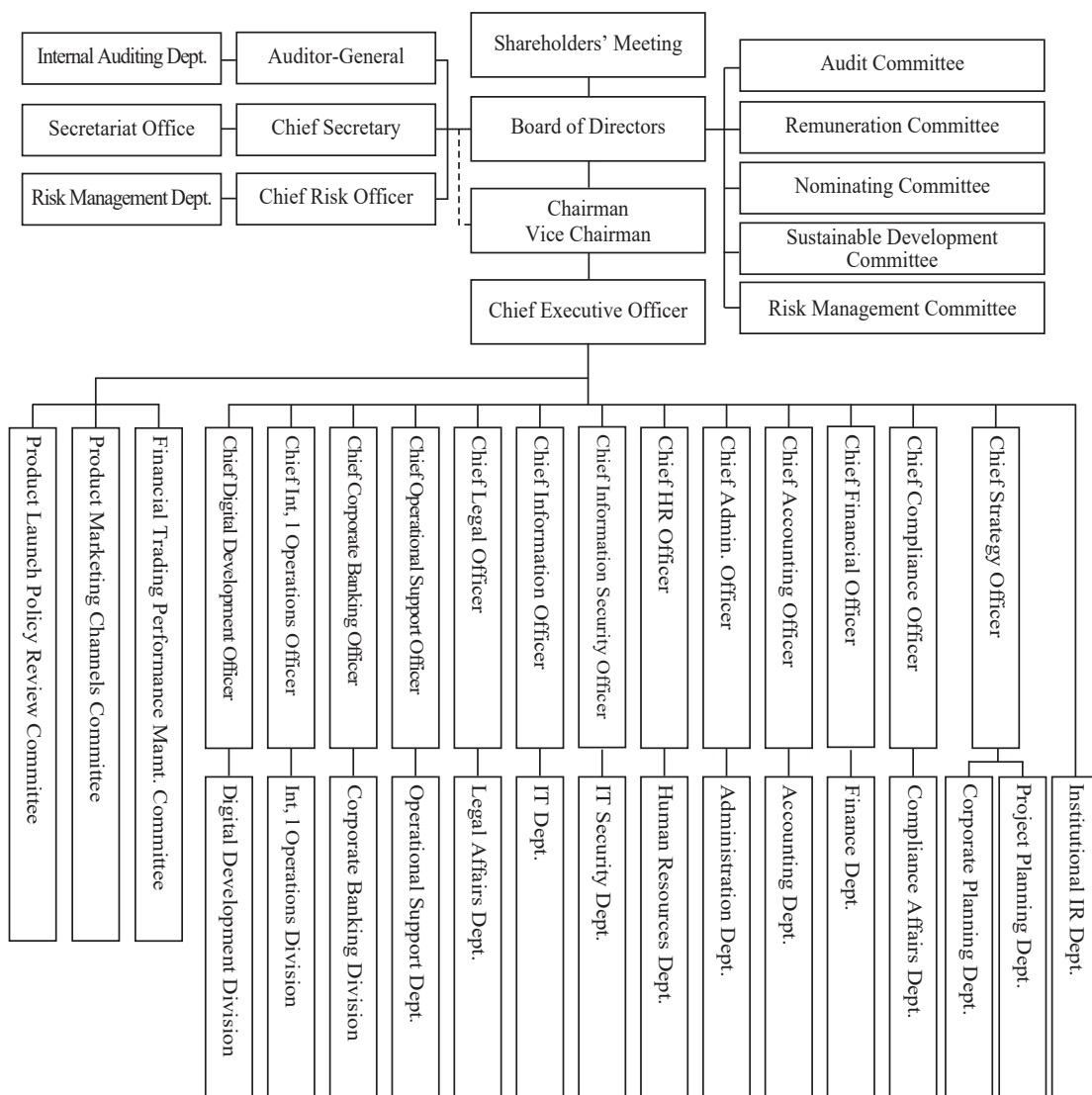
- (1) The Auditor-General is responsible for supervising and integrating the execution of functions and operations of the Internal Auditing Dept.;
- (2) The Chief Secretary is responsible for supervising and integrating the execution of functions and operations of the Secretariat Office;
- (3) The Chief Risk Officer is responsible for executing the supervision and integration of functions and operations of the Risk Management Dept.

The chief functional officer and chief executive officer under the supervision of the president shall perform the following functions and operations:

- (1) The Chief Strategy Officer is responsible for supervising and integrating the execution of functions and operations of the Corporate Planning Dept. and Project Planning Dept.;

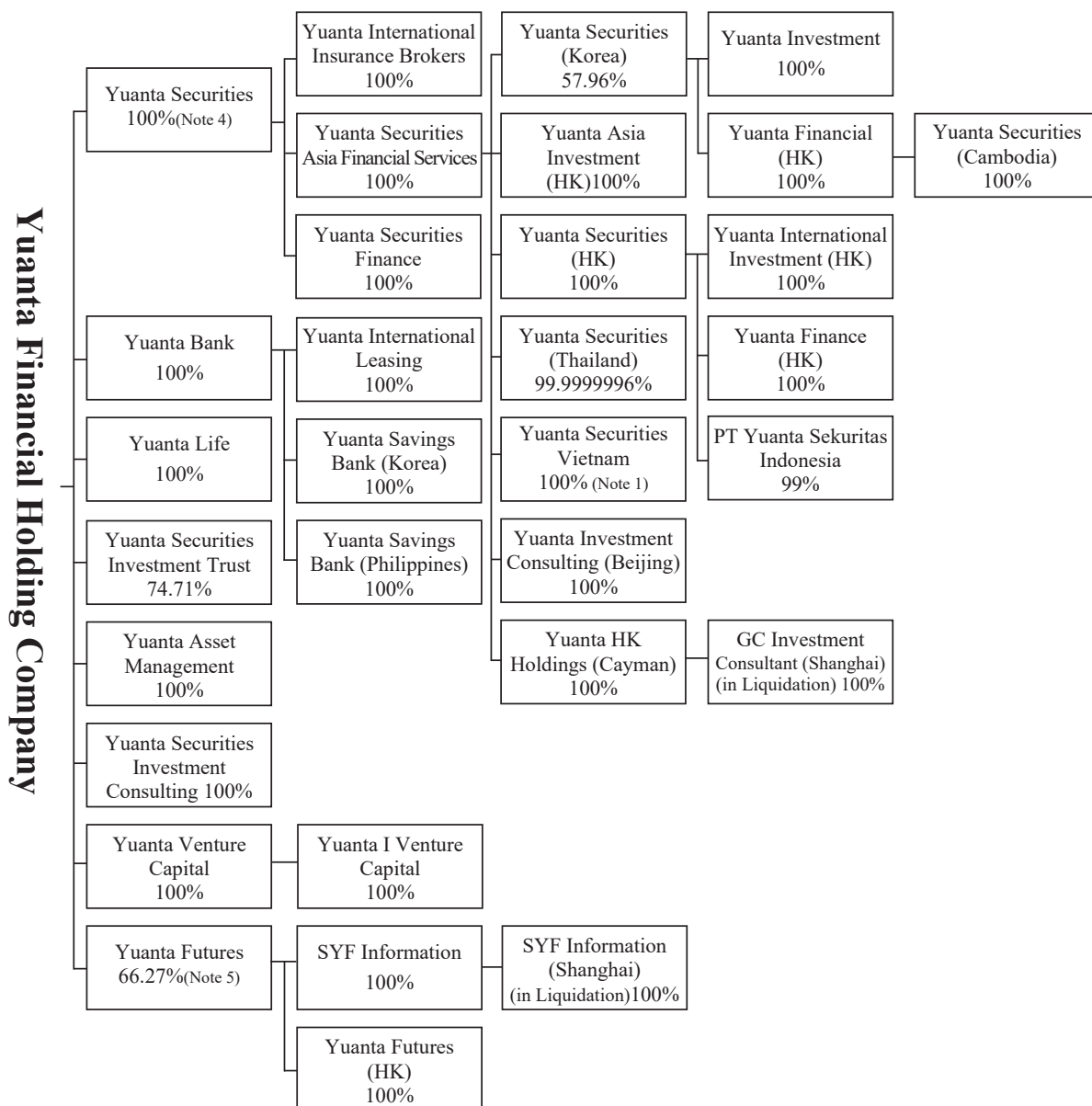
- (2) The Chief Compliance Officer is responsible for executing the supervision and integration of functions and operations of the Compliance Affairs Dept., and serves as the Head Office CCO;
- (3) The Chief Financial Officer is responsible for executing the supervision and integration of functions and operations of the Finance Dept.;
- (4) The Chief Accounting Officer is responsible for executing the supervision and integration of functions and operations of the Accounting Dept.;
- (5) The Chief Admin. Officer is responsible for executing the supervision and integration of functions and operations of the Administration Dept.;
- (6) The Chief HR Officer is responsible for executing the supervision and integration of functions and operations of the Human Resources Dept.;
- (7) The Chief Information Officer is responsible for executing the supervision and integration of functions and operations of the IT Dept.;
- (8) The Chief Information Security Officer is responsible for executing the supervision and integration of functions and operations of the Information Security Dept.;
- (9) The Chief Legal Officer is responsible for executing the supervision and integration of functions and operations of the Legal Affairs Dept.;
- (10) The Chief Operational Support Officer is responsible for executing the supervision and integration of functions and operations of the Operational Support Dept.;
- (11) The chief executive officers of various business divisions are responsible for executing the supervision and integration of functions and operations of the relevant business divisions.

(II) Organizational Chart



(III) Relationship between the Company and its subsidiaries

As of January 31, 2023



Note 1: Yuanta Securities Asia Financial Services Private Ltd. holds 94.10% of shares of Yuanta Securities Vietnam Limited Company. Yuanta Securities (Hong Kong) Co., Ltd. holds 5.90% of shares of Yuanta Securities Vietnam Limited Company. Yuanta Securities Co., Ltd. holds 100% of shares of Yuanta Securities Vietnam Limited Company indirectly.

Note 2: The disposal of PT Yuanta Asset Management was completed on September 16, 2022.

Note 3: The liquidation of Yuanta Investment Management (Cayman) was completed on November 24, 2022.

Note 4: Yuanta Wealth Management (Singapore) Pte. Ltd. was established with the investment by Yuanta Securities on April 29, 2022. Its business license application is under review by the competent authority in Singapore.

Note 5: Yuanta Global (Singapore) Pte. Ltd. was established with the investment by Yuanta Futures on November 23, 2022. Its business license application is under review by the competent authority in Singapore.

(IV) Mutual shareholding ratios, number of shares, and actual invested capital between affiliated enterprises

As of January 31, 2023

Name of affiliated enterprise	Relationship with Yuanta FHC	Invested capital (NT\$ 1,000)	Investment shares (1,000 shares)
Yuanta Securities Co., Ltd.	100%-held subsidiary	75,708,786	6,592,453
Yuanta Commercial Bank Co., Ltd.	100%-held subsidiary	97,071,284	7,394,039
Yuanta Life Insurance Co., Ltd.	100%-held subsidiary	22,352,343	2,373,570
Yuanta Securities Investment Trust Co., Ltd.	74.71%-held subsidiary	3,829,794	169,538
Yuanta Futures Co., Ltd.	66.27%-held subsidiary	4,934,977	192,167
Yuanta Venture Capital Co., Ltd.	100%-held subsidiary	2,715,221	271,522
Yuanta Asset Management Co., Ltd.	100%-held subsidiary	3,346,138	334,614
Yuanta Securities Investment Consulting Co., Ltd.	100%-held subsidiary	138,100	10,000
Yuanta Securities Asia Financial Services Ptd. Ltd.	100% held by subsidiary, Yuanta Securities	14,642,759	390,909
Yuanta International Insurance Brokers Co., Ltd.	100% held by subsidiary, Yuanta Securities	5,550	500
Yuanta Securities Finance Co., Ltd.	100% held by subsidiary, Yuanta Securities	8,818,069	400,000
Yuanta Wealth Management (Singapore) Pte. Ltd.	100% held by subsidiary, Yuanta Securities	(Note 3)	(Note 3)
Yuanta International Leasing Co., Ltd.	100% held by subsidiary, Yuanta Bank	100,000	10,000
Yuanta Savings Bank Philippines, Inc.	100% held by subsidiary, Yuanta Bank	1,621,346	2,400,000
Yuanta Savings Bank Korea Co., Ltd.	100% held by subsidiary, Yuanta Bank	4,079,836	13,516
Yuanta Futures (Hong Kong) Co., Ltd.	100% held by subsidiary, Yuanta Futures	1,033,971	34,000
SYF Information Co., Ltd.	100% held by subsidiary, Yuanta Futures	350,000	35,000
Yuanta Global (Singapore) Pte. Ltd.	100% held by subsidiary, Yuanta Futures	(Note 4)	(Note 4)
Yuanta I Venture Capital Co., Ltd.	100% held by subsidiary, Yuanta Venture Capital	537,261	85,000
Yuanta Securities (Hong Kong) Co., Ltd.	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	9,151,651	2,268,133
Yuanta Asia Investment (Hong Kong) Limited	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	1,165,143	293,892
Yuanta Hong Kong Holdings (Cayman) Limited	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	23,529	74

Name of affiliated enterprise	Relationship with Yuanta FHC	Invested capital (NT\$ 1,000)	Investment shares (1,000 shares)
Yuanta Investment Consulting (Beijing) Co., Ltd.	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	91,973	(Note 1)
Yuanta Securities (Korea) Co., Ltd.	57.96% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	8,977,212	115,696
Yuanta Securities (Thailand)	99.9999996% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	4,259,484	450,000
Yuanta Securities Vietnam Limited Company	94.10% held by subsidiary, Yuanta Asia Financial Services, a subsidiary of Yuanta Securities, 5.90% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary of Yuanta Securities, and a total of 100% held by both.	3,636,280	(Note 2)
SYF Information (Shanghai) (in liquidation)	100% held by SYF Information, which is a subsidiary of subsidiary Yuanta Futures	157,209	(Note 1)
GC Investment Consultant (Shanghai) (in liquidation)	100% held by Yuanta HK Holdings (Cayman), an indirect subsidiary of subsidiary Yuanta Securities	24,806	(Note 1)
Yuanta Finance (Hong Kong) Ltd.	100% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	204,189	50,000
Yuanta International Investment (Hong Kong) Ltd.	100% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	204,189	50,000
PT Yuanta Sekuritas Indonesia	99% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	1,009,676	474
Yuanta Investment Co., Ltd.	100% held by Yuanta Securities (Korea), an indirect subsidiary of subsidiary Yuanta Securities	1,662,011	6,401
Yuanta Financial (Hong Kong) Ltd.	100% held by Yuanta Securities (Korea), an indirect subsidiary of subsidiary Yuanta Securities	801,918	18,954
Yuanta Securities (Cambodia) Plc.	100% held by Yuanta Financial (HK), an indirect subsidiary of subsidiary Yuanta Securities	377,160	12,500

Note 1 : Said company refers to a limited liability company, and thus has only equity but no shares.

Note 2 : Said company adopts the contribution of capital, and thus has no shares.

Note 3 : Yuanta Wealth Management (Singapore) Pte. Ltd. was established with the investment by Yuanta Securities on April 29, 2022. Its business license application is under review by the competent authority in Singapore.

Note 4 : Yuanta Global (Singapore) Pte. Ltd. was established with the investment by Yuanta Futures on November 23, 2022. Its business license application is under review by the competent authority in Singapore.

II. Information on Directors, Independent Directors and Managers

(I) Directors'/Independent Director's information

As of January 31, 2023

Title	Nationality or Place of Registration	Name	Gender	Date of Election (Appointment) Date	Term (years)	Date when first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in Yuanta FHC or in other companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship	
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name Relationship
Chairman	Republic of China (Taiwan)	Ting Chien Shen (Tony)	M 72	2022.06.10	Three years	2009.04.16	5,384,398	0.04%	5,545,929	0.04%	—	—	—	—	Taipei High School of Commerce Chairman, Vice Chairman, President, Executive Vice President of Yuanta FHC; Chairman, Executive Vice President, and Vice President of Yuanta Securities; Vice Chairman of Yuanta Securities Asia Financial Services Private Ltd.; Chairman of Yuanta Securities (Hong Kong) Co., Ltd.	Chairman of Yuanta FHC; Director of Yuanta Securities; Director of Yuanta Foundation	—	—
Director	Republic of China (Taiwan)	Wei Chen Ma (Michael)	M 53	2022.06.10	Three years	2013.06.01	—	—	—	—	—	—	—	—	Bachelor of Business, University of Southern California Vice Chairman of Yuanta Life; Executive Vice President of Yuanta FHC; Vice Chairman of Yuanta Bank; CEO of Syspower; Director of Yuanta Core Pacific Securities; Chairman of Richcorp International Limited; Special Assistant of Chairman of Yuanta Construction Development	Director of Yuanta Bank; Director of Yuanta Construction Development; Chairman of Yuanta Foundation; Director of Yuanta Life; Director of International Taipei Trade Building, World Trade Center Co., Ltd.; Director of TWSE; Director of Richcorp International Limited; Director of Yuanta International Investment; Director of Sunshine City Global (PTC) Limited; Director of Empire Vision Limited; Supervisor of Bai Hung Investment Co., Ltd.	—	—
Director	Republic of China (Taiwan)	Representative of Tsun Chueh Investment: Chung Yuan Chen	M 73	2022.06.10	Three years	2016.06.16	Holds 429,749,788 shares with Director Daniel Y.M. Song on behalf of Tsun Chueh Investment Co., Ltd. and also individually holds 2,392,000 shares	3.54%	Holds 442,642,281 shares with Director Daniel Y.M. Song on behalf of Tsun Chueh Investment Co., Ltd. and also individually holds 2,463,760 shares	3.54%	—	—	—	—	KuNan High School of Commerce and Industry Executive Yuan Political Adviser; Managing Director of Taiwan Power Company; Chairman of Taipei City Fire Buff Association; Supervisor of Chang Jia M&E Engineering Corp.	Director of Yuanta Bank; Responsible person of Xinyi Mansion Artwork Chung Yuan Chen; Chairman of Taipei City Jue Xiu Temple; Chairman of Board, Yanping High School	—	—
Director	Republic of China (Taiwan)	Representative of Tsun Chueh Investment: Daniel Y.M. Song	M 62	2022.06.10	Three years	2019.06.14	Holds 429,749,788 shares with Director Chung Yuan Chen on behalf of Tsun Chueh Investment Co., Ltd. and also individually holds 249,305 shares	3.54%	Holds 442,642,281 shares with Director Chung Yuan Chen on behalf of Tsun Chueh Investment Co., Ltd. and also individually holds 256,784 shares	3.54%	—	—	—	—	Master of Law, Columbia University Partner, Lee and Li Attorneys-at-Law; Attorney-at-Law, New York, the USA; Prosecutor, Taiwan Teaching District Prosecutors Office; Prosecutor assisting Ministry of Justice; Director of UNI Airways Corporation	Chairman of Yuanta Asset Management; Director of Yuanta Bank; Director of Yuanta Life; Director of Sunshine City Global (PTC) Limited	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date of Election (Appointment) Date	Term (years)	Date when first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in Yuanta FHC or in other companies	Manager, director or supervisor or spouse or address within the second degree of kinship	
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name Relationship
Director	Republic of China	Representative of Modern Investment: Chien Wang	M 65	2022.06.10	Three years	2022.06.10	Holds 127,445,068 shares on behalf of Modern Investment Co., Ltd. and also individually holds 2,008,005 Shares	1.05%	Holds 131,768,420 shares on behalf of Modern Investment Co., Ltd. and also individually holds 2,068,245 Shares	1.05%	6,890	0.00%	—	—	Bachelor in Law, Fu Jen Catholic University Director, President, Vice President and Administrative Director of Yuanta Polaris Securities; Auditor-General and Executive Vice President of Yuanta FHC; Auditor-General of Yuanta Bank; Chairman of Yuanta Venture Capital; Director of Yuanta Life; Director of Yuanta I Venture Capital; Managing Director, Vice President, and Board of Directors Chief Secretary of Oversea-Chinese Banking Corporation Limited	President of Yuanta FHC; Chairman of Yuanta Bank; Independent Director of Taiwan FamilyMart; Director of Yuanta Foundation	—	—
Independent Director	Republic of China	Ming Ling Hsueh	M 68	2022.06.10	Three years	2016.06.16	—	—	—	—	—	—	—	—	Masters, Soochow University Institute of Accounting, MBA, Bloomsburg University of Pennsylvania President of PwC Taiwan; Adjunct Professor of College of Technology Management, National Tsing Hua University; Adjunct Professor of National Taiwan University School of Science and Technology, School of Management; Member of the Board of Examiners for Senior Professional and Technical Examination of the R.O.C.; Chairman of Financial Literacy & Education Association (FINLEA)	Independent Director of Yuanta Bank, Lite-On Technology Corporation, TTY Biopharm, Walsin Lihua Corp.; Standing Director of Taiwan Corporate Governance Association; Director of Tung Hua Book Co., Ltd.	—	—
Independent Director	Republic of China	Kuang Si Shiu	M 72	2022.06.10	Three years	2019.06.14	—	—	—	—	—	—	—	—	Masters, Indiana University Kelley School of Business Chairman, President and Vice President of Mega Financial Holdings; Chairman and President of Mega Bank; Chairman of Hua Nan Financial Holdings; Chairman of Hua Nan Bank; Chairman of Land Bank of Taiwan; Vice President of Bank of Communications; 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	Independent Director of Yuanta Bank; Supervisor of Yu Cheng Investment Co., Ltd.; Supervisor of The Promised Land Foundation; Director of Canaan Clear Co., Ltd.; Supervisor of TIMo Tai Investment Co., Ltd.; Independent Director of United Microelectronics Corporation; Director of Canaan Social Welfare & Charity Foundation	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date of Election (Appointment) Date	Term (years)	Date when first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in Yuanta FHC or in other companies	Manager, director or supervisor, spouse or relative within the second degree of kinship	
							Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name
Independent Director	Republic of China	Hsiang Yi Chow	M 64	2022.06.10	Three years	2019.06.14	—	—	—	—	—	—	—	—	Emeritus Professor of NCCU Department of Finance, Independent Director of Yuanta Securities, Independent Director of Green Dot Corp.; Director of Global Vision Research Institute; Director of Uni-President Enterprises Corporation; Independent Director of Polaris Securities; President of National Chengchi University (NCCU), and Chair of NCCU Department (Graduate Institute) of Finance; Vice Chairman of Asian Finance Association; Member of Financial Restructuring Fund Commission; Member of Research, Development and Evaluation Commission, Executive Yuan; Supervisor of Securities and Futures Investors Protection Center; Chairman of NCCU Griffins; Chairman of Financial Literacy & Education Association (FINLEA)		—	—
Independent Director	Republic of China	Sharon S. Yang	F 52	2022.06.10	Three years	2022.06.10	—	—	—	—	—	—	—	—	Independent Director of Yuanta Life, Advisory Committee member of Central Deposit Insurance Corporation; Director of NN IP & Nantua STRF Financial Research Center, NCCU College of Commerce; Member of Taiwan Futures Exchange Trading Committee; Advisory Committee member of Financial Ombudsman Institution, and Advisor of Public Service Pension Fund Supervisory Board, among others.		—	—

Note 1 : The contents above, including shares and shareholding ratios, were based on actual shareholdings on January 31, 2023. Shareholding ratios for institutional shareholders do not include the personal shareholdings of representatives.

Note 2 : The Company's directors of the board were re-elected in whole on June 10, 2022, and the directors shall hold the position from June 10, 2022 until June 9, 2025.

Note 3 : The Company convened the Board of Directors meeting to elect Mr. Tony Shen as the Chairman of Board on June 10, 2022.

Note 4 : The date first elected is the date on which directors or representative first assumed their positions.

Note 5 : Yuanta FHC had a total of 12,501,558,992 shares outstanding as of January 31, 2023.

Note 6 : The Chairman of the Board of Directors and President or equivalent (the chief executive officer) of the Company are not the same person, spouses or relatives within first degree of kinship.

(II) Major shareholders of institutional shareholders

As of January 31, 2023

Name of Institutional shareholder	Major shareholders of 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%
Modern Investment Co., Ltd.	Lian Ta Investment Co., Ltd. - 41.36%, Lien Heng Investment Co., Ltd. - 19.73%, Teng Ta Investment Co., Ltd. - 17.23%, Judy Tu - 5.01%, Hsing Tsai Investment Co., Ltd. - 16.67%

(III) Key shareholders of major institutional shareholders

As of January 31, 2023

Name of Juristic Person	Major shareholders of Juristic Person
Teng Ta Investment Co., Ltd.	Lien Heng Investment Co., Ltd. - 53.58%, Mcgold Ventures Limited - 45.87%, Judy Tu - 0.55%
Lian Ta Investment Co., Ltd.	GW International Inc. - 45.79%, Lien Heng Investment Co., Ltd. - 37.14%, Chiu Ta Investment Co., Ltd. - 14.02%, Hsing Tsai Investment Co., Ltd. - 2.58%, Judy Tu - 0.47%
Chiu Ta Investment Co., Ltd.	CK Investments Group Limited - 46.06%, Lian Ta Investment Co., Ltd. - 33.26%, Teng Ta Investment Co., Ltd. - 14.27%, Lien Heng Investment Co., Ltd. - 4.72%, Modern Investment Co., Ltd. Co., Ltd. - 1.69%
Lien Heng Investment Co., Ltd.	Suchluck Investments Limited - 45.14%, Hsing Tsai Investment Co., Ltd. - 22.49%, Teng Ta Investment Co., Ltd. - 19.61%, Lian Ta Investment Co., Ltd. - 11.14%, Modern Investment Co., Ltd. - 1.25%, Chiu Ta Investment Co., Ltd. - 0.37%
Hsing Tsai Investment Co., Ltd.	Lien Heng Investment Co., Ltd. - 48.93%, Taiwan Dragon Management Limited - 46.19%, Chiu Ta Investment Co., Ltd. - 4.88%

(IV) Disclosure of information about professional qualifications and independence of directors and independent directors

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Ting Chien Shen (Tony) Chairman	Chairman Tony Shen used to be the Chairman of Yuanta Polaris Securities (2009/4–2014/6), and also Yuanta FHC’s President (2009/9–2013/5, 2014/7–2019/6), Vice Chairman (2013/6–2014/7) and Chairman (2013/6–2013/11, 2019/6–present), who satisfies the professional qualifications referred to in subparagraph 1, Paragraph 1, Paragraph 9, of Article 9 of the “Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company” (hereinafter referred to as the “Regulations Governing Qualification Requirements for Responsible Persons of Financial Holding Companies”). Meanwhile, Chairman Tony Shen also held the position as the Vice Chairman (2007/4–2007/10), Director (2001/10–2014/7) of Yuanta Securities Asia Financial Services and Chairman (2007/6–2009/7) of Yuanta Securities (HK) once and engaged in the securities-related work for over three decades. He holds the expertise in management and corporate governance of financial holding company and securities house.	<ol style="list-style-type: none"> Not an employee of Yuanta FHC or an affiliate. To be director or supervisor of Yuanta FHC or any of its affiliated companies. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC’s total outstanding shares, nor is one of Yuanta FHC’s ten largest natural-person shareholders. Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. Not a director, supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in Yuanta FHC its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. Is not the spouse or relative within the second degree of kinship of another director. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act. 	0

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Wei Chen Ma (Michael) Director	Director Wei Chen Ma (Michael) used to be the director of Yuanta Core Pacific Securities (2000/8–2005/6), Vice Chairman of Yuanta Bank (2005/7–2008/3), Executive Vice President of Yuanta FHC (2007/9–2009/5) and Vice Chairman of Yuanta Life (2016/2–2018/1), and is experienced in the financial business and management and, therefore, satisfies the professional qualifications referred to in the subparagraph 3, Paragraph 1 of Article 9 of the Regulations Governing Qualification Requirements for Responsible Persons of Financial Holding Companies. For the time being, he holds the position as director of TWSE with the expertise in management and corporate governance of financial holding company and financial business.	<ol style="list-style-type: none"> 1. Not an employee of Yuanta FHC or an affiliate. 2. To be director or supervisor of Yuanta FHC or any of its affiliated companies. 3. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC's total outstanding shares, nor is one of Yuanta FHC's ten largest natural-person shareholders. 4. The spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. 5. To be Director, Supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. 6. Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. 7. To be director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC. 8. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. 10. Is not the spouse or relative within the second degree of kinship of another director. 11. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. 12. Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act. 	0

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Chung Yuan Chen Director	Director Chung Yuan Chen used to be the Executive Yuan Political Adviser (2000–2008), Managing Director of Taiwan Power Company (2005–2008), Chairman of Taipei City Fire Buff Association (2003–2008), and Supervisor of Chang Jia M&E Engineering Corp., (2013–2016) and is very experienced in the industry, has extensive popularity and good reputation in the industry, and holds in-depth insights into corporate management, industrial development trends and related risk controls. For the time being, he holds the position as director of Yuanta FHC (2016/5–present) and Yuanta Bank (2016/5–present), and exercises his specialty in the corporate management and industry perfectly, provides various professional suggestions, holds expertise in management and corporate governance of financial holding company and banking business.	<ol style="list-style-type: none"> 1. Not an employee of Yuanta FHC or an affiliate. 2. To be director or supervisor of Yuanta FHC or any of its affiliated companies. 3. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC's total outstanding shares, nor is one of Yuanta FHC's ten largest natural-person shareholders. 4. Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. 5. Not a director, supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in Yuanta FHC its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). 6. Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. 7. To be director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC. 8. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. 10. Is not the spouse or relative within the second degree of kinship of another director. 11. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. 12. To be elected as a institution or their representative as prescribed in Article 27 of the Company Act. 	0

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Daniel Y.M. Song Director	<p>Director Daniel Y.M. Song, currently the Chairman of Yuanta Asset Management (2019/2–present), used to be a partner of Lee and Li Attorneys-at-Law (1997/1–2018/12), Prosecutor of Taiwan Taichung District Prosecutors Office (1988/12–1995/12), and the negotiator for the important economic, trade and legal affairs including WTO Trade in Services, counseling services, Taiwan–US intellectual property rights negotiation and Taiwan–US mutual legal assistance in criminal matters. He is qualified for practicing law in the USA and Taiwan, with plentiful experience in dealing with cases involving international affairs. His legal expertise covers administrative law, Fair Trade Act, Mass Communication Law, commercial cases, criminal actions, intellectual property right litigation and international trade disputes, etc., and particularly the M&A and transnational commercial cases.</p>	<ol style="list-style-type: none"> 1. Not an employee of Yuanta FHC or an affiliate. 2. To be director or supervisor of Yuanta FHC or any of its affiliated companies. 3. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC's total outstanding shares, nor is one of Yuanta FHC's ten largest natural-person shareholders. 4. Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. 5. Not a director, supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in Yuanta FHC its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). 6. Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. 7. To be director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC. 8. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. 10. Is not the spouse or relative within the second degree of kinship of another director. 11. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. 12. To be elected as a institution or their representative as prescribed in Article 27 of the Company Act. 	0

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Chien Weng Director	<p>Mr. Chien Weng is the current President of Yuanta FHC (July 2019–present) and Chairman of Yuanta Bank (June 2019–present), and the former Auditor-General of Yuanta FHC (August 2012–May 2016) and Yuanta Bank (October 2012–May 2016), Executive Vice President of Yuanta Polaris Securities, President, Vice President and Administrative Director of Polaris Securities (December 2007–January 2010), and Vice President of Oversea-Chinese Banking Corporation Limited and Board of Directors Chief Secretary (March 2005–November 2007), who should be held as satisfying the professional qualifications referred to in subparagraph 1, Paragraph 1, and Paragraph 9, of Article 9 of the Regulations Governing Qualification Requirements for Responsible Persons of Financial Holding Companies.</p> <p>Meanwhile, he is the former Chairman of Yuanta Venture Capital (2016/6–2019/3) and former Director of Yuanta Life (2018/2–2020/10), well experienced in finance. He holds the expertise in management and corporate governance of a financial holding company, banking industry and securities houses, and has never been involved in the circumstances referred to in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. To be employee of Yuanta FHC or an affiliate. 2. To be director or supervisor of Yuanta FHC or any of its affiliated companies. 3. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC's total outstanding shares, nor is one of Yuanta FHC's ten largest natural-person shareholders. 4. Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. 5. Not a director, supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in Yuanta FHC its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). 6. Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. 7. To be director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC. 8. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. 10. Is not the spouse or relative within the second degree of kinship of another director. 11. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. 12. To be elected as a institution or their representative as prescribed in Article 27 of the Company Act. 	1

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Ming Ling Hsueh Independent Director	Independent Director Ming Ling Hsueh has practiced as a CPA for more than three decades, and used to be the President of PwC Taiwan (2006/7–2013/6). Through practicing in the CPA business, he has experience in auditing financial statements for financial holding companies of 9 years. Therefore, he should be held as satisfying the professional qualifications referred to in subparagraph 3, Paragraph 1, Paragraph 6 of Article 9 of the Regulations Governing Qualification Requirements for Responsible Persons of Financial Holding Companies. Meanwhile, he serves as the Standing Director of Taiwan Corporate Governance Association (2010/3–present) and also as the keynote speaker of the Corporate Governance Forum and trainer of professional courses; he holds expertise in management and corporate governance of financial holding companies, accounting and finance.	<ol style="list-style-type: none"> 1. Not an employee of Yuanta FHC or an affiliate. 2. Not a director of Yuanta FHC or any of its affiliated companies. 3. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC's total outstanding shares, nor is one of Yuanta FHC's ten largest natural-person shareholders. 4. Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. 5. Not a director, supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in Yuanta FHC its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). 6. Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. 7. Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC (this restriction does not apply to independent director positions in Yuanta FHC, its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). 8. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by Yuanta FHC that is an independent director in Yuanta FHC, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with Securities and Exchange Act, or laws of the registered country). 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. 10. Is not the spouse or relative within the second degree of kinship of another director. 11. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. 12. Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act. 	3

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Kuang Si Shiu Independent Director	Independent Director Kuang Si Shiu became the Vice President (2001/8–2006/8), General Administration Bank of Communications Co., Ltd. and was promoted to President in August 2006 until August 2014. He has held the position as Vice President or above for 13 years in total, thus satisfying professional qualifications referred to in subparagraph 1, Paragraph 1, Paragraph 9 of Article 9 of the Regulations Governing Qualification Requirements for Responsible Persons of Financial Holding Companies. He used to be the Chairman (2008/7–2014/8) and President of Mega Financial Holdings (2015/9–2016/8), Chairman of Hua Nan Financial Holdings, Chairman of Mega Bank, Chairman of Hua Nan Bank (2015/9–2016/8) and Chairman of Land Bank of Taiwan (2014/8–2015/9), and is thus well experienced in the banking business. He holds the expertise in management and corporate governance of a financial holding company and banking business.	<ol style="list-style-type: none"> 1. Not an employee of Yuanta FHC or an affiliate. 2. Not a director of Yuanta FHC or any of its affiliated companies. 3. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC's total outstanding shares, nor is one of Yuanta FHC's ten largest natural-person shareholders. 4. Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. 5. Not a director, supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in Yuanta FHC its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). 6. Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. 7. Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC (this restriction does not apply to independent director positions in Yuanta FHC, its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). 8. Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by Yuanta FHC that is an independent director in Yuanta FHC, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with Securities and Exchange Act, or laws of the registered country). 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. 10. Is not the spouse or relative within the second degree of kinship of another director. 11. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. 12. Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act. 	1

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Hsing Yi Chow Independent Director	Independent Director Hsing Yi Chow is the Emeritus Professor of NCCU Department of Finance. He used to be President of National Chengchi University (NCCU) (2014/11–2018/11), Dean of NCCU College of Commerce (2005/8–2008/7), Director of Investor Research Center, Chair of NCCU Department (Graduate Institute) of Finance (2000/8–2002/7), and Vice President of Asian Finance Association (1996/8–1997/7); he holds the expertise in investment, risk management, international finance, entrepreneurial financial management and corporate governance and engages in in-depth research in the securities houses and capital market development in Taiwan. He used to be the Supervisor of TPEx (2006/8–2018/7), Director of International Cooperation and Development Fund (2009/8–2014/7), Member of Financial Restructuring Fund Commission (2010/1–2012/12), and Supervisor of Securities and Futures Investors Protection Center (2003/2–2008/7), this well experienced in the securities and financial businesses. He holds the expertise in management and corporate governance of a financial holding company and securities houses and also finance.	<ol style="list-style-type: none"> Not an employee of Yuanta FHC or an affiliate. Not a director of Yuanta FHC or any of its affiliated companies. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC's total outstanding shares, nor is one of Yuanta FHC's ten largest natural-person shareholders. Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. Not a director, supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in Yuanta FHC its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC (this restriction does not apply to independent director positions in Yuanta FHC, its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by Yuanta FHC that is an independent director in Yuanta FHC, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with Securities and Exchange Act, or laws of the registered country). Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. Is not the spouse or relative within the second degree of kinship of another director. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act. 	1

Qualification Name	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Sharon S. Yang Independent Director	Ms. Sharon S. Yang is the Independent Director of Yuanta Life (June 2019–present), and holds the positions including the Director of NN IP & Nomura SITE Financial Research Center, NCCU College of Commerce (January 2020–present), Advisory Committee member of Central Deposit Insurance Corporation (December 2021–November 2023), Convener of Clearing Committee, Taiwan Futures Exchange (January 2020–December 2022), Advisor of Public Service Pension Fund Supervisory Board (July 2021–present), Public Servant and Teacher Insurance Supervisory Committee (January 2022–December 2023), Supervisor and CEO of the research team of the Pension Fund Association, ROC (May 2017–present), and Actuarial Review Committee Member of National Pension Insurance (October 2017–present). Meanwhile, she is the former Investment Linked Investment Review Member of Insurance Bureau, Financial Supervisory Commission (July 2005–April 2016), former Director of Taiwan Insurance Guaranty Fund (May 2011–April 2015), former Director of Takeover Committee of Taiwan Insurance Guaranty Fund (May 2011–April 2015), former Discipline Committee Member of Taiwan Futures Exchange (May 2019–December 2020), and former Director of the Asia-Pacific Risk and Insurance Association (August 2009–July 2011), who should be held as satisfying the professional qualifications referred to in subparagraph 3, Paragraph 1, Paragraph 9 of Article 9 of the Regulations Governing Qualification Requirements for Responsible Persons of Financial Holding Companies. She holds the expertise in management and sustainable finance and financial actuarial related to a financial holding company, life insurance industry and finance, and has never been involved in the circumstances referred to in Article 30 of the Company Act.	<ol style="list-style-type: none"> Not an employee of Yuanta FHC or an affiliate. Not a director of Yuanta FHC or any of its affiliated companies. Not a director, or his or her spouse or minor child, does not hold, in his or her own name or another name, more than 1% of Yuanta FHC's total outstanding shares, nor is one of Yuanta FHC's ten largest natural-person shareholders. Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item 1. or persons described in the Item 2. and Item 3. Not a director, supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by Yuanta FHC, or of top-5 institutional shareholders of Yuanta FHC, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of Yuanta FHC in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in Yuanta FHC its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of Yuanta FHC. Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of Yuanta FHC (this restriction does not apply to independent director positions in Yuanta FHC, its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act, or laws of the registered country). Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with Yuanta FHC (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by Yuanta FHC that is an independent director in Yuanta FHC, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with Securities and Exchange Act, or laws of the registered country). Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, Company, or institution that provides auditing services to Yuanta FHC or any affiliated company of Yuanta FHC, or that provides commercial, legal, financial, accounting or related services to Yuanta FHC or any affiliated company of Yuanta FHC for which the provider in the past two years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the related laws and regulations, including the Securities and Exchange Act or Business Mergers and Acquisitions Act. Is not the spouse or relative within the second degree of kinship of another director. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act. Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act. 	0

Note1 : The Company's Independent Directors include, Mr. Ming Ling Hsueh who is concurrently acting as the independent director of Yuanta Bank, Mr. Kuang Si Shiu concurrently acting as the independent director of Yuanta Bank, and Mr. Hsing Yi Chow concurrently acting as the independent director of Yuanta Securities, Ms. Sharon S. Yang concurrently acting as the independent director of the subsidiaries including Yuanta Life (not for public offering). According to Paragraph 2, Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" amended and promulgated by Financial Supervisory Commission, Executive Yuan on January 15, 2020, where any independent director of a financial holding company concurrently acts as an independent director of more than one subsidiary wholly owned by the company, the number of additional subsidiaries in which he concurrently acts as an independent director shall be counted as "other unrelated" public companies.

Note 2 : For the following items, this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which has been appointed concurrently in accordance with Securities and Exchange Act or laws of the registered country :

- (1) Not a director or supervisor of the Company or any of its affiliated companies.
- (2) Not a Director, Supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 institutional shareholders of the Company, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.
- (3) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the director seats or voting shares of the Company.
- (4) Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company.
- (5) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with the Company.

(V) Diversity and independence of the Board of Director

Yuanta FHC has established the "Procedure for Election of Directors", in which Article 3 expressly defines that the overall composition of the Board of Directors shall be taken into consideration in the selection of the directors. The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that an appropriate policy on diversity based on Yuanta FHC's business operations, type of operation, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture, et al.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

As stated in the subparagraph 2 of the preceding paragraph, each Board member of Yuanta FHC shall have the necessary knowledge, skills, and experience required to perform their duties. The professional knowledge and skills that must be present in the Board as a whole are stated as follows:

1. Ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability (including ability to manage subsidiaries).
4. Crisis management ability
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.
9. Risk management knowledge and ability.

According to said diversity policy, Yuanta FHC's existing Board of Directors sets the diversity targets as follows:

1. The elected independent directors shall account for more than 40% of the elected directors;
2. Nominate at least one female candidate for director since the 9th Board of Directors (2022), and increase the proportion of the female directors to the whole Board members

to 20% by 2030, and aim at 30% as the long-term target.

3. Appoint the directors satisfying the natural-person professional qualifications, in accordance with the “Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company.”

Yuanta FHC’s current Board (elected in 2022) consists of 9 directors, including 4 independent directors and the 6 directors elected in the capacity of natural-person (including 4 independent directors).

The Board members’ industrial experience covers financial holding, securities, banking, insurance, information technology, construction, aviation, asset management, utilities, mechatronics, education, retailing and pharmaceuticals, etc. The members are also specialized in banking, marketing, risk management, information technology, laws, finance & accounting, asset management, engineering and construction, and actuarial science. Directors hold the abilities to make judgments about operations and for business management, risk management, international market, merger & acquisition, leadership and decision-making, accounting and financial analysis, and make a contribution to the development of Yuanta FHC’s strategies and plans about domestic/overseas business management, business decision making and risk control. The directors of the 9th term as elected are held satisfying Yuanta FHC’s diversity policy and targets, who will practice what they are good at to help Yuanta FHC keep pursuing the two major targets, “Best Financial Services Provider in the Asia Pacific Region” and “International Sustainable Benchmarking Enterprise,” in line with the three core philosophies, “Stable Profit,” “Risk Control” and “Sustainable Development.”

Among the directors of the 9th term, Director Tony Shen has worked for Yuanta Securities for more than three decades, and, with plentiful experience in financial management, has gone through multiple domestic and foreign merger and acquisition projects and helped upgrade the Group’s profitability to hit the record, as a natural person director specialized in banking and securities operations. Director Chien Weng has held the position as President of Yuanta FHC for about three as from July 26, 2019, and held the position as the Chairman of Yuanta Bank since October 2020, and has engaged in the finance for more than three decades, gone through securities, banking, venture capital, life insurance and financial holding, served as the important promoter of Yuanta FHC’s important decisions and execution thereof, as a natural person director specialized in finance, securities and banking. Director Michael Ma has held the position as director of Yuanta FHC since June 2013, and, with his insight into the financial business and industry, leads the Group to promote the integration of business and financial operations and drive the five major business units of the Group to grow together and move forward the vision “the Best Financial Services Provider in the Asia Pacific Region” stably, as a natural person director specialized in banking. Independent Director Ming Ling Hsueh, qualified as a CPA, is experienced in auditing accounts of Yuanta FHC for about one decade and performs remarkably, as a natural person independent director specialized in accounting and banking. Independent Director Kuang Si Shiu has worked in the banking industry for more than four decades, and is experienced in international banking, international layout and overseas business management, as a natural person director specialized in financial and banking. Independent Director Hsing Yi Chow has worked for Yuanta Securities for many years, specialized in the investment science, risk management, international banking and entrepreneurial finance management and conducting in-depth research on Taiwan’s securities industry and capital market development, with the expertise in securities markets and corporate governance. Independent Director Sharon S. Yang formerly held some important position in the financial supervisory authority and its peripheral business, and is well experienced in promoting corporate governance and financial practices, as a

natural person director specialized in finance and insurance. Furthermore, Director Daniel Y.M. Song is specialized in law. Director Wei Chen Ma (Michael), Director Tony Shen and four independent directors are specialized in finance and accounting. Director Wei Chen Ma (Michael) and Director Chung Yuan Chen are experienced in the information technology industry, construction industry and engineering. Meanwhile, all of Yuanta FHC's directors hold plentiful experience and expertise in mergers & acquisitions, risk management, business management, finance & banking insurance, corporate governance and sustainable development.

The average term of office served by Yuanta FHC's directors is 6 years. One(1) of the directors has held the position for 12 to 14 years, one(1) of the directors for 8 to 11 years, two(2) of the directors for 5 to 7 years, and five(5) of the directors for 0 to 4 years. Yuanta FHC's directors consist of eight(8) male directors and one(1) female director, including two(2) at the age of 51 to 60 years old, four(4) at the age of 61 to 70 years old, and three(3) at the age of 71 –75 years old. Therefore, the average age of all directors is 65.

Concerning the diversity policy on the Board of Directors, the elected independent directors of the 9th term already accounted for 44% of the elected directors. A total of five (5) natural-person professional directors satisfied the "Regulations Governing Qualification Requirements for the Founder or Responsible Persons of Financial Holding Companies and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of a Financial Holding Company." Meanwhile, Yuanta FHC has elected one(1) female independent director, Sharon S. Yang.

Yuanta FHC's fulfillment of the board member diversity policy is summarized as following:

Name	Professional skills	
Ting Chien Shen (Tony) Director (Chairman)	72 years old male/Date of Appointment: April 16, 2009/Term of Office: 14 years/Nationality: Republic of China	
	With the experience in the industries including financial holding and Securities. With the expertise in finance, marketing, financial and risk management, and the abilities to make judgments about operations and for business management, risk management, international market, merger & acquisition, leadership and decision-making.	
	Industry work experience ^{note}	Financials
Wei Chen Ma (Michael) Director	53 years old male/Date of Appointment: June 1, 2013/Term of Office: 10 years/Nationality: Republic of China	
	With the experience in the industries including financial holding, banking, life insurance, securities, information technology and construction, etc. With the expertise in finance, financial, information technology and risk management, and the abilities to make judgments about operations and for business management, risk management, international market, merger & acquisition, leadership and decision-making.	
	Industry work experience	Financials, Information Technology, Real Estate
Chung Yuan Chen Director	73 years old male/Date of Appointment: June 16, 2016/Term of Office: 7 years/Nationality: Republic of China	
	With the experience in the industries including utilities, electrical and mechanical work, education and construction, etc. With the expertise in finance, engineering and construction, and the abilities for business management, risk management, leadership and decision-making.	
	Industry work experience	Real Estate

Name	Professional skills	
Daniel Y.M. Song Director	62 years old male/Date of Appointment: June 14, 2019/Term of Office: 4 years/Nationality: Republic of China	
	With the experience in the industries including banking, life insurance, aviation and asset management. With the expertise in law and asset management, and the abilities for business management, risk management, international market, merger & acquisition, leadership and decision-making.	
	Industry work experience	Legal Service (Consumer Discretionary)
Chien Weng Director	65 years old male/Date of Appointment: June 10, 2022/Term of Office: 1 years/Nationality: Republic of China	
	With the experience in the industries including financial holding, banking, securities and retail. With the expertise in finance, laws and risk management, and the abilities to make judgments about operations and for business management, risk management, international market, merger & acquisition, leadership and decision-making.	
	Industry work experience	Financials
Ming Ling Hsueh Independent Director	68 years old male/Date of Appointment: June 16, 2016/Term of Office: 7 years/Nationality: Republic of China	
	With the experience in the industries including financial holding, banking, information technology and medicines, etc. With the expertise in finance, financial, accounting and information technology, and the abilities for accounting and financial analysis, business management, risk management, international market, merger & acquisition, leadership and decision-making.	
	Industry work experience	Educational and Cultural Industry & Accounting Services (Consumer Discretionary)
Kuang Si Shiu Independent Director	72 years old male/Date of Appointment: June 14, 2019/Term of Office: 4 years/Nationality: Republic of China	
	With the experience in the industries including financial holding and banking. With the expertise in finance, marketing, financial and risk management, and the abilities to make judgments about operations and for business management, risk management, international market, merger & acquisition, leadership and decision-making.	
	Industry work experience	Financials
Hsing Yi Chow Independent Director	64 years old male/Date of Appointment: June 14, 2019/Term of Office: 4 years/Nationality: Republic of China	
	With the experience in the industries including education, securities and information technology. With the expertise in finance, financial and risk management, and the abilities for business management, financial analysis, international market, merger & acquisition, leadership and decision-making.	
	Industry work experience	Educational and Cultural Industry (Consumer Discretionary)
Sharon S. Yang Independent Director	52 years old female/Date of Appointment: June 10, 2022/Term of Office: 1 years/Nationality: Republic of China	
	With the experience in the industries including insurance and education. With the expertise in finance, actuarial, financial and risk management, and the abilities for international market and financial analysis.	
	Industry work experience	Financials, education & culture (Consumer Discretionary)

Note : It refers to the industry work experience in non-directorship. The industry type is classified based on GICS Level 1.

(VI) Information concerning the president, vice presidents, assistant vice presidents, and department and branch managers

As of January 31, 2023

Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment) Date	Shares held		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship		
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
President	Republic of China	Chen Weng	M	2019.07.26	2,068,245	0.02%	6,890	0.00%	—	—	Bachelor in Law, Fu Jen Catholic University Chairman of Yuanta Venture Capital; Chairman of Yuanta I Venture Capital; President of Polaris Securities MBA, National Chung Hsing University President of Ta Chong Bank	Chairman of Yuanta Bank; Director of Yuanta FHC, Independent Director of Taiwan FamilyMart Co., Ltd.; Director of Yuanta Foundation	—	—	—
Auditor-General	Republic of China	Ming Hsui Tsai	M	2016.07.01	1,148,523	0.01%	—	—	—	—	Master in Law, Soochow University Chairman of Yuanta Asset Management; Chairman of Ta Chong Securities; President of Yuanta Securities Finance; President of Yuanta Financial Consulting	None	—	—	—
Senior Vice President (Chief Secretary)	Republic of China	Lawrence Lee	M	2017.09.01	195,143	0.00%	953,589	0.01%	—	—	M.A. in International Business Administration, National Taiwan University Senior Vice President of Yuanta Securities (MBA), Master of Business Administration (MBA), Waseda University Vice Chairman of Yuanta Securities Finance; Senior Vice President of Yuanta Life	Executive Vice President of Yuanta Securities	—	—	—
Senior Vice President (Chief Risk Officer)	Republic of China	Hsuan Min Kuo	M	2020.11.20	472,088	0.00%	—	—	—	—	Master of Business Administration (MBA), Waseda University Vice Chairman of Yuanta Securities Finance; Senior Vice President of Yuanta Life	Director of Yuanta Life; Senior Vice President of Yuanta Life	—	—	—
Senior Vice President (Chief Strategy Officer)	Republic of China	Chieh Wu	M	2020.11.20	318,609	0.00%	—	—	—	—	Master of Business Administration (MBA), Waseda University Vice Chairman of Yuanta Securities Finance; Senior Vice President of Yuanta Life	Director of Yuanta Life; Executive Vice President of Yuanta Securities; Director of Yuanta Venture Capital; Director of Yuanta I Venture Capital; Vice Chairman of Yuanta Asset Management	—	—	—
Senior Vice President (Chief International Operation Officer)	Republic of China	Allen Wu	M	2017.01.01	828,002	0.01%	—	—	—	—	MBA, Mississippi State University Executive Vice President of Yuanta Securities, Vice Chairman of Yuanta Securities Asia Financial Services	Executive Vice President of Yuanta Bank; Chairman of Yuanta Savings Bank Philippines, Inc.	—	—	—
Senior Vice President (Chief Digital Development Officer)	Republic of China	Mei Ling Kuo	F	2019.01.02	131,200	0.00%	—	—	—	—	Master of Business Administration, National Chengchi University Executive Vice President of Yuanta Securities	Executive Vice President of Yuanta Life; Director of Yuanta Futures; Director of Yuanta Securities Finance	—	—	—
Senior Vice President (Chief Corporate Banking Officer)	Republic of China	Hsiao Ling Chou	F	2021.11.01	1,001,136	0.01%	—	—	—	—	Master degree in Finance, National Taiwan University President of Yuanta Futures	Vice Chairman of Yuanta Futures; Director of Yuanta Bank; Director of Yuanta Venture Capital; Director of Yuanta I Venture Capital; Director of Yuanta Futures; Director of SYF Information (Shanghai) (Shanghai); Director of SYF Information; Director of Taiwan Futures Exchange; Independent Director of Lao Li-Fan Holding Co., Ltd.	—	—	—
Senior Vice President (Chief Compliance Officer)	Republic of China	Wen Chang Chiu	F	2018.02.01	310,880	0.00%	—	—	—	—	Bachelor in Law, National Chengchi University Senior Vice President of Yuanta Securities Finance	Senior Vice President of Yuanta Bank; Director of Yuanta Bank; Supervisor of Yuanta Securities Finance	—	—	—
Senior Vice President (Chief Financial Officer)	Republic of China	Hsu Shu Mai	M	2017.07.01	995,604	0.01%	—	—	—	—	Master degree in Finance, National Taiwan University Senior Vice President of Yuanta Securities Finance	Senior Vice President of Yuanta Bank; Supervisor of Yuanta Securities Finance	—	—	—
Senior Vice President (Chief HR Officer)	Republic of China	Sophia Chang	F	2014.07.01	480,063	0.00%	—	—	—	—	Master of Professional Accounting, National Taiwan University Senior Vice President of Yuanta Life	Senior Vice President of Yuanta Bank	—	—	—
Senior Vice President (Chief Admin. Officer)	Republic of China	Robert C.S. Yang	M	2014.07.21	300,592	0.00%	—	—	—	—	Doctor of Philosophy in News & Mass Communication, Jinan University Vice President of Yuanta FHC	Senior Vice President of Yuanta Bank; Supervisor of Yuanta Asset Management	—	—	—
Senior Vice President (Chief Operational Support Officer)	Republic of China	Ming Lang Liu	M	2017.09.01	695,636	0.01%	—	—	—	—	Bachelor in Business Administration, Tunkang University Senior Vice President of Yuanta Securities Finance	Director of Yuanta Life, Yuanta Securities Finance; Executive Vice President of Yuanta Securities	—	—	—
Vice President (Chief Information Officer)	Republic of China	Fang Ming Lo	M	2020.04.01	51,189	0.00%	41,312	0.00%	—	—	Bachelor of Computing Engineering, Tunkang University Senior Assistant Vice President of Yuanta FHC	Vice President of Yuanta Securities; Director of Yuanta Securities Finance	—	—	—
Vice President (Chief Accounting Officer)	Republic of China	Hui-Jung Lu	F	2020.07.01	293,089	0.00%	—	—	—	—	Master degree in Finance, National Taiwan University of Science and Technology Senior Vice President of Yuanta Life	Senior Vice President of Yuanta Securities; Supervisor of Yuanta International Insurance Brokers	—	—	—

Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment) Date	Shares held		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship	
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Relationship
Vice President (Chief Legal Officer)	Republic of China	Yung Chu Su	F	2021.01.01	26,484	0.00%	—	—	—	—	Master of Finance Law, Boston University Junior Associate, Lee and Li, Attorneys-at- Law	Vice President of Yuanta Securities; Supervisor of Yuanta Venture Capital; Supervisor of Yuanta I Venture Capital; Director of Yuanta Securities (HK); Director of EMPIRE VISION LIMITED; Director of SUNSHINE CITY GLOBAL (PTC) LIMITED	—	—
Vice President (Chief Information Security Officer)	Republic of China	Chi Jung Huang	M	2022.09.01	194,662	0.00%	7,307	0.00%	—	—	Bachelor of Information Engineering, Feng Chia University Senior Assistant Vice President of Yuanta Bank	Vice President of Yuanta Bank	—	—
Vice President (Vice Chief Corporate Banking Officer)	Republic of China	Yi Wen Ma	F	2018.05.01	183,668	0.00%	—	—	—	—	Master of Business Administration, National Chengchi University Vice President of Yuanta Securities	Senior Vice President of Yuanta Securities	—	—
Vice President	Republic of China	Wei Chen Chang	M	2021.05.01	111,829	0.00%	—	—	—	—	MBA, Tulane University Vice President of Yuanta Securities	Vice President of Yuanta Bank; Director of Yuanta Futures	—	—
Vice President	Republic of China	Yi Cheng Liao	M	2022.07.01	51,507	0.00%	—	—	—	—	Master degree in Finance, National Taiwan University Vice President of Sales, Yuanta Securities	Senior Assistant Vice President of Yuanta Bank	—	—
Senior Assistant Vice President (Vice Chief Admin. Officer)	Republic of China	Po Ching Li	M	2013.07.01	454,179	0.00%	—	—	—	—	Department of Electronic Engineering, You De High School Senior Assistant Vice President Yuanta Securities	Vice President of Yuanta Securities	—	—
Senior Assistant Vice President	Republic of China	Pei Yu Chen	M	2019.12.01	131,150	0.00%	—	—	—	—	Master degree in Finance, National Taiwan University Assistant Vice President of Yuanta FHC	Director of Yuanta Securities Investment Trust; Assistant Vice President of Yuanta Bank	—	—
Senior Assistant Vice President	Republic of China	Ho Hsing Pan	F	2021.11.26	2,485	0.00%	—	—	—	—	GMBA, University of South Australia Assistant Vice President of Yuanta Securities Investment Trust	None	—	—
Senior Assistant Vice President	Republic of China	Po Yi Wu	M	2014.04.01	6,148	0.00%	—	—	—	—	Master of Administration, National Taiwan University of Science and Technology Assistant Vice President of Yuanta FHC	None	—	—
Senior Assistant Vice President	Republic of China	Hsien Chun Li	M	2016.06.01	57,603	0.00%	—	—	—	—	Electronic Equipment Maintenance Department, Chih-Kuang Vocational High School of Business & Technology Assistant Vice President of Yuanta FHC	Senior Assistant Vice President Yuanta Securities	—	—
Assistant Vice President	Republic of China	Yu-Chin Tsao	F	2020.04.01	—	—	—	—	—	—	Master of Accounting, National Taipei University Professional Assistant Vice President of Yuanta Bank	None	—	—
Assistant Vice President	Republic of China	Chia Hui Lin	F	2020.07.01	—	—	1,071	0.00%	—	—	Bachelor of International Trade, Chinese Culture University Senior Manager of Yuanta FHC	None	—	—
Assistant Vice President	Republic of China	Hui Ying Lin	F	2020.07.01	1,313	0.00%	—	—	—	—	Master of Industrial Education, National Taiwan Normal University Professional Assistant Vice President of Yuanta Bank	None	—	—
Assistant Vice President	Republic of China	Tzu Miao Chen	F	2020.07.01	2,598	0.00%	—	—	—	—	MBA, The University of Sheffield Senior Manager of Yuanta FHC	Professional Senior Manager of Yuanta Bank	—	—
Assistant Vice President	Republic of China	Fu Mei Chen	F	2020.07.01	5,578	0.00%	—	—	—	—	Master of International Trade, Tamkang University Senior Manager of Yuanta Securities	Senior Manager of Yuanta Bank	—	—
Assistant Vice President	Republic of China	Yu Ling Chu	F	2020.08.01	—	—	—	—	—	—	Master of Finance, St. John's University Senior Manager of Yuanta Securities	Assistant Vice President of Yuanta Securities	—	—
Assistant Vice President	Republic of China	Chen Hung	F	2021.06.01	—	—	—	—	—	—	Master degree in Finance, National Central University Senior Manager of Yuanta FHC	Professional Assistant Vice President of Yuanta Life	—	—
Assistant Vice President	Republic of China	Hui Wei Tsai	F	2021.06.01	—	—	—	—	—	—	Bachelor of International Trade, Ming Chuan University Senior Manager of Yuanta FHC	None	—	—

Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment) Date	Shares held		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions (Note 2)	Concurrent positions at other companies	Managers who are spouses or relatives within the second degree of kinship		
					Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship
Assistant Vice President	Republic of China	An Ting Cheng	F	2021.06.01	17,939	0.00%	—	—	—	—	Bachelor in Sociology, National Chengchi University Senior Manager of Yuanta FHC	None	—	—	—
Assistant Vice President	Republic of China	Shu Min Li	F	2022.03.09	—	—	—	—	—	—	Master of Insurance, National Chengchi University Vice President of Yuanta Life	None	—	—	—
Assistant Vice President	Republic of China	Hsuan Feng Tien	F	2022.06.01	965	0.00%	—	—	—	—	Bachelor in Law, Fu Jen Catholic University Senior Manager of Yuanta FHC	None	—	—	—
Assistant Vice President	Republic of China	Yi Ju Wei	F	2022.06.01	2,465	0.00%	—	—	—	—	Bank Insurance Department of National Taipei College of Business Professional Assistant Vice President of Yuanta Venture Capital	Supervisor of Yuanta Securities Investment Consulting	—	—	—
Assistant Vice President	Republic of China	Hsiao Ching Chao	F	2022.06.01	10,712	0.00%	—	—	—	—	MBA, Tamkang University Senior Manager of Yuanta FHC	None	—	—	—
Assistant Vice President	Republic of China	Chao Chih Chang	F	2022.08.01	5,150	0.00%	—	—	—	—	Master of Information Management, National Taiwan University of Science and Technology Senior Manager of Yuanta FHC	Assistant Vice President of Yuanta Securities	—	—	—

Note 1 : Information for all persons holding a position equivalent to president, vice president, or assistant vice president must be disclosed, regardless of title.

Note 2 : The work experience of anyone above relating to their current roles, e.g. previous employment in the auditor's firm or employment in a related company, must be addressed with detailed job titles and responsibilities.

Note 3 : The "Shares" and "Ratio" columns above marked with "—" denote "0"; columns under "Managers who are spouses or relatives within the second degree of kinship" marked with "—" denote "None."

Note 4 : The president or equivalent (the top manager) of the Company and the chairperson of the board are not the same person, spouses of each other, or members of the same degree of kinship.

III. Remuneration paid to directors, President, Vice Presidents, consultants, etc. and distribution of employee remuneration in the most recent year

(I) Remuneration to Directors and Independent Directors

As of December 31, 2022
Unit: NT\$1,000; %

Title	Name	Remuneration to directors						Sum of A, B, C, D and as percentage of net income		Remuneration from concurrently servings as employees					Sum of A, B, C, D, E, F, G and as percentage of net income		Remuneration from investors other than subsidiaries, or parent company		
		Wages (A)		Pension upon retirement (B)		Compensation to directors (C)		Service Expenses (D)		Companies included into the financial statement	Companies included into the financial statement	Wages, bonuses, and special allowances, etc. (E)	Pension upon retirement (F)		Employee Compensation (G)			Companies included into the financial statement	
		Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement				Cash	Stock	Yuanta FHC	Cash			Stock
Director	Ting Chien Shen (Tony)																		
Director	Wei Chen Ma (Michael)																		
Director	Tsun Chuoh Investment Co., Ltd. Representative: Chang Yuan Chen																		
Director	Tsun Chuoh Investment Co., Ltd. Representative: Daniel Y.M. Song	70,000	126,597	0	0	173,796	173,796	1,293	4,509	245,089 1.14%	22,061	0	0	105	0	105	267,255 1.24%	327,068 1.52%	None
Director	Modern Investment Co., Ltd. Representative: Chien Weng																		
Former Director	Modern Investment Co., Ltd. Representative: Chao Kuo Chiang																		
Independent Director	Ming Ling Hsueh																		
Independent Director	Kuang Si Shiu																		
Independent Director	Hsing Yi Chow	8,646	14,953	0	0	0	0	1,040	3,156	9,686 0.05%	0	0	0	0	0	0	9,686 0.05%	18,109 0.09%	None
Independent Director	Sharon S. Yang																		
Former Independent Director	Yin Hua Yeh																		

1. Please state the remuneration policies, systems, standards and packages about independent directors, and the connection of the factors, such as responsibilities, risk and spent hours, with the amount of remuneration:

(1) The remuneration to independent directors consists of compensation, and professional practice expenses.

(2) The remuneration to Yuanta FHC's independent directors is decided based on their experience, functions, and contribution, and the Board of Directors is authorized to resolve the remuneration based on the typical pay levels adopted by peer companies in accordance with Article 19 of the Articles of Incorporation. The remuneration is paid at fixed amount on a monthly basis, excluded from Yuanta FHC's allocation of remuneration to directors.

(3) The professional practice expenses refer to those incurred by independent directors' performance of job duties, including the transportation allowance and fees for attending meetings paid based on the typical pay levels adopted by peer companies.

2. Other than the remuneration disclosed in said table, the remuneration received by any of Yuanta FHC's directors for providing services to any companies included in the financial statement, e.g., as an advisor other than employee in the most recent year: N/A.

(II) Range of Remuneration to Directors and Independent Directors

As of December 31, 2022

Breakdown of remuneration to Yuanta FHC's directors (NT\$)	Directors			
	Sum of foregoing four items (A+B+C+D)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	Yuanta FHC	Companies included into the financial statement (H)	Yuanta FHC	Companies included into the financial statement (I)
Below 1,000,000	Chung Yuan Chen, Daniel Y.M. Song, Chien Weng, Chao Kuo Chiang	Chung Yuan Chen	Chung Yuan Chen, Daniel Y.M. Song, Chao Kuo Chiang	Chung Yuan Chen
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Sharon S. Yang, Yin Hua Yeh		Sharon S. Yang, Yin Hua Yeh	
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Ming Ling Hsueh, Kuang Si Shiue, Hsing Yi Chow	Sharon S. Yang, Yin Hua Yeh	Ming Ling Hsueh, Kuang Si Shiue, Hsing Yi Chow	Sharon S. Yang, Yin Hua Yeh
3,500,000 (inclusive) ~ 5,000,000 (exclusive)		Ming Ling Hsueh, Kuang Si Shiue, Hsing Yi Chow		Ming Ling Hsueh, Kuang Si Shiue, Hsing Yi Chow
5,000,000 (inclusive) ~ 10,000,000 (exclusive)				
10,000,000 (inclusive) ~ 15,000,000 (exclusive)		Chao Kuo Chiang		Chao Kuo Chiang
15,000,000 (inclusive) ~ 30,000,000 (exclusive)		Chien Weng	Chien Weng	
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	Wei Chen Ma (Michael), Modern Investment Co., Ltd.	Wei Chen Ma (Michael), Daniel Y.M. Song, Modern Investment Co., Ltd.	Wei Chen Ma (Michael), Modern Investment Co., Ltd.	Wei Chen Ma (Michael), Daniel Y.M. Song, Chien Weng, Modern Investment Co., Ltd.
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	Ting Chien Shen (Tony), Tsun Chueh Investment Co., Ltd.	Ting Chien Shen (Tony), Tsun Chueh Investment Co., Ltd.	Ting Chien Shen (Tony), Tsun Chueh Investment Co., Ltd.	Ting Chien Shen (Tony), Tsun Chueh Investment Co., Ltd.
Over 100,000,000				
Total	13	13	13	13

Notes: (1) This table summarizes the amounts of various payments made to directors. Payments are calculated from the date the directors were appointed during the year.

(2) Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

(3) As the Company was free from any circumstances requiring that the remuneration to directors should be disclosed individually as defined in the regulations governing information to be published in annual reports, the Company disclosed aggregate remuneration information, with the name(s) indicated for each remuneration range.

(4) Yuanta FHC's director who were not serving throughout the year are as follows:

Chien Weng and Sharon S. Yang shall hold the term of office since June 10, 2022. Chao Kuo Chiang and Yin Hua Yeh shall hold the term of office until June 9, 2022.

(III) Remuneration to President, and Vice Presidents

As of December 31, 2022
Unit: NT\$1,000; %

Title	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, D and as percentage of net income (%)		Remuneration from investees other than subsidiaries, or parent company
		Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Cash	Stock	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement	
President	Chien Weng													
Auditor-General	Ming Hsiu Tsai													
Senior Vice President (Chief Secretary)	Lawrence Lee													
Senior Vice President (Chief Risk Officer)	Hsuan Min Kuo													
Senior Vice President (Chief Strategy Officer)	Chieh Wu													
Senior Vice President (Chief International Operation Officer)	Allen Wu													
Senior Vice President (Chief Digital Development Officer)	Mei Ling Kuo													
Senior Vice President (Chief Corporate Banking Officer)	Hsiao Ling Chou	32,520	93,360	0	0	94,088	312,208	575	0	0	1,203	127,183 0.59	406,771 1.90	None
Senior Vice President (Chief Compliance Officer)	Wen Ching Chiu													
Senior Vice President (Chief Financial Officer)	Hsu Shu Mai													
Senior Vice President (Chief HR Officer)	Sophia Chang													
Senior Vice President (Chief Admin. Officer)	Robert C.S. Yang													
Senior Vice President (Chief Operational Support Officer)	Ming Lang Liu													
Vice President (Chief Information Officer)	Fang Ming Lo													
Vice President (Chief Accounting Officer)	Hui-Jung Lu													

Title	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, D and as percentage of net income (%)		Remuneration from investees other than subsidiaries, or parent company
		Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement	Yuanta FHC	Cash	Stock	Companies included into the financial statement	Yuanta FHC	Companies included into the financial statement	
Vice President (Chief Legal Officer)	Yung Chu Su													
Vice President (Chief Information Security Officer)	Chi Jung Huang													
Vice President (Vice Chief Corporate Banking Officer)	Yi Wen Ma													
Vice President	Wei Chen Chang													
Vice President	Yi Cheng Liao													
Former Senior Vice President (Former Chief Information Security Officer)	Hsiu Mei Chen													

* Information for all persons holding a position equivalent to president, vice president (e.g. president, CEO, director and etc.) must be disclosed, regardless of title.

(IV) Range of remuneration to president and vice presidents

As of December 31, 2022

Breakdown of remuneration to Yuanita FHC's president and vice presidents (NT\$)	President and vice presidents	
	Yuanita FHC	Companies included into the financial statement (E)
Below 1,000,000	Lawrence Lee, Chieh Wu, Allen Wu, Sophia Chang, Ming Lang Liu, Fang Ming Lo, Hui-Jung Lu, Yung Chu Su, Chi Jung Huang, Yi Wen Ma, Wei Chen Chang	
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Hsiu Mei Chen	
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Hsiao Ling Chou	Chi Jung Huang, Hsiu Mei Chen
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Hsu Shu Mai, Yi Cheng Liao	Yi Cheng Liao
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Wen Ching Chiu	Wei Chen Chang
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	Mei Ling Kuo	Lawrence Lee, Fang Ming Lo
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	Ming Hsiu Tsai, Hsuan Min Kuo, Robert C.S. Yang	Ming Hsiu Tsai, Hsuan Min Kuo, Chieh Wu, Allen Wu, Mei Ling Kuo, Hsiao Ling Chou, Wen Ching Chiu, Hsu Shu Mai, Sophia Chang, Robert C.S. Yang, Ming Lang Liu, Hui-Jung Lu, Yung Chu Su, Yi Wen Ma
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	Chien Weng	
50,000,000 (inclusive) ~ 100,000,000 (exclusive)		Chien Weng
Over 100,000,000		
Total	21	21

Notes : (1) This table summarizes the amounts of various payments made to presidents and vice presidents. Payments are calculated from the date the presidents and vice presidents were appointed during the year.

(2) Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

(3) As the Company was free from any circumstances requiring that the remuneration to directors or president/vice presidents should be disclosed individually as defined in the regulations governing information to be published in annual reports, the Company disclosed aggregate remuneration information, with the name(s) indicated for each remuneration range.

(4) The pay to drivers, NT\$966 thousand, was excluded from the remuneration.

(5) The Company's vice presidents who were not serving throughout the year are as follows:

Yi Cheng Liao shall hold the term of office since July 1, 2022. Chi Jung Huang shall hold the term of office since September 1, 2022. Hsiu Mei Chen shall hold the term of office until August 31, 2022.

(V) Managers receiving employee compensation and state of distribution

As of December 31, 2022

Unit: NT\$1,000; %

Title		Name	Stock	Cash	Total	The sum as percentage of net income (%)
Managers	President	Chien Weng	0	624	624	0.003
	Auditor-General	Ming Hsiu Tsai				
	Senior Vice President (Chief Secretary)	Lawrence Lee				
	Senior Vice President (Chief Risk Officer)	Hsuan Min Kuo				
	Senior Vice President (Chief Strategy Officer)	Chieh Wu				
	Senior Vice President (Chief International Operation Officer)	Allen Wu				
	Senior Vice President (Chief Digital Development Officer)	Mei Ling Kuo				
	Senior Vice President (Chief Corporate Banking Officer)	Hsiao Ling Chou				
	Senior Vice President (Chief Compliance Office)	Wen Ching Chiu				
	Senior Vice President (Chief Financial Officer)	Hsu Shu Mai				
	Senior Vice President (Chief HR Officer)	Sophia Chang				
	Senior Vice President (Chief Admin. Officer)	Robert C.S. Yang				
	Senior Vice President (Chief Operational Support Officer)	Ming Lang Liu				
	Vice President (Chief Information Officer)	Fang Ming Lo				
	Vice President (Chief Accounting Officer)	Hui-Jung Lu				
	Vice President (Chief Legal Officer)	Yung Chu Su				
	Vice President (Chief Information Security Officer)	Chi Jung Huang				
	Vice President (Vice Chief Corporate Banking Officer)	Yi Wen Ma				
	Vice President	Wei Chen Chang				
	Vice President	Yi Cheng Liao				
	Senior Assistant Vice President (Vice Chief Admin. Officer)	Po Ching Li				
	Senior Assistant Vice President	Pei Yu Chen				

Note : The employee remuneration allocated to managers in 2022 was only the estimated amount. The managers who were allocated the employee remuneration shall actually be identified based on the name list passed by the Company's Board of Directors.

(VI) An explanation on remuneration paid to directors (including independent directors), president, and vice presidents in the last two years

1. Ratio of directors' (including independent directors), presidents' and vice presidents' remuneration to net income after tax of the entity or individual financial report

The proportions of the remuneration paid by Yuanta FHC and all of the companies included in the consolidated financial statements (exclusive of the remuneration received for serving as an employee concurrently) to the directors against the net income were 1.05% and 1.24% in 2021, and 1.19% and 1.51% in 2022.

The proportions of the remuneration paid by Yuanta FHC and all of the companies included in the consolidated financial statements (exclusive of the remuneration received for serving as an employee concurrently) to the presidents and vice presidents against the net income were 0.42%% and 1.32% in 2021, and 0.59% and 1.90% in 2022.

2. Remuneration policies, standards and packages; procedures for determining remuneration and its connection with business performance and future risk exposure.

(1) Directors (including Independent Directors)

A. Director and Independent Director

The remuneration to directors shall be allocated in the manner referred to in Article 33 of the Company's Articles of Incorporation. That is, if Yuanta FHC has profit at the year's final accounting, the remuneration to directors shall be no more than 0.9% of the remainder after the profit less accumulated loss, if any. The allocation of remuneration to directors shall be subject to the overall operating performance for the year, and follow the typical pay levels adopted by peer companies and consider the reasonableness of the correlation with future risk exposure. The actual allocation shall be based on the self-appraisal result on the Board of Directors members, hours of directors' attendance at meetings and continuing education, and negative qualifications, and calculated on a pro-rata basis subject to the session of the Board of Directors, the number of directors seats (exclusive of independent directors) and the number of days for which the directors hold the position in the year when the earnings to be allocated as remuneration to directors were sought.

The Board of Directors is authorized to resolve the remuneration to the independent directors based on the typical pay levels adopted by peer companies. The remuneration is paid at fixed amount on a monthly basis, excluded from Yuanta FHC's allocation of remuneration to directors.

Meanwhile, according to Yuanta FHC's Articles of Incorporation, the transportation allowance and fees for attending meetings payable to directors shall be paid based on the typical pay levels adopted by peer companies. Yuanta FHC's regulations governing transportation allowance and attendance fees method stipulates that the transportation allowance is NT\$10,000 per month, the attendance fees is NT\$10,000 per time.

B. Chairman and Vice Chairman

Except for the remuneration to directors, the Chairman's salary shall be no more than 1.5 times the President's salary. The Vice Chairman's salary shall be no more than 1.25 times the President's salary, as resolved by the Remuneration Committee and Board of Directors. The Remuneration Committee and Board of Directors are authorized to resolve any other remuneration and benefits to Chairman and Vice Chairman based on their personal performance, company operation performance, and reasonableness of the correlation with future risk exposure and the typical pay levels adopted by peer companies. Meanwhile, the Board of Directors is authorized to resolve the severance pay/pension payable to the Chairman and Vice Chairman based on their participation in Yuanta FHC's operation, contribution value and the typical pay levels adopted by peer companies, in accordance with Yuanta FHC's Articles of Incorporation and Regulations Governing Severance Pay/Pension Payable to Chairman and Vice Chairman.

(2) President and managers

According to Article 29 of Yuanta FHC's Articles of Incorporation, the President shall take charge of all of Yuanta FHC's affairs subject to resolution made by the Board of Directors, and may be authorized by the Board of Directors to carry out transactions externally. The President and Managers shall set the annual operating objectives and performance appraisal indicators based on Yuanta FHC's mid-term and long-term business strategies and annual business plan on a yearly basis.

A. Target setting

Yuanta FHC's President and managers set the annual operating objectives and performance appraisal standards based on Yuanta FHC's business strategies (including sustainable development goals) and annual business plan. The operating objectives consist of the operating development strategies, annual operating highlights, operations and human resource management, group resource integration and supporting, internal control and compliance. The management team holds a meeting on a monthly basis to review, discuss and timely modify Yuanta FHC's operating performance, promotion of operating highlights and effect of integration, and practices the strategies and achieves the performance under the performance management mechanism dedicated to "initial target setting, mid-term follow-up and improvement, and final review and appraisal".

B. Performance appraisal

According to Yuanta FHC's Performance Management Regulations, Yuanta FHC must conduct the mid-term and final performance appraisals each year to rate the performance, subject to the physical result per target, based on the operating objectives and performance appraisal indicators for the President and managers. The performance appraisal results are categorized into 5 levels (5~1 levels). Specifically, Level 5 stands for

excellent performance beyond the expected target. Level 4 stands for the performance higher than the standard and occasionally excellent performance. Level 3 stands for the performance satisfying what is expected and the operating objectives. Level 2 stands for the performance less than the expected target and to be improved. Level 1 stands for the performance far less than the expected target, namely failure. Upon weighted summing up of all objectives, the results are reported to Chairman to help the Chairman conduct the performance appraisal on the President and managers. The results about performance appraisal on the President and managers, and correspondent group performance bonus, must be submitted to the Remuneration Committee and directors' meeting for review and approval.

C. Remuneration policies and business performance, and future risk exposure

70% of the operating objectives to be set by Yuanta FHC's President reside in the business development objectives, including the operating profit achievement rate, ROE achievement, achievement rate of subsidiaries' core business lines and growth-driven business, and results of promotion of sustainability and corporate social responsibility of Yuanta FHC and its subsidiaries. 30% thereof reside in the internal management objectives, including supervision on the achievement rate of co-marketing objectives of the Group's subsidiaries, successors selection and cultivation, and fulfillment of compliance and internal control. Both of said operating objectives are primarily based by the performance appraisal and group performance bonus about the President. The standards governing allocation of the annual remuneration to the President must follow the typical pay levels adopted by peer companies and also take into consideration the entire contribution of the President to the Group achieved by his operation of the Group and operating performance. The annual remuneration allocated to the President and all contributions he/she achieves are related to each other positively.

Yuanta FHC values the managers' contribution and value to the Group. The Company's managers set their annual operating objectives subject to their job responsibilities, in accordance with the Company's strategic targets and sustainability strategic roadmap, covering business development, sustainable development/projects, annual key business, talent management, integration and support of the Group's resources, compliance and internal control management, etc. The policy, system, standard and structure of the salary and remuneration to the Company's managers must be reviewed by Remuneration Committee and then submitted to the Board of Directors for resolution on the remuneration to managers. When resolving the salary and remuneration to individual managers, the Board of Directors must follow the profit earned by or typical pay levels adopted by peer companies, and take into consideration the individual performance and the managers' business performance and

contribution to Yuanta FHC. In order to ensure and align with the profit earned upon the risk exposure adjustment, the bonus to the President and managers must be changed based on specific proportions to make it related to the profit earned by Yuanta FHC and Yuanta FHC's stock price in the form of the deferred savings shareholding trust. Notwithstanding, if any other significant risk events affecting Yuanta FHC's goodwill adversely arise, Yuanta FHC may cut or withhold the bonus to have the President and managers share the future risk exposure with Yuanta FHC, so as to develop toward the corporate sustainability management philosophy. Yuanta FHC's remuneration system balancing business performance and risk management helps recruit and retain excellent talents and encourage the talents to develop their potentials effectively. In conclusion, the management team consisting of excellent talents would create more excellent business performance for Yuanta FHC and shareholders inevitably. Yuanta FHC feeds the operating results back to the managers reasonably, so that the managers' personal operating objectives may align with Yuanta FHC's operating objectives and shareholders' equity permanently and closely to help create the mutual interest for the individuals, Yuanta FHC and shareholders, and achieve a win-win-win situation.

(VII) Information about Chairmen and presidents rehired as consultant after retiring

As of December 31, 2022

Unit: NT\$1,000

Title	Nationality	Name	Gender	Job responsibility before retirement		Date when acting the advisor	Purpose of employment	Division of responsibilities and duties	Remuneration	Ratio of remuneration to net income
				Institution and Title	Date of retirement					
Supreme Advisor	Republic of China	Rong Jou Wang	M	Chairman of Yuanta FHC	2019.6.14	2019.6.15 (Appointment discontinued on June 14, 2022)	Provide consulting services and recommendations about the Company's legal expertise, business management, finance, and corporate governance, subsidiary supervision.	1. The ownership of intellectual property rights remain vested in Yuanta FHC. 2. Only provide consulting services and recommendations, without the authority to execute and approve documents. 3. In the case of any conflict of interest with the mission assigned to him, he shall notify Yuanta FHC in writing voluntarily and settle or terminate the consulting service in a legal and proper manner.	1,093	0.005%

(VIII) Whether the Company establishes any successor cultivation planning for the Board members and key management, and the operation of such planning

1. Member of Board of Directors

The nomination system is adopted for the election of Yuanta FHC's Board members. The Nominating Committee recruits and recommends competent candidates based on the quota of electees and qualifications required from the electees. Then, the directors will be elected among the candidates together with the nominees recommended by shareholders at a shareholders' meeting upon approval of the Board of Directors meeting.

The successor cultivation planning for Yuanta FHC's Board members shall not only satisfy the conditions required by laws and regulations, but also recruit competent candidates based on Yuanta FHC's development orientation and mid-term and long-term strategic goals and by taking into account the diversified background and independence standards, such as professional knowledge, expertise, experience, and gender of the Board members. The candidates of Yuanta FHC's director successors shall hold the diversified professional knowledge and skills (e.g., law, accounting, industry, financial, marketing or technology or risk management) and industry experience, and as a whole, they shall also hold the abilities including the ability to make judgments about operations, accounting and financial analysis ability,

operational ability(including the management of subsidiaries), ability to manage crisis, industrial knowledge, international market perspective, leadership, decision-making ability, and risk management knowledge and ability.

Additionally, in order to balance the planning for appointment of professional directors of the financial holding Company's board of directors and Yuanta FHC's strategic business development, the Board members shall hold not only said abilities but also the abilities related to the focus of Yuanta FHC's operations and mid-term and long-term stable growth development strategies and continued upgrading of the corporate governance, so as to practice the Board of Directors' functions to make decisions and supervise.

All of Yuanta FHC's existing key management team and chief functional officers should attend the Board of Directors meetings and related meetings. They shall be familiar with the operation of the Board of Directors meetings and related meetings, and shall go through training step by step to hold the specific professional knowledge and ability in adoption and development of the Company's strategies, supervision and execution of the internal control and compliance, and have control over and the response to risk management. Basically, the Company appoints professionals and senior managers to serve as directors in its subsidiaries to participate in the supervision and management of the subsidiaries' development planning, internal control, compliance and risk control, so that their abilities to serve as the directors of Yuanta FHC can be more well founded. The Company's current President and most of the Company's chief functional officers and related management have held the positions including director and supervisor in the Company's subsidiaries. Actually, they are already familiar with the operations of the Board of Directors, decision-making, and various companies' internal controls, risk controls, compliance and corporate strategic planning. Such policy to combine personal expertise through practical engagement may help upgrade the horizon of decision-making and the ability to supervise and, therefore, can form the best talent pool for the successor planning by the Board of Directors of Yuanta FHC. The Company will conduct the performance appraisal on the directors and those appointed as directors of various subsidiaries on a yearly basis. Meanwhile, the Company will also conduct performance appraisal on its senior management as the reference for future selection of the director successors.

Generally, the Company's director successor planning not only recruits the professionals outside the Company, but also reserves successors by training the Company's and subsidiaries' directors and senior management, in order to balance "profession" and "transfer of experience" to set up a fair foundation for the Company's sustainability.

Yuanta FHC reelected the Board of Directors on June 10, 2022. President Chien Weng of Yuanta FHC and Independent Director Sharon S. Yang of Yuanta Life were elected as new directors. In 2022, Yuanta FHC retained Mr. Pin Cheng Chen (former Vice Chairman of KGI Futures) as the director of its subsidiaries including Yuanta Securities and Yuanta Futures, Mr. Chi Chun Liu (Director of NTU Center for the study of Banking and Finance), Mr. Chin Ting Pan (former Chairman of FamilyMart), Mr. Chung Chuan Wu (former Deputy Director General of Insurance Bureau, FSC), Mr. An Pin Chen (former Director of NCTU FinTech Center), Ms. Ya Li Sun (Director of the National Institute of Cyber Security) and Mr. Ping Shen Kuo (former Director of First Financial Holding) as the independent directors of the subsidiaries including Yuanta Securities, Yuanta Bank, Yuanta Life and Yuanta futures. Meanwhile, Ms. Jui Han Hu (former Director of News Department, Unique Satellite TV) was retained as the Chairman of Yuanta Securities Investment Consulting. The

current Chairman of Yuanta Bank, Chien Weng, is also the current President of Yuanta FHC. Vice Chairman Tsai Yu Chang used to be the CFO of Yuanta FHC. The Chairman of Yuanta Securities, Hsiu Wei Chen (Vincent), used to be the CSO and CLO of Yuanta FHC. The Chairman of Yuanta Futures, Tien Fu Lin, Chairman of Yuanta Securities Finance, Shao Sing Gong, and Chairman of Yuanta Venture Capital, Chi Chang Chen all used to be the senior management of Yuanta Securities. All of these reflect Yuanta FHC's performance of the "profession" and "transfer of experience" under the successor plan.

2. Successor cultivation planning for the key management, and the operation of such planning

According to Article 53-1 of the "Yuanta FHC Corporate Governance Best-Practice Principles," "Yuanta FHC shall establish the succession planning for the management and have the Board of Directors evaluate the development and execution of such planning periodically, in order to ensure the corporate sustainability." Yuanta FHC's key management include President, General Auditor, chief functional officers, chief executive officers and department heads, 94.1% of whom held the position after job transfer and internal promotion. Yuanta FHC values the training of successors. 93.2% of the supervisors of departments or above in Yuanta Group and its subsidiaries were promoted internally.

Yuanta FHC selects the key management's successors based on the expertise and experience, work performance, development potential, compatibility with the enterprise's core value and individual development willingness of the key talents. For the time being, 1 to 3 successor candidates would be nominated for each key manager. Meanwhile, the successor candidates need to undergo the cross-department or cross-functional job training and attend the courses on compliance, finance, strategic management and corporate governance. They will also be assigned to attend Yuanta FHC's important meetings, such as performance review meetings, periodically, and act as a key manager's functionary substitute. In conclusion, said diversified development model might help each successor candidate have the in-depth knowledge about the Group's overall development strategies, policy-making logic, cross-department communication and negotiation mechanism, and execution of policies, in order to train them about the logic and sophistication which the management shall have in thinking and execution.

The talent training and successor cultivation have been included as an important indicator for Yuanta FHC's performance appraisal on the management at all levels. Yuanta FHC conducts mid-term and final performance appraisals to measure the development results and maturity of the successor each year, adequately adjust the training and job transfer development plans for next year, and report the status of successor cultivation to the Nominating Committee and Board of Director for review each year.

For the appointment of management, Yuanta FHC will review the successor candidates' qualifications in accordance with the Yuanta FHC Regulations Governing Appointment and Management of Managers and job descriptions, ask its directors for authorization of the recommended candidates, and then report the same to the Board of Directors for resolution upon review and approval of the Nominating Committee.

In 2022, Vice President Chi Jung Huang of Yuanta Bank succeeded to the position as CISO of Yuanta FHC, as a part of the practicing of Yuanta FHC's important management successor plan.

IV. Status of Corporate Governance

(I) Operation of the Board of Directors

1. The board held 14(A) meetings during 2022; the attendance of directors is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Ting Chien Shen (Tony)	14	0	100	Re-elected; the date of the reelection: June 10, 2022
Director	Wei Chen Ma (Michael)	14	0	100	
Director	Representative of Tsun Chueh Investment Co., Ltd.: Chung Yuan Chen	14	0	100	
Director	Representative of Tsun Chueh Investment Co., Ltd.: Daniel Y.M. Song	13	1	93	
Director	Representative of Modern Investment: Chien Weng	9	0	100	Newly elected; the date of the reelection: June 10, 2022; a total of nine meetings of the Board of Directors convened during the annual tenure.
Independent Director	Ming Ling Hsueh	14	0	100	Re-elected; the date of the reelection: June 10, 2022
Independent Director	Kuang Si Shiu	14	0	100	
Independent Director	Hsing Yi Chow	14	0	100	
Independent Director	Sharon S. Yang	9	0	100	Newly elected; the date of the reelection: June 10, 2022; a total of nine meetings of the Board of Directors convened during the annual tenure.
Former Director	Representative of Modern Investment Co., Ltd.: Chao Kuo Chiang	5	0	100	Discharged; the date of the reelection: June 10, 2022; a total of five meetings of the Board of Directors convened during the annual tenure.
Former Independent Director	Yin Hua Yeh	5	0	100	Discharged; the date of the reelection: June 10, 2022; a total of five meetings of the Board of Directors convened during the annual tenure.

Other items to be stated:

- I. Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors, and Yuanta FHC's resolution of said opinions:
- (I) For resolution(s) passed pursuant to Article 14 -3 of the Securities and Exchange Act: Not applicable, as Yuanta FHC has established the Audit Committee and Article 14 -5 of the Act shall apply.
 - (II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.
- II. In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual

voting counts:

- (I) 38th meeting of the 8th Board of Directors on January 21, 2022
For performance appraisal on the group performance bonus for Yuanta FHC's Chairman of Board in 2021.
Resolution:
 - 1. Chairman Tony Shen, as a stakeholder, recused himself from discussion and voting, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
 - 2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.
- (II) 39th meeting of the 8th Board of Directors on March 15, 2022
Scheduled to organize the annual general meeting 2022 at 9:00AM on June 10, 2022 (Friday).
Resolution:
Except Director Wei Chen Ma (Michael), who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion unanimously.
- (III) 39th meeting of the 8th Board of Directors on March 15, 2022
Motion for allocation of remuneration to directors 2021.
Resolution:
 - 1. Chairman Tony Shen, Director Wei Chen Ma (Michael), Director Chung Yuan Chen, Director Chao Kuo Chiang and Director Daniel Y.M. Song recused themselves from discussion and voting on the motion as the stakeholders, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
 - 2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.
- (IV) 41st meeting of the 8th Board of Directors on April 27, 2022
For nomination of the candidates for Yuanta FHC's directors (including independent directors) of the 9th term.
Resolution:
 - 1. The motion was discussed and voted by the candidates separately. As stakeholders, Director Tony Shen, Director Wei Chen Ma (Michael), Director Chung Yuan Chen, Director Daniel Y.M. Song, Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu and Independent Director Hsing Yi Chow recused themselves from the discussion and voting on the part in conflict with them. During the discussion on part in conflict with Director Tony Shen, Independent Director Ming Ling Hsueh acted as the chairperson preliminarily.
 - 2. Apart from the stakeholder, who recused himself, the remaining directors present agreed to pass the motion. The election was also carried out at the annual general meeting on June 10, 2022.
- (V) 42nd meeting of the 8th Board of Directors on May 20, 2022
The amendments to certain articles of the "Yuanta FHC Regulations Governing Severance Pay/Pension Payable to Chairman and Vice Chairman."
Resolution:
 - 1. Chairman Tony Shen, as a stakeholder, recused himself from discussion and voting, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
 - 2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.
- (VI) 1st meeting of the 9th Board of Directors on June 10, 2022
Scheduled to execute the industry-academia cooperation and academic feedback mechanism contract with National Chengchi University.
Resolution:
Except Independent Director Sharon S. Yang, who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion

unanimously.

(VII) 2nd meeting of the 9th Board of Directors on June 10, 2022

For appointment of the Remuneration Committee members of Yuanta FHC's 9th Board of Directors, and suggestion about personnel.

Resolution:

1. Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu, Independent Director Hsing Yi Chow and Independent Director Sharon S. Yang recused themselves from the discussion and voting on the motion as the stakeholders.
2. Apart from the stakeholders, who recused themselves, the remaining directors present agreed to pass the name list of members of the 9th Remuneration Committee, and Independent Director Kuang Si Shiu was recommended to act as the convener of the current Remuneration Committee.

(VIII) 2nd meeting of the 9th Board of Directors on June 10, 2022

For appointment of the Sustainable Development Committee members of Yuanta FHC's 9th Board of Directors, and suggestion about personnel.

Resolution:

1. As stakeholders, Chairman Tony Shen, Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu, Independent Director Hsing Yi Chow and Independent Director Sharon S. Yang recused themselves from the discussion and voting on the motion. During the discussion the on part in conflict with Chairman Tony Shen, Director Chien Weng acted as the chairperson preliminarily.
2. Apart from the stakeholders, who recused themselves, the remaining directors present agreed to pass the name list of members of the 9th Sustainable Development Committee, and Chairman Tony Shen was recommended to act as the convener of the current Sustainable Development Committee.

(IX) 3rd meeting of the 9th Board of Directors on June 29, 2022

Periodically evaluate and determine Yuanta FHC's remuneration to directors.

Resolution:

For this motion, independent directors and the other directors are elected through separate discussion and voting in the following manner:

1. For the remuneration to directors (exclusive of independent directors): All directors recused themselves from the discussion and voting on the motion as the stakeholders. Independent Director Kuang Si Shiu acted as the chairperson preliminarily, and the remaining independent directors present agreed to pass the motion unanimously.
2. For the remuneration to independent directors: All independent directors recused themselves from the discussion and voting on the motion as the stakeholders, and the remaining directors present agreed to pass the motion unanimously.

(X) 3rd meeting of the 9th Board of Directors on June 29, 2022

For allocation of remuneration to Yuanta FHC's directors (exclusive of independent directors) in 2021.

Resolution:

1. Director Wei Chen Ma (Michael), Director Chung Yuan Chen, Director Daniel Y.M. Song, and Director Chien Weng, the stakeholders, recused themselves from discussion and voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

(XI) 3rd meeting of the 9th Board of Directors on June 29, 2022

For allocation of remuneration to the directors and supervisors of invested enterprises appointed by Yuanta FHC in 2021.

Resolution:

Except Director Wei Chen Ma (Michael), who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion

unanimously.

(XII) 3rd meeting of the 9th Board of Directors on June 29, 2022

For allocation of remuneration to employees 2021.

Resolution:

Except Director Chien Weng, who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion unanimously.

(XIII) 7th meeting of the 9th Board of Directors on October 26, 2022

The amendments to certain articles of the “Yuanta FHC Regulations Governing Remuneration to Employees.”

Resolution:

Except Director Chien Weng, who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion unanimously.

(XIV) 7th meeting of the 9th Board of Directors on October 26, 2022

The amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Regulations Governing Allocation of Bonus.”

Resolution:

Except Director Chien Weng, who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion unanimously.

(XV) 9th meeting of the 9th Board of Directors on December 28, 2022

For transfer of Yuanta FHC’s managers

Resolution:

Except Director Chien Weng, who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion unanimously.

(XVI) 10th meeting of the 9th Board of Directors on January 16, 2023

For performance appraisal on the group performance bonus for Yuanta FHC’s Chairman of Board in 2022.

Resolution:

1. Chairman Tony Shen, as a stakeholder, recused himself from discussion and voting, and Independent Director Kuang Si Shiu acted as the chairperson at the time of voting.
2. Apart from the interested party, who recused himself, the remaining directors present agreed to pass the motions.

(XVII) 10th meeting of the 9th Board of Directors on January 16, 2023

For performance appraisal on the group performance bonus for Yuanta FHC’s Managers in 2022.

Resolution:

Except Director Chien Weng, who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion unanimously.

III. The TWSE/TPEX-listed company shall disclose the appraisal cycle and period, scope of appraisal, method and contents of appraisal about the Board of Directors’ self (or peer) performance appraisal, and specify in the following Table.

Appraisal cycle (Note 1)	Once per year
Appraisal period (Note 2)	January 1, 2022 ~ December 31, 2022
Scope of appraisal (Note 3)	Yuanta FHC takes into account Yuanta FHC’s condition and needs when determining the scope of performance appraisal on the Board of Directors, which shall at least consist of the following five major elements: <ol style="list-style-type: none"> 1. Degree of participation in Yuanta FHC’s operation; 2. Upgrading the quality of the Board of Directors’ decision making; 3. Formation and structure of the Board of Directors; 4. Election and continuing education of directors;

	<p>5. Internal control.</p> <p>The performance appraisal (self or peer) on the Board of Directors members shall at least consist of the following six elements:</p> <ol style="list-style-type: none"> 1. Alignment with Yuanta FHC's goals and mission; 2. Awareness toward directors' responsibilities and duties; 3. Degree of participation in Yuanta FHC's operation; 4. Management of internal relations and communication; 5. Expertise and continuing education of directors; 6. Internal control. <p>The performance appraisal on the Audit Committee shall at least consist of the following five elements:</p> <ol style="list-style-type: none"> 1. Degree of participation in Yuanta FHC's operation; 2. Awareness toward Audit Committee's responsibilities and duties; 3. Upgrading the quality of the Audit Committee's decision making; 4. Formation and election of Audit Committee members; 5. Internal control. <p>The performance appraisal on the Remuneration Committee shall at least consist of the following five elements:</p> <ol style="list-style-type: none"> 1. Degree of participation in Yuanta FHC's operation; 2. Awareness toward Remuneration Committee's responsibilities and duties; 3. Upgrading the quality of the Remuneration Committee's decision making; 4. Formation and election of Remuneration Committee members; 5. Internal control. <p>The performance appraisal on the Sustainable Development Committee shall at least consist of the following five elements:</p> <ol style="list-style-type: none"> 1. Degree of participation in Yuanta FHC's operation; 2. Awareness toward Sustainable Development Committee's responsibilities and duties; 3. Upgrading the quality of the Sustainable Development Committee's decision making; 4. Formation and election of the Sustainable Development Committee members; 5. Internal control. <p>The performance appraisal on the Nominating Committee shall at least consist of the following six elements:</p> <ol style="list-style-type: none"> 1. Degree of participation in Yuanta FHC's operation; 2. Awareness toward the Nominating Committee's responsibilities and duties; 3. Nomination review and decision making; 4. Upgrading the quality of the Nominating Committee's decision making; 5. Formation and election of the Nominating Committee members; 6. Internal control.
Method of appraisal (Note 4)	<p>Yuanta FHC conducts the self-assessment in the form of a questionnaire. The execution unit responsible for the performance appraisal collects the information about the Board of Directors and functional committee activities, and complete Schedule 1 hereto, "Board of Directors Self-Assessment Questionnaire"; Schedule 2 hereto, "Board Members (Self or Peer) Assessment Questionnaire"; Schedule 3 hereto, "Audit Committee Self-Assessment Questionnaire"; Schedule 4 hereto, "Remuneration Committee Self-Assessment Questionnaire"; Schedule 5 hereto "Sustainable Development Commission Self-Assessment Questionnaire"; and Schedule 6 hereto, "Nominating Committee Self-Assessment Questionnaire," respectively. Then, the questionnaires are collected uniformly, and the unit record the assessment report based on the scores per the assessment indicators, and submit the assessment results to the Nominating Committee and then to the Board of Directors for discussion and improvement.</p>

Contents of appraisal (Note 5)	<p>The Board of Directors' and functional committees' 2022 self-assessment results were handled in accordance with "Regulations Governing Performance Appraisal on Board of Directors and Functional Committees of Yuanta FHC" The relevant assessment results were also reported at the 3rd meeting of the 9th Nominating Committee on December 10, 2022 and 9th meeting of the 9th Board of Directors on December 28, 2022 for discussion and approval.</p> <p>1. Board of Directors</p> <p>The "Board of Directors Self-Assessment Questionnaire": Consisting of 5 elements and 45 assessment items, as self-assessed by nine(9) directors (including independent directors).</p> <p><u>Statistic results</u></p> <p>(1) Degree of participation in Yuanta FHC's operation (12 questions in total): Positive comments given by all directors and independent directors.</p> <p>(2) Upgrading the quality of the Board of Directors' decision making (12 questions in total): Positive comments given by all directors and independent directors.</p> <p>(3) Formation and structure of the Board of Directors (7 questions in total): Positive comments given by all directors and independent directors.</p> <p>(4) Election and continuing education of directors (7 questions in total): Positive comments given by all directors and independent directors.</p> <p>(5) Internal control (7 questions in total): Positive comments given by all directors and independent directors.</p> <p><u>The entire assessment results</u> show that all of the nine(9) directors (including independent directors) gave positive comments on all of the elements.</p> <p>2. Board members</p> <p>The "Board Members (Self or Peer) Assessment Questionnaire": Consisting of 6 elements and 26 assessment items, as self-assessed by nine(9) directors (including independent directors).</p> <p><u>Statistic results</u></p> <p>(1) Alignment with Yuanta FHC's goals and mission (3 questions in total): Positive comments given by all directors and independent directors.</p> <p>(2) Awareness toward directors' responsibilities and duties (six questions in total): Except one(1) director stated that he/she was new with respect to the question about "the new directors who have already understood their job duties and been aware of Yuanta FHC's' operations and environment," the other directors and independent directors gave positive comments.</p> <p>(3) Degree of participation in Yuanta FHC's operation (8 questions in total): Positive comments given by all directors and independent directors.</p> <p>(4) Management of internal relations and communication (3 questions in total): Positive comments given by all directors and independent directors.</p> <p>(5) Expertise and continuing education of directors (3 questions in total): Positive comments given by all directors and independent directors.</p> <p>(6) Internal control (3 questions in total): Positive comments given by all directors and independent directors.</p> <p><u>The entire assessment results</u> show that all of the nine(9) directors (including independent directors) gave positive comments on all of the elements.</p> <p>3. Audit Committee</p> <p>The "Audit Committee Performance Self-Assessment Questionnaire": Consisting of 5 elements and 34 assessment items, as self-assessed by four(4) members.</p> <p><u>Statistic results</u></p> <p>(1) Degree of participation in Yuanta FHC's operation (9 questions in total): Positive comments given by all members.</p> <p>(2) Awareness toward Audit Committee's responsibilities and duties (5 questions in total): Positive comments given by all members.</p> <p>(3) Upgrading the quality of the Audit Committee's decision making (8 questions in total): Positive comments given by all members.</p>
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- (4) Formation and election of Audit Committee (5 questions in total): Positive comments given by all members.
- (5) Internal control (7 questions in total): Positive comments given by all members.
The entire assessment results show that all of the four(4) members gave the positive comments on all of the elements.
Comprehensive comments: One(1) independent director stated that Yuanta FHC's' Audit Committee was functioning well in 2022, as the Committee members acted professional and devoted.
4. Remuneration Committee
The "Remuneration Committee Performance Self-Assessment Questionnaire":
Consisting of 5 elements and 26 assessment items, as self-assessed by four(4) members.
Statistic results
(1) Degree of participation in Yuanta FHC's' operation (5 questions in total): Positive comments given by all members.
(2) Awareness toward Remuneration Committee's responsibilities and duties (7 questions in total): Positive comments given by all members.
(3) Upgrading the quality of the Remuneration Committee's decision making (8 questions in total): Positive comments given by all members.
(4) Formation and election of Remuneration Committee (4 questions in total): Positive comments given by all members.
(5) Internal control (2 questions in total): Positive comments given by all members.
The entire assessment results show that all of the four(4) members gave the positive comments on all of the elements.
5. Sustainable Development Committee
The "Sustainable Development Committee Performance Self-Assessment Questionnaire":
Consisting of 5 elements and 30 assessment items, as self-assessed by five(5) members.
Statistic results
(1) Degree of participation in Yuanta FHC's' operation (9 questions in total): Positive comments given by all members.
(2) Sustainable Development Committee's responsibilities and duties (3 questions in total): Positive comments given by all members.
(3) Sustainable Development Committee's responsibilities and duties (10 questions in total): Positive comments given by all members.
(4) Formation and election of Sustainable Development Committee (4 questions in total): Positive comments given by all members.
(5) Internal control (4 questions in total): Positive comments given by all members.
The entire assessment results show that all of the five(5) members gave the positive comments on all of the elements.
Comprehensive comments: One(1) independent director stated that Yuanta FHC's' Sustainable Development Committee had set clear targets which achieved remarkable achievements in 2022.
6. Nominating Committee
The "Nominating Committee Performance Self-Assessment Questionnaire":
Consisting of 6 elements and 33 assessment items, as self-assessed by five(5) members.
Statistic results
(1) Degree of participation in Yuanta FHC's' operation (6 questions in total): Positive comments given by all members.
(2) Awareness toward Nominating Committee's responsibilities and duties (6 questions in total): Positive comments given by all members.
(3) Nomination review and decision making (6 questions in total): Positive comments given by all members.
(4) Upgrading the quality of the Nominating Committee's decision making (8

questions in total): Positive comments given by all members.

(5) Formation and election of Nominating Committee (3 questions in total): Positive comments given by all members.

(6) Internal control (4 questions in total): Positive comments given by all members.

The entire assessment results show that all of the five(5) members gave the positive comments on all of the elements.

Summarized results of the annual assessment:

According to the performance assessment results, all directors (including independent directors) gave positive comments on the efficiency and operation of the Board of Directors and functional committees. The Board of Directors and functional committee members have assessed the elements including “Degree of participation in Yuanta FHC’s operation”, “Awareness toward directors’ responsibilities and duties”, “Quality of committing meeting decision making”, “Training and professional development”, “Assessment and supervision of risk management mechanism”, “Supervision of legal compliance and best practice principles”, and “Due diligence and duty”, and all considered that the Board and committees operated satisfactorily and practice their functions thoroughly.

Note 1 : To specify the cycle of appraisal on the Board of Directors, e.g. once per year.

Note 2 : To specify the period for which the appraisal on the Board of Directors will persist, e.g. the performance appraisal on the Board of Directors persisting from January 1, 2022 to December 31, 2022.

Note 3 : The scope of appraisal covers the performance appraisal on the Board of Directors, individual Board members, and functional committees.

Note 4 : The method of appraisal includes Board of Directors self-assessment, Board members’ self-assessment, peer assessment, external professional organization’s assessment, and performance appraisal by experts or in any other adequate manners.

Note 5 : The contents of appraisal shall consist of, at least, the following elements, subject to the scope of appraisal:

(1) Performance appraisal on Board of Directors: To cover, at least, degree of participation in Yuanta FHC’s operation, Quality of the Board of Directors’ decision making, formation and structure of the Board of Directors, election and continuing education of directors, and internal control, et al..

(2) Performance appraisal on individual Board member: To cover, at least, alignment with Yuanta FHC’s goals and mission, awareness toward directors’ responsibilities and duties, degree of participation in Yuanta FHC’s operation, management of internal relations and communication, expertise and continuing education of directors, and internal control, et al..

(3) Performance appraisal on functional committees: degree of participation in Yuanta FHC’s operation, awareness toward functional committees’ responsibilities and duties, quality of the functional decision making, formation of the functional committees and election of members, and internal control, et al..

IV. Measures undertaken during the current year and in the most recent year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment on their implementation:

(I) In the spirit of ethical management and by upholding the enterprise culture, Yuanta FHC follows the corporate governance, compliance and risk control mechanism. It manages business stably in the changeable financial environment in order to provide stakeholders with comprehensive and fine-quality services. In order to expressly declare and also keep demonstrating Yuanta FHC’s upgrading and improvement of the corporate governance, corporate social responsibility and ethical management practices, Yuanta FHC appoints the third independent organization, Taiwan Corporate Governance Association, to perform an in-depth assessment on the corporate governance system periodically. It reviews the completeness of the related system, fulfillment of

the same and validity of the feedback mechanism to provide the reference information helping Yuanta FHC establish the future corporate governance system development plan. Yuanta FHC passed the Taiwan Corporate Governance Association's "CG6013 (2021) Corporate Governance Framework Assessment Certificate with Distinguished Honor" in 2022. This certification is effective from December 29, 2022 to December 28, 2025.

- (II) In order to practice the concept of sustainable operation, implement corporate governance, strengthen the board of directors' commitment in ethical management and performing corporate social responsibility, the amendments to the relevant articles on organization and the "Sustainability Committee Charter" were approved at the 34th meeting of the 7th term Board of Directors on November 28, 2018, establishing the Sustainability Committee to operate under the board of directors. Meanwhile, the motion to amend the "Regulations Governing Establishment of Corporate Sustainability Committee" in part was passed at the 6th meeting of the 8th Board of Directors on September 25, 2019 and the 30th meeting of the 8th Board of Directors on June 23, 2021. The motion to amend the "Sustainable Development Committee Charter" was passed at the 39th meeting of the 8th Board of Directors on March 15, 2022, whereby the Committee was renamed the "Sustainable Development Committee" (formerly known as Sustainability Committee), and two promotion centers subordinated to the Committee were renamed as the "Integrity Management Office" and "Corporate Sustainability Office."
- (III) Yuanta FHC has appointed "Taiwan Corporate Governance Association" in September 2021 to appraise the performance of the Board of Directors from September 1, 2020 to August 31, 2021. The Association appraised the Board of Directors' performance, in the form of a questionnaire and on-site survey, in terms of 8 elements subject to 10 indicators, including 1. Composition and Board of Directors, 2. Direction by Board of Directors, 3. Authorization by Board of Directors, 4. Supervision by Board of Directors, 5. Communication with Board of Directors, 6. Internal Control and Risk Management, 7. Self-Discipline of Board of Directors, and 8. Others, such as the Board of Directors' meetings and supporting systems. The Association and experts had no business transactions with Yuanta FHC and, therefore, acted independently. The appraisal report was provided on October 8, 2021. Yuanta FHC reported the appraisal results at 36th meeting of the 8th term Board of Directors on November 19, 2021, and continued to improve the Board of Directors' functions based on the appraisal results.
- (IV) In order to strengthen the functions of the board of directors and its management mechanism, Yuanta FHC approved the establishment of the Nominating Committee at the 36th meeting of the 7th term Board of Directors on January 23, 2019. The motion to amend the "Articles of Association for Nominating Committee" in part was passed at the 20th meeting and 39th meeting of the 8th Board of Directors on September 23, 2020 and March 15, 2022.
- (V) The motion to amend the "Parliamentary Rules for Board of Directors' Meetings" in part was passed in 2019, which expressly provide that each director's annual attendance ratio is advised to attain 80% or more, and the annual attendance ratio is included into the performance appraisal on directors as one of the indicators. A total of 14 Board of Directors meetings were convened in 2022. The directors' attendance ratio attained 99%.
- (VI) In order to practice the corporate governance, strengthen the support to help directors exercise powers and facilitate the Board of Directors to practice its functions, the Board of Directors meeting on November 28, 2018 resolved that the corporate governance officer should be appointed, and served by the Chief Secretary of the Board of Directors. Then, the Board of Directors meeting on March 6, 2019 resolved to adjust the position as the "Chief Corporate

Governance Officer” primarily responsible for providing directors (including independent directors) with the information required by them to perform their duties, help the directors with compliance affairs, and process the affairs related to directors’ meetings and shareholders’ meetings pursuant to laws to protect shareholders’ equity and enhance the Board of Directors’ functions. Meanwhile, according to Article 24 of the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Powers,” a newly appointed chief corporate governance officer shall complete a minimum of 18 continuing professional education hours within the year from the person’s appointment and a minimum of 12 continuing professional education hours per year in each following year. Yuanta FHC’s Chief Corporate Governance Officer has held the position since November 28, 2018, and completed the continuing professional education for 12 hours in 2022.

Name	Title	Course name	Organizing agency	Continuing professional education hours (hrs)	Total hours annually
Lawrence Lee	Chief Corporate Governance Officer	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	Taiwan Securities Association	3	12
		Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	Taiwan Securities Association	3	
		Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry’s Risk Management Trends	Taiwan Securities Association	3	
		Fair Dealing Policy and Protection and Empowerment of Financial Consumers	Taiwan Securities Association	3	

Note 1 : The name and representative of the institutional shareholder of any director who is a corporation, if any, shall be disclosed.

Note 2 : The Company’s directors (including independent directors) of the 9th term were elected on June 10, 2022.

Note 3 : (1) Where a specific director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the “Remark” section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director’s term and the number of meetings actually attended by that director.

(2) Where a reelection may be held for filling the vacancies of directors before the end of the fiscal year, list both the new and the discharged directors, and specify if they are the former directors, or newly elected, re-elected and the date of the reelection in the “Remark” section. Actual attendance rate (%) was calculated on the basis of the number of board meetings held during each director’s term and the number of meetings actually attended by that director.

2. Attendance of independent directors at various Board of Directors meetings in the most recent year (2022)

⊙: In person; ☆: By proxy; *: Absent; -: Not yet take office/Not attending upon dismissal

2022	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Ming Ling Hsueh	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙
Kuang Si Shiu	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙
Yin Hua Yeh	⊙	⊙	⊙	⊙	⊙	-	-	-	-	-	-	-	-	-
Hsing Yi Chow	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙
Sharon S. Yang	-	-	-	-	-	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙

(II) Functions, Annual Key Work and Operations of the Audit Committee

- The Company's Audit Committee consists of 4 independent directors. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight of the quality and integrity of the Company's implementation of accounting, auditing, financial reporting processes and financial control. Member professional qualifications and experience refer to page 28 for the “(IV) Disclosure of information about professional qualifications and independence of directors and independent directors.”
- The number of persons, term of office and authority of Yuanta FHC’s audit committee shall be subject to Article 3, Article 4, Article 5 and Article 6 of the Articles of Association for Yuanta FHC’s Audit Committee. The relevant regulations are disclosed in the “Major Internal Policies” in the section of “Sustainability” on Yuanta FHC’s website.
- The Audit Committee held 13 (A) meetings in the most recent year (2022). The attendance of independent directors is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A] (Note 3)	Remarks
Independent Director	Ming Ling Hsueh	13	0	100	Re-elected; the date of the reelection: June 10, 2022
Independent Director	Kuang Si Shiu	13	0	100	
Independent Director	Hsing Yi Chow	13	0	100	
Independent Director	Sharon S. Yang	8	0	100	Newly elected; the date of the reelection: June 10, 2022; a total of eight meetings of the Audit Committee convened during the annual tenure.
Former Independent Director	Yin Hua Yeh	5	0	100	Discharged; the date of the reelection: June 10, 2022; a total of five meetings of the Audit Committee convened during the annual tenure.

Other items to be stated:

- I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes

concerned shall clearly state the meeting date, term, contents of motions, any independent director's opinions expressing objections or reservations or important suggestions, Audit Committee's resolution and Yuanta FHC's resolution of Audit Committee's opinions:

- (I) The circumstances referred to in Article 14 -5 of the Securities and Exchange Act;
1. 36th meeting of the 8th Audit Committee on January 18, 2022
For the assessment on independence of Yuanta FHC's independent auditors, and appointment of and remuneration to the independent auditors in 2022.
Resolution made by the Audit Committee: approved by all present members unanimously.
Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 38th meeting of the 8th Board of Directors on January 21 2022.
 2. 38th meeting of the 8th Audit Committee on March 14, 2022
Motion for Yuanta FHC's consolidated financial statements 2021.
Resolution made by the Audit Committee: approved by all present members unanimously.
Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 39th meeting of the 8th Board of Directors on March 15 2022.
 3. 38th meeting of the 8th Audit Committee on March 14, 2022
Yuanta FHC's 2021 earnings appropriation.
Resolution made by the Audit Committee: approved by all present members unanimously.
Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 39th meeting of the 8th Board of Directors on March 15 2022.
 4. 38th meeting of the 8th Audit Committee on March 14, 2022
For Yuanta FHC's issuance of new shares upon capital increase from earnings 2021.
Resolution made by the Audit Committee: approved by all present members unanimously.
Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 39th meeting of the 8th Board of Directors on March 15 2022.
 5. 38th meeting of the 8th audit committee on March 14, 2022
Approved of Yuanta FHC's 2021 Statement on Internal Control System.
Resolution made by the Audit Committee: approved by all present members unanimously.
Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 40th meeting of the 8th board of directors on March 30, 2022.
 6. 38th meeting of the 8th Audit Committee on March 14, 2022
The amendments to certain articles of the "Yuanta FHC Procedure for Acquisition or Disposal of Assets."
Resolution made by the Audit Committee: approved by all present members unanimously.
Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 39th meeting of the 8th Board of Directors on March 15 2022.
 7. 40th meeting of the 8th Audit Committee on May 17, 2022
Motion for Yuanta FHC's consolidated financial statements Q1 of 2022.
Resolution made by the Audit Committee: approved by all present members unanimously.
Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 42th meeting of the 8th Board of Directors on May 20, 2022.
 8. 2nd meeting of the 9th Audit Committee on June 21, 2022
For issuance of Yuanta FHC's "unsecured common corporate bonds."
Resolution made by the Audit Committee: approved by all present members unanimously.
Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 3rd meeting of the 9th Board of Directors on June 29 2022.
 9. 3th meeting of the 9th Audit Committee on July 19, 2022
For Yuanta FHC's issuance of new shares upon capital increase from earnings in 2021 and determination of the record date for distribution of stock dividends and record date for issuance of new shares upon capital increase, etc.
Resolution made by the Audit Committee: approved by all present members unanimously.

- Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 4th meeting of the 9th Board of Directors on July 27 2022.
10. 4th meeting of the 9th Audit Committee on August 16, 2022
 Motion for Yuanta FHC's consolidated financial statements Q2 of 2022.
 Resolution made by the Audit Committee: approved by all present members unanimously.
 Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 5th meeting of the 9th Board of Directors on August 23 2022.
 11. 7th meeting of the 9th Audit Committee on November 15, 2022
 Motion for Yuanta FHC's consolidated financial statements Q3 of 2022.
 Resolution made by the Audit Committee: approved by all present members unanimously.
 Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 8th meeting of the 9th Board of Directors on November 21 2022.
 12. 8th meeting of the 9th audit committee on December 20, 2022
 Presentation of Yuanta FHC's audit plan for next year (2023).
 Resolution made by the Audit Committee: approved by all present members unanimously.
 Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 9th meeting of the 9th board of directors on December 28 2022.
 13. 9th meeting of the 9th Audit Committee on January 17, 2023
 For the assessment on independence of Yuanta FHC's independent auditors, audit quality indicators, and appointment of and remuneration to the independent auditors in 2023.
 Resolution made by the Audit Committee: approved by all present members unanimously.
 Yuanta FHC's action against the Audit Committee's opinion: Approved by all present directors unanimously at 11th meeting of the 9th Board of Directors on February 1, 2023.
- (II) Aside from said circumstances, resolution(s) not passed by the audit committee but receiving the consent of two thirds of the Board of Directors: None.
- II. In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: None.
- III. Communication between independent directors and internal auditing officers as well as CPAs on company finances and business situation (such as items discussed, means of communication and results, etc.):
- (I) In order to upgrade the efficiency and effect of operations and strengthen the interaction with the internal auditing unit and accounting unit, Yuanta FHC's Audit Committee adopted the "Communication Procedures for Audit Committee and Auditing Dept." and "Communication Procedures for Audit Committee and Independent Auditors" to supervise the auditing unit's performance and exercise of its duties and functions. All communications between the Audit Committee and internal auditors/external auditors followed said Regulations, which thus far have resulted in very good consequence. At the same time, internal auditors and external auditors will be evaluated separately at the end of each year for their overall performance, and the results are reported to the Board of Directors.
 1. Status of communication between independent directors and CPAs:
 - (1) Yuanta FHC's Audit Committee members consist of the whole independent directors. In order to upgrade the efficiency and effect of operations and strengthen the interaction with independent auditors, Audit Committee adopted the "Communication Procedures for Audit Committee and Independent Auditors" to supervise the adequate expression in Yuanta FHC's financial statements, as well as the independence and performance of the independent auditors.
 - (2) The issues to be communicated periodically under the "Communication Procedures for Audit Committee and Independent Auditors" shall be communicated when the independent auditors are planning the audit, in the process of the audit, and prior to completion of the audit report. Yuanta FHC discloses the communication and results on

its website. Besides, under any circumstances requiring communication, the communication may take place from time to time to maintain the fair communication between the independent auditors and Audit Committee.

- (3) The 2022 communication meeting between Audit Committee and independent auditors provided the explanation about finance and income upon audit (review) per quarter. Meanwhile, the important issues are summarized as follows:
 - A. Discussion on Resolution of the Group's Goodwill Involved in Tax Dispute, and Status Thereof.
 - B. Discussion on the Accounting Treatment of ESG-linked or Sustainability-linked Investment Products and Loans.
 - C. The external auditors explained about the evaluation on the significant changes caused by the recent economic environmental impact to Yuanta FHC's operations, indicating that no significant unusual circumstance has been found.
 - D. Discussion on Impact Posed by the Amendments to Important Laws and Regulations Promulgated Recently to the Amendments to Yuanta FHC's Internal Regulations and Practices .
 - E. Audit Quality Indicator (AQI).
 - F. Amendments and Impact to Non-Assurance Services-Related Provisions Posed by Independence Requirements and International Code of Professional Ethics for CPAs.
 - G. Inquire with the external auditor about the audit procedures for valuation of fair value of the Group's non-TWSE/TPEX-listed stocks.
 - H. Discuss on the progress of legal actions involving Yuanta Securities' overseas subsidiaries, and relevant accounting treatment.
2. Status of communication between independent directors and internal audit officers:
 - (1) Yuanta FHC has the Internal Auditing Dept. subordinated to the Board of Directors, which is responsible for the internal auditing affairs, and supervision, integration and performance appraisal by the subsidiaries on the affairs within the scope of their job duties, and reporting of the operation of the audit affairs of Yuanta FHC and its subsidiaries to Audit Committee and Board of Directors on a monthly basis.
 - (2) Yuanta FHC's Internal Auditing Dept. continues to follow up the inspection comments or deficiencies mentioned in the internal auditing unit's and internal units' self-inspection report, and the improvements required in the Statement on Internal Control System, until they are corrected completely, and submit the report on deficiencies found in important inspections and follow up on improvement of the internally audited deficiencies to Audit Committee on a semi-annual basis.
 - (3) Yuanta FHC's Internal Auditing Dept. reports the annual audit plans and Statement on Internal Control System, on a yearly basis, and the amendments to the regulations of the Internal Auditing Dept. ("Regulations Governing Implementation of Internal Audit" and "Directions Governing Performance Appraisal on Subsidiaries' Audit Operations"), from time to time, to the Audit Committee for review.
 - (4) The Audit Committee holds the communication meeting with internal auditors each year. The Auditor-General shall compile and report the status of internal controls. The meeting is intended to communicate the issues concerned by the Audit Committee.
 - (5) When Yuanta FHC or any of its subsidiaries reports any contingency, Yuanta FHC's Internal Auditing Dept. will notify all directors via email or message at the same time, and then report it to the Audit Committee to help the Audit Committee control the information at the very beginning.
- (II) Yuanta FHC discloses the summary about the communication between independent directors and chief internal audit officers and CPAs in the "Other Committees/ Audit Committee" in the section of "Investor relations" > "Corporate Governance" on Yuanta FHC's website. (Website:<https://www.yuanta.com/TW/IR/Governance/Committees>).

Summary of the communication meetings between the Audit Committee and internal audit managers in 2022.

Date	Method of communication	Counterpart	Points of communication	Communication results
2022.01.18	Audit Committee	Auditor-General	1. Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in December 2021 2. Continuing report on the inspection opinion provided by Financial Examination Bureau, Financial Supervisory Commission, and corrective actions	1. Acknowledged, and transferred to the Board of Directors 2. Acknowledged, and transferred to the Board of Directors
2022.02.22	Audit Committee	Auditor-General	Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in January 2022	Acknowledged, and transferred to the Board of Directors
2022.03.14	Audit Committee	Auditor-General	1. Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in February 2022 2. 2021 Statement on Internal Control System	1. Acknowledged, and transferred to the Board of Directors 2. Approved, and reported to the Board of Directors for resolution
2022.04.19	Audit Committee	Auditor-General	1. Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in March 2022 2. Continuing report on the inspection opinion provided by Financial Examination Bureau, Financial Supervisory Commission, and corrective actions	1. Acknowledged, and transferred to the Board of Directors 2. Acknowledged, and transferred to the Board of Directors
2022.05.17	Audit Committee	Auditor-General	Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in April 2022	Acknowledged, and transferred to the Board of Directors
2022.06.21	Audit Committee	Auditor-General	Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in May 2022	Acknowledged, and transferred to the Board of Directors
2022.07.19	Audit Committee	Auditor-General	Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in June 2022	Acknowledged, and transferred to the Board of Directors
2022.08.16	Audit Committee	Auditor-General	Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in July 2022	Acknowledged, and transferred to the Board of Directors
2022.09.20	Audit Committee	Auditor-General	Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in August 2022	Acknowledged, and transferred to the Board of Directors
2022.10.18	Audit Committee	Auditor-General	Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in September 2022	Acknowledged, and transferred to the Board of Directors
2022.11.15	Audit Committee	Auditor-General	1. Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in October 2022 2. Submission of Yuanta FHC's appraisal report on the subsidiaries' internal audits.	1. Acknowledged, and transferred to the Board of Directors 2. Acknowledged, and transferred to the Board of Directors
2022.11.21	Communication meeting between Audit Committee and the internal audit units	Yuanta FHC's Auditor-General and all internal auditors	1. Execution of the suggestions raised at the communication meeting in 2021 2. Overview of sanctions published on FSC's website 3. Summary of sanctions to direct subsidiaries 4. Overview of defects discovered during	Please proceed per the suggestions raised by each independent director.

Date	Method of communication	Counterpart	Points of communication	Communication results
			the internal audit conducted by Yuanta FHC 5. Focus of the Competent Authority	
2022.12.20	Audit Committee	Auditor-General	1. Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in November 2022 2. Presentation of Yuanta FHC's 2023 audit	1. Acknowledged, and transferred to the Board of Directors 2. Approved, and reported to the Board of Directors for resolution
2022.01.17	Audit Committee	Auditor-General	Summary report on the audit affairs of Yuanta FHC and its direct subsidiaries in December 2022	Acknowledged, and transferred to the Board of Directors

IV. Operation and functions of the audit committee:

- (I) Yuanta FHC's Audit Committee shall be responsible for "improve Yuanta FHC's internal mechanism and assist the Board of Directors in enhancing corporate governance performance". The Committee members consist of independent directors in whole, and the Committee is the most important functional committee in the operation of Yuanta FHC's Board of Directors. The Audit Committee will establish the "Annual plan for events and agenda" based on Yuanta FHC's mid-term and long-term development strategies each year, as the core of the execution of annual strategic objectives by Yuanta FHC's Board of Directors. The annual work focuses include review on Yuanta FHC's annual business and strategic planning, corporate governance-related issues, financial reports, internal audit affairs and risk management, et al. The Audit Committee and Board of Directors will execute the same and review the results of execution each year.
- (II) The Audit Committee functions primarily in order to supervise the adequate expression in Yuanta FHC's financial statements, appointment (dismissal), independence and performance of independent auditors, effective implementation of Yuanta FHC's internal control, compliance with related laws and rules, and control over Yuanta FHC's existing or potential risks.
- (III) The responsibilities and duties of the Audit Committee are as follows:
 1. Adoption of or amendments to the internal control system.
 2. Appraisal on effectiveness of the internal control system,
 3. Adoption of or amendments to handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
 4. A matter bearing on the personal interest of a director.
 5. A material asset or derivatives transaction.
 6. A material monetary loan, endorsement, or provision of guarantee.
 7. Offering, issuance, or private placement of equity-type securities.
 8. Appointment or dismissal of the independent auditor CPA, or remuneration to the independent auditor.
 9. The appointment or discharge of a financial, accounting, or internal auditing officer.
 10. Financial reports of Q2 to be signed or affixed with a seal by the Chairman, managers and chief accountant, and also audited and certified by a CPA.
 11. Any other material matter so required by Yuanta FHC or the competent authority.

The Audit Committee holds regular monthly meetings. Within the scope of its powers, managers of relevant departments may be invited; internal auditors, accountants, legal advisers or other personnel to attend the meetings and provide relevant and necessary information. However, they should leave the meeting during discussions and voting.
- (IV) The Audit Committee has convened 13 meetings in total in 2022, which primarily reviewed the following motions and annual key work:
 1. 2021 "Consolidated financial Statements" and "Statement on Internal Control System."
 2. "2023 Audit Plan," "Assessment on Independence of External Auditors, and Appointment of and Remuneration to the External Auditors," "Consolidated Financial Statements of Q1,"

“Consolidated Financial Statements of Q2,” “Consolidated Financial Statements of Q3,” “Distribution of Earnings,” “Issuance of New Shares Upon Capital Increase out of Earnings,” “Issuance of Unsecured Ordinary Corporate Bonds,” “Issuance of New shares Upon Capital Increase out of Earnings and Determination of Record Date for Distribution of Stock Dividends and Record Date for Issuance of New Shares Upon Capital Increase.”

3. Establish the “Yuanta FHC Regulations Governing Operations, Law and Compliance & Environmental Risk,” “Yuanta FHC Information Sharing Policy” and “Yuanta FHC Investment and Financing Climate Change Risk Management Regulations.”
4. Amendments to the “Articles of Incorporation,” “Articles of Association,” “Parliamentary Rules for Shareholders’ Meetings,” “Procedure for Acquisition or Disposal of Assets,” “Articles of Association for Risk Management Committee,” “Communication Procedures for Audit Committee and Independent External Auditors,” “AML/CTF Policy,” “Regulations Governing Cross-selling of the Group,” “Fund Management Regulations,” “Data Sharing Policy,” “Communication Procedures for Audit Committee and Auditing Dept.,” “Regulations Governing Management of Evaluation on Non-TWSE/TPEX Listed Equity Securities,” “Risk Management Policy,” “Business Risk Management Regulations” (formerly known as the “Business Risk, Compliance & Legal Risk and Environmental Risk Management Regulations”), “Procedures for the Handling of Major Internal Incidents” and “Accounting System.”

- (V) The information about Audit Committee is disclosed in the “Other Committees/ Audit Committee” in the section of “Investor relations” > “Corporate Governance” on Yuanta FHC’s official website. (Website: <https://www.yuanta.com/EN/IR/Governance/Committees>).

Note 1 : The Company’s independent directors were elected on June 29, 2007, and the audit committee was set up on the same day.

Note 2 : The Company’s independent directors of the 9th term were elected on June 10, 2022.

Note 3 : (1) Where a specific independent director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the “Remark” section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director’s term and the number of meetings actually attended by that director.

(2) Where a reelection may be held for filling the vacancies of independent directors before the end of the fiscal year, list out both the new and the discharged independent directors, and specify if they are the former independent directors, or newly elected, re-elected and the date of the reelection in the “Remark” section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director’s term and the number of meetings actually attended by that director.

(III) Items disclosed in accordance with the Corporate Governance Best-Practice Principles for Financial Holding Companies

On the home page of Yuanta FHC’s website, the “Sustainability” section discloses information related to the operations of corporate governance at Yuanta FHC. (<https://www.yuanta.com/EN/ESG/Governance>)

(IV) Status of corporate governance, departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and reasons for such departures

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
<p>1. Equity structure and shareholders' rights of financial holding company</p> <p>(1) Whether the financial holding company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?</p>	✓		<p>There was no departure in this respect.</p>
<p>(2) Whether Yuanta FHC controls the name lists of the financial holding Company's major shareholders and their ultimate owners?</p>		<p>1.</p> <p>(1) Yuanta FHC has disclosed the ways to communicate with Yuanta FHC in the "Contact Us" and Contact Person identified in the "Service" under the "Investor Relations" Section of its website. The shareholders' suggestions, questions, disputes, and legal actions will be judged by the processing unit personnel based on the contents to determine whether the same shall be processed by themselves, or transferred to the shareholders service agent or responsible unit. Then, the relevant unit will verify the root cause, take appropriate responsive actions and provide feedback as soon as possible.</p> <p>(2) According to Article 11 of the "Regulations Governing Approvals of the Same Person's or Same Related Parties' Applications to Own More Than a Certain Percentage of the Issued Voting Shares of a Financial Holding Company", Yuanta FHC will, on a monthly basis, disclose the information about any change in the major shareholders' equity on MOPS, and check the consistency with the roster of shareholders whenever the transfer registration is suspended, in order to control the information about major shareholdings. Meanwhile, Yuanta FHC sets up the "Shareholder Structure" section under the "Investor Information" of the "Investor Relations" on Yuanta FHC's website that provides relevant forms for download.</p>	
<p>(3) Whether the financial holding company establishes and implements some risk control</p>		<p>(3)</p> <p>A. Yuanta FHC has established a "Risk Management</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
and firewall mechanisms between Yuanta FHC and its affiliates?		<p>Department” being responsible for launching, supervising and implementing risk management measures. Each subsidiary has an independent risk management unit in place, depending on their business scale and risk attributes, to monitor the various risks involved.</p> <p>B. Yuanta FHC has complied with Articles 44 and 45 of the Financial Holding Company Act, regarding credit and non-credit transactions with related parties.</p> <p>C. Yuanta FHC has established the “Regulations Governing Operations Related to Financial Transactions with Affiliated Companies,” “Rules Governing Transactions with Related Parties,” “SOP for the General Power of Attorney Regarding the Non-Credit Transactions Between Yuanta FHC and Stakeholders Defined in Article 45 of the Financial Holding Company Act,” “Rules Governing the Transactions Between Yuanta FHC and Self-Disciplined Counterparts” and “Regulations Governing Confidentiality and Prevention of Conflict of Interest With Respect to Information Provided by or Database Established by Subsidiaries” for the fulfillment of risk control and firewall mechanism.</p>	
(4) Whether Yuanta FHC’s internal rules are adopted and disclosed on Yuanta FHC’s official website, which prohibit the insiders, such as Yuanta FHC’s directors or employees, from seeking profit based on the information unavailable on the market, and how such rules are practiced?		<p>(4) Article 15 of Yuanta FHC’s “Procedures for Integrity Management and Guidelines for Conduct” expressly provides that insider trading is strictly prohibited, which is also disclosed on Yuanta FHC’s official website: Investor Relations>Corporate Governance> “Committees/ Sustainable Development Committee.” URL: https://www.yuanta.com/Res/Doc/Policies/CG/Procedures_for Integrity_Management_and_Guidelines_for_Conduct_EN.p</p>	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	Summary	
			df. In order to enable all staff of Yuanta FHC and its subsidiaries to have the correct knowledge and basic judgment towards relevant laws and ethical conduct, Yuanta FHC organizes the “Ethical Management & Compliance Promotion” promotional program periodically each year. The courses cover the issues related to ethical management, including customers’ data protection, financial consumers’ data protection, transactions with stakeholders, insider trading requirements, disclosure of M&A information, financial personnel’s integrity, ethics and legal liability, compliance resources and whistleblowing system. All employees and managers are required to attend the courses and pass the relevant test, in order to improve employees’ awareness toward the regulations about ethical code, confidentiality obligation and prohibition of insider trading.The courses were attended by a total of 11,781 trainees in 2022, and all of the trainees passed the test. There were 11,903 training hours in total. The implementation status thereof was also reported to the Board of Directors periodically. In order to help the directors with continuing education, Yuanta FHC provided the promotional data about the “Integrity Management and Law Compliance,” and also organized a total of two corporate governance seminars for the Group’s directors and supervisors for promotion, including “The Latest Trends of Money Laundering Prevention and Countering Financing of Terrorism (Including Insider Trading Prevention Promotion)” held on July 14, attended by a total of 63 directors and supervisors, for 189 training hours in total, and “The Principle of Fair Treatment and the Protection and Empowerment of Financial Consumers” held on September 22, attended by a	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	Summary	
			total of 49 directors and supervisors, for 147 training hours in total.	
2. Composition and responsibilities of board of directors (1) Has the financial holding company established the diversity policy about the members of the Board of Directors and discloses the specific management targets and fulfillment of such policy at Yuanta FHC's website?	✓		<p>2.</p> <p>(1) Yuanta FHC has established the "Procedure for Election of Directors", in which Article 3 expressly defines that the overall composition of the Board of Directors shall be taken into consideration in the selection of the directors. In order to strengthen the functions of the Board of Directors and its management mechanism, Yuanta FHC formulates an appropriate diversity policy based on its business operation, business type, and development needs, including but not limited to, the following two general standards:</p> <p>A. Basic requirements and values: Gender, age, nationality, and culture, et al.</p> <p>B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.</p> <p>As stated in the subparagraph 2 of the preceding paragraph, each Board member of Yuanta FHC shall have the necessary knowledge, skills, and experience required to perform their duties. The professional knowledge and skills that must be present in the Board as a whole are stated as follows:</p> <p>A. Ability to make judgments about operations.</p> <p>B. Accounting and financial analysis ability.</p> <p>C. Business management ability (including ability to manage subsidiaries).</p> <p>D. Crisis management ability.</p> <p>E. Knowledge of the industry.</p>	There was no departure in this respect.

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
(2) Is the financial holding company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?			<p>F. An international market perspective. G. Leadership ability. H. Decision-making ability. I. Risk management knowledge and ability. The information about diversified policies on the Board of Directors is disclosed in the “Board of Directors” in the section “Investor relations” > “Corporate Governance” on Yuanta FHC’s website. (Website: https://www.yuanta.com/EN/IR/Governance/Board).</p> <p>(2) Yuanta FHC has established the Remuneration Committee and Audit Committee pursuant to laws. In order to fulfill the promotion of corporate governance, strengthen the Board of Directors’ governance of Integrity corporate management, and fulfill the corporate social responsibility, Yuanta FHC’s Board of Directors passed the motion for expansion of the Ethical Management Committee to include the corporate social responsibility affairs and reformation to the Sustainability Committee subordinated to the Board of Directors on November 28, 2018. The motion to rename the Committee as “Sustainable Development Committee” was passed at the 39th meeting of the 8th Board of Directors on March 15, 2022, whereby the two promotion centers subordinated to the Committee were renamed as the “Integrity Management Office” and “Corporate Sustainability Office.”</p> <p>The “Sustainable Development Committee” governs the “Integrity Management Office” and “Corporate Sustainability Office” responsible for promoting and coordinating the relevant routine affairs, and report work plans and execution results to the Committee and Board of</p>

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
(3) Does the Board of Directors of Yuanta FHC evaluate the external auditors' independence and competence in reference to AQIs periodically (at least once per year) and disclose the evaluation procedure honestly?			<p>Directors periodically.</p> <p>In order to solidify the functions of the Board of Directors and strengthen the management mechanism, Yuanta FHC passed the motion for establishment of the "Nominating Committee" on January 23, 2019. Meanwhile, the nomination and election of the directors/independent directors of the 9th term have been completed in June 10, 2022.</p> <p>(3) According to the AQI disclosure framework & template and the "Guide for Audit Committee to Interpret Audit Quality Indicators (AQI)" promulgated by the Financial Supervisory Commission, Yuanta FHC has acquired the AQI of an external auditor, which consists of five general standards including professional, quality control, independence, supervision and ability to innovate, and 13 indicators, as the reference for assessment on the independence and competence of external auditors. Meanwhile, according to Article 46 of Yuanta FHC's "Corporate Governance Best-Practice Principles," it is necessary to assess the independence and competence of the external auditor periodically (at least once per year). The assessment procedures consist of assessing whether the independence satisfies the Statement on Auditing Procedure No. 46 and on the competence indicators, such as ethical conduct, professional ability and quality of audit service. Said assessment report, together with the "Statement of Independent Audit" issued by the independent auditor, will be submitted to the Audit Committee and Board of Directors. Then, the motion for employment will be subject to a resolution made by the Board of Directors.</p>

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
<p>(4) Have the regulations or procedures governing appraisal on performance of the Board of Directors established by the financial holding company is approved by the Board of Directors:</p> <p>A. Is the self-assessment conducted at least once per year and the performance appraisal result disclosed at Yuanta FHC's website as the reference for remuneration to individual directors and nomination, and is the assessment result disclosed on Yuanta FHC's website? (Note 2)</p>			<p>In 2023, Yuanta FHC assessed that Puo-Ju Kuo, Chien Hung Chou and Li Yuan Chen, CPAs of PricewaterhouseCoopers Certified Public Accountants met Yuanta FHC's independence and competency assessment criteria, and acquired the Statement of Independent Audit, which was approved at 9th meeting held by the Audit Committee of 9th term on January 17, 2023 and 11th meeting of the Board of Directors of 9th term on February 1, 2023.</p> <p>(4) Yuanta FHC has enacted the "Regulations Governing Performance Appraisal on the Board of Directors and Functional Committee." The amendments to the same have been resolved and approved at the 7th meeting of the Board of Directors of 9th term on October 26, 2022.</p> <p>A. The Board of Directors and functional committees conduct the performance appraisal on the Board of Directors and functional committees pursuant to the appraisal procedure and indicators referred to in Article 6 and Article 8, and record the assessment report based on the scores per the assessment indicators referred to in Article 8, and submit the report to the Nominating Committee and then to the Board of Directors for discussion and improvement.</p> <p>The self-assessment result on the performance of the Board of Directors and functional committee and the Board members (self or peer) 2022 has been discussed and approved at the 3rd meeting of the 9th Nominating Committee on December 10, 2022 and the 9th meeting of the 9th Board of Directors on December 28, 2022. The directors (including independent directors) commented positively on the efficiency and operation of the Board of</p> <p>(4)A. No difference from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.</p>

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
<p>B. Is it expressly stated that the external appraisal should be conducted at least once per three years and within the time limit defined in the relevant regulations, and the implementation and appraisal results should be disclosed at Yuanta FHC's website?</p>			<p>Directors and functional committees based on the performance appraisal results. The Board of Directors and functional committee members have assessed the elements including "Degree of participation in Yuanta FHC's operation", "Awareness toward directors' responsibilities and duties", "Quality of committing meeting decision making", "Training and professional development", "Assessment and supervision of risk management mechanism", "Supervision of legal compliance and best practice principles", and "Due diligence and duty", and all considered that the Board and committees operated satisfactorily and practice their functions thoroughly.</p> <p>B. Paragraph 2, Article 3 of Yuanta FHC's Regulations Governing Performance Appraisal on the Board of Directors and Functional Committees: The assessment on the performance of Yuanta FHC's Board of Directors shall be contracted to an external professional and independent organization, or external experts/scholars for once per three years.</p> <p>Yuanta FHC has appointed "Taiwan Corporate Governance Association" in September 2021 to appraise the performance of the Board of Directors from September 1, 2020 to August 31, 2021. The Association delegated three (3) experts to appraise the Board of Directors' performance, in the form of questionnaire and on-site survey, in terms of 8 elements subject to 10 indicators, including 1. Composition and Board of Directors, 2. Direction by Board of Directors, 3. Authorization by Board of Directors, 4. Supervision by</p>

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
			<p>Board of Directors, 5. Communication with Board of Directors, 6. Internal Control and Risk Management, 7. Self-Discipline of Board of Directors, and 8. Others, Such as the Board of Directors' meetings and supporting systems. The Association and experts had no business transactions with Yuanta FHC and, therefore, acted independently. The appraisal report was provided on October 8, 2021. Yuanta FHC reported the appraisal results at 36th meeting of the 8th term Board of Directors on November 19, 2021, and continued to improve the Board of Directors' functions based on the appraisal results. The general comments and recommendations provided by the Association, and the corrective actions taken by Yuanta FHC are stated as follows:</p> <p>(A) General comments:</p> <ol style="list-style-type: none"> 1. You (namely, Yuanta FHC) have appointed the external professional and independent organization to conduct the performance appraisal on the Board of Directors for the first time in 2018. The results thereof were reported to the Board of Directors. Meanwhile, the relevant suggestions were already included into the priorities to be corrected for the corporate governance. Following last external assessment, you continued to appoint the external professional and independent organization to conduct the performance appraisal on the Board of Directors. This signifies your ambition to improve yourself and keep upgrading the Board of Directors' performance. 2. You value the cultivation and training of senior

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
		<p>management talents, set forth the perfect talent development system, enable each successor candidate to have in-depth knowledge about the Group’s overall development strategies, cross-department communication and negotiation mechanism, policy-making logic, and execution of policies through the cross-department or cross-functional job training and attendance to related training courses, organize the Yuanta MBA program to train the cross-industry management and also specify the successors training as the priority work target for the supervisors at any level. The relevant implementation results and execution focus for next year would be also reported to the Board of Directors periodically.</p> <p>3. You use the best effort to practice the corporate sustainability, fulfill the corporate social responsibility and implement ethical management-related issues. The “Ethical Corporate Management Promotion Center” and “Corporate Social Responsibility Promotion Center” were established and subordinated to the “Corporate Sustainability Committee.” Led by two(2) independent directors respectively, said two Centers convened the work meeting on a quarterly basis and set forth the Group’s sustainability strategic roadmap for 2021–2025 and requirements for improvement of DJSI indicators. Said practices reflect your insistence on the sustainability and care about the independent</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
		<p>directors' opinions and value.</p> <p>(B) Recommendations:</p> <p>1. You are advised to report the status of implementation of mid-term and long-term strategies to the Board of Directors at the beginning of each year. Considering that the strategic direction refers to one of the important functions to be performed by the Board of Directors, you are suggested to consider engaging in in-depth discussion with independent directors about the environment and important development strategies to be dealt with by Yuanta FHC at regular meetings or in any other occasion each year, in order to enable the independent directors to have more opportunities to participate in the construction and formation of various strategic intents and also provide professional guidance and consulting service, thus improving the Board of Directors' performance further.</p> <p>2. The functions to be performed by your Nominating Committee for the time being primarily include preparation of the selection criteria for the Board members and related succession plan. Given this, you are suggested to include the senior management successor and training plans into the scope of supervision and review the operations of related mechanism periodically to strengthen the Board of Directors' and functional committees' functions to supervise the result of talent training and continue creating</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
	Summary		
		<p>the momentum driving the sustainability.</p> <p>(C) Corrective action:</p> <p>1. Before reporting the status of implementation of mid-term and long-term strategies to the Audit Committee and Board of Directors for discussion, Yuanta FHC will engage in in-depth discussion with independent directors about the environment and important development strategies to be dealt with by Yuanta FHC and allow independent directors to the opportunities to provide professional guidance and consulting service, in order to improve the Board of Directors' performance.</p> <p>2. The senior management's succession plan has been included into the Nominating Committee's job duties. The Board of Directors amended the Articles of Incorporation for Nominating Committee on March 15, 2022.</p> <p>The information about the regulations or procedures governing appraisal on performance of the Board of Directors and Functional Committees is disclosed in the "Major Internal Policies" in the section of "Corporate Social Responsibility" on Yuanta FHC's website at Website: https://www.yuanta.com/EN/IR/Governance/Internal-Policies</p> <p>The information about the self-appraisal result on performance of the Board of Directors (functional committee) and the board members (self or peer) is disclosed in the "Board of Directors" in the section of "Investor relations" > "Corporate Governance" on Yuanta FHC's official website at Website:</p>	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	Summary	
(5) Has the financial holding company disclosed the connection between the performance appraisal on and remuneration to directors and managers?			<p>https://www.yuanta.com/EN/IR/Governance/Board</p> <p>(5) Except for independent directors, Yuanta FHC shall allocate remuneration to directors in accordance with the Articles of Incorporation. The allocation of remuneration to directors shall be subject to the overall operating performance for the year, and follow the typical pay levels adopted by peer companies and consider the reasonableness of the correlation with future risk exposure. The actual allocation shall be based on Yuanta FHC's Regulations Governing Remuneration to Directors and take into account the self-appraisal result on the Board of Directors members, hours of directors' attendance at meetings and continuing education, and negative qualifications, and calculated on a pro-rata basis subject to the session of the Board of Directors, the number of directors seats (exclusive of independent directors) and the number of days which the directors hold the position in the year when the earnings to be allocated as remuneration to directors were sought. The remuneration shall be allocated per resolution of the Remuneration Committee and Board of Directors.</p> <p>The Board of Directors is authorized to resolve the remuneration to Yuanta FHC's independent directors based on the typical pay levels adopted by peer companies. The remuneration is paid at fixed amount on a monthly basis, excluded from Yuanta FHC's allocation of remuneration to directors.</p> <p>Yuanta FHC's managers set their personal operating objectives (including the operating development strategies, annual key works, operations and human resource management, group resource integration and supporting,</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No Summary	
<p>(6) Has the financial holding Company disclosed the information about independent communication between independent directors and related units (or executive officers) and CPAs (e.g. means, items discussed and results of communication on Yuanta FHC's financial report and business overview, et al.) on Yuanta FHC's website?</p>		<p>internal controls and compliance) based on Yuanta FHC's business strategies and sustainable development objectives. According to Yuanta FHC's Performance Management Regulations, Yuanta FHC must conduct the mid-term and final performance appraisals each year to rate the managers' performance, subject to the physical execution result of the operating objectives set by them. Upon weighted summing up of all objectives, reported the results to help the Chairman conduct the performance appraisal on the managers. Yuanta FHC has set forth relevant incentive compensation rules, whereby it may provide group performance bonus subject to Yuanta FHC's operating performance and earnings each year, which is decided by the Remuneration Committee and Board of Directors based on their personal performance, company operation performance, and reasonableness of the correlation with future risk exposure, as well as the typical pay levels adopted by peer companies.</p> <p>(6) Yuanta FHC has set forth the "Procedures for Communication between Audit Committee and Risk Management Committee or Risk Management Department." Based on the procedures above, the Audit Committee, if necessary, will call meetings with the Risk Management Committee or Risk Management Department to discuss the risk management issues. Besides, the Audit Committee shall meet with Risk Management Department at least once per year without the management's attendance.</p> <p>Yuanta FHC has established the "Communication Procedures between the Audit Committee and the Certified Public Accountants", which stipulates that the certified public</p>	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	Summary	
3. Whether Yuanta FHC assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors with the information needed to perform their duties, helping directors with compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.), and disclosed the scope of authority, annual business focus and status of continuing education on Yuanta FHC's website and in the annual report?	✓		<p>accountants should meet with the Audit Committee individually on a regular basis or when necessary. Yuanta FHC has disclosed the exclusive communication means, discussed items, resolutions and related information among Independent Directors, Risk Management Departments, Chief Internal Audit Officers and CPAs, on its own official website, and can be found in "Committees>Audit Committee" under the section of "Investor Relations" section>Corporate Governance." (Website: https://www.yuanta.com/EN/IR/Governance/Committees).</p> <p>Yuanta FHC has delegated the unit and personnel dedicated to (concurrently in charge of) corporate governance:</p> <p>(1) Yuanta FHC's Secretariat Office would be responsible for handling the affairs related to meetings held by the Board of Directors and Audit Committee, and designating the personnel dedicated to communicating and providing the relevant information required by directors for carrying out business and helping independent directors and the general directors draft their annual continuing education plans and arrange courses.</p> <p>(2) Yuanta FHC's Administration Department would be responsible for the convention of shareholders' meetings and registration of incorporation and changes .</p> <p>(3) In order to practice the corporate governance, strengthen the support to help directors exercise powers and facilitate the Board of Directors to practice its functions, according to the competent authority's policy planning about the new corporate governance roadmap, Yuanta FHC's Board of Directors meeting on November 28, 2018 resolved that the corporate governance officer should be appointed, and</p>	There was no departure in this respect.

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
		<p>served by the Chief Secretary of the Board of Directors. Then, the Board of Directors meeting on March 6, 2019 resolved to adjust the position as the “Chief Corporate Governance Officer.” who shall have the professional qualifications for serving as the management dedicated to legal affairs, finance, shareholders service and parliamentary management, as well as corporate governance affairs, in financial institutions and public companies for more than three years. The chief corporate governance officer of Yuanta FHC is primarily responsible for providing directors (including independent directors) with the information required by them to perform their duties, help the directors with compliance affairs, and process the affairs related to directors’ meetings and shareholders’ meetings pursuant to laws to protect shareholders’ equity and enhance the Board of Directors’ functions.</p> <p>(4) Yuanta FHC’s chief corporate governance officers processed the affairs related to board meetings and shareholders’ meetings, and also helped the Board of Directors solidify the various commissions’ mechanism pursuant to laws, and provide the directors with information required by them to perform their duties in 2022. The annual business was executed in the following manners:</p> <p>A. In response to the Corporate Governance 3.0 schedule boosted by the competent authority, Yuanta FHC uses its best effort to urge Yuanta FHC and each of its subsidiaries to implement the fair dealing policy, adjustment on related organizations in response to the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and compliance with the “Risk Management</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
		<p>Best-Practice Principles for TWSE/TPEX Listed Companies” in their corporate risk management mechanism, in order to improve the corporate governance level.</p> <p>B. Organize the election of Yuanta FHC’s 9th Board of Directors, and help the directors of the 9th term take office and establish various functional committees, in order to complete various onboard procedures.</p> <p>C. Process the affairs related to 2022 shareholders’ meetings:</p> <p>(A) Coordinate various units to process the parliamentary operations about shareholders’ meetings according to the Articles of Incorporation and Article 57-2 of the Corporate Governance Best Practice Principles for Yuanta FHC.</p> <p>(B) Help shareholders’ meetings solidify related operations and boost the parliamentary procedures successfully.</p> <p>(C) Help shareholders understand Yuanta FHC’s corporate governance practices, and update data on webpages timely, to ensure the shareholders’ equity.</p> <p>D. Supervise the research, amendment and adjustment of Yuanta FHC’s important regulations, including amendments to Yuanta FHC’s articles of incorporation, articles of association, Articles of Association for Nominating Committee, Articles of Association for Sustainable Development Committee, Articles of Association for Sustainable Development Committee, Parliamentary Rules for Board of Directors’ Meetings, Regulations Governing Directors’ Continuing Education, Corporate Governance</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
			<p>Best-Practice Principles, and Regulations Governing Performance Appraisal on the Board of Directors and Functional Committee, etc.</p> <p>E. Process the parliamentary operations related to the Board of Directors and functional committees to strengthen the parliamentary procedure compliance and avoidance of conflict of interest.</p> <p>F. Provide the relevant information required by directors for performance of job duties, and remind directors of the related laws and regulations to be followed when performing job duties or at the time of/after resolution made by the Board of Directors; follow up the processing and progress of the suggestions or opinions raised by directors.</p> <p>G. Help the execution of the Board of Directors' letter of undertaking for compliance with ethical management and confidentiality statement on financial statements, and strictly supervise the AML and prevention of insider trading.</p> <p>H. Handle the directors' continuing education and help directors practice diversified continuing education mechanism.</p> <p>I. Conduct the assessment on performance of the Board of Directors and functional committees.</p> <p>J. Help conduct Yuanta FHC's corporate governance system evaluation CG6013(2021), with the evaluation result showing "distinguished."</p> <p>K. Help the directors comply with the requirement prohibiting trading of Yuanta FHC's stocks within 30 days prior to the disclosure of annual financial statements</p>

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
			<p>and within 15 days prior to the disclosure of quarterly financial statements, namely the closure period, since 2023.</p> <p>(5) Yuanta FHC's Board of Directors Chief Secretary, Lawrence Lee, has held the position as Chief Corporate Governance Officer since November 28, 2018, and completed the continuing professional education for 12 hours in 2022. (See page 65)</p> <p>(6) The information about the chief corporate governance officers is disclosed in the "Board of Directors" > "Chief Corporate Governance Officer" in the section of "Investor relations" > "Corporate Governance" on Yuanta FHC's website at Website: https://www.yuanta.com/EN/IR/Governance/Board</p>
4. Whether the financial holding company establishes communication channels with stakeholders (including but not limited to, shareholders, employees, and customers, and suppliers, et al.), and sets up a section for stakeholders at the official website of Yuanta FHC with the proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	✓		<p>Yuanta FHC establishes the well-founded spokesperson system pursuant to the "Uniform Spokesman Procedure", and appoints the spokesperson and deputy spokesperson to release any public information, policy or other related information to the public on behalf of Yuanta FHC officially.</p> <p>Yuanta FHC and all of its subsidiaries use their best efforts to provide adequate information to stakeholders such as customers, correspondent banks, vendors, employees, and shareholders, and has established the "CSR" > in the section of "Stakeholders Engagement" on its website to disclose the identification of major concerns about stakeholders, channels of communication with the stakeholders and investigation on certain concerns. Meanwhile, Yuanta FHC attaches great importance to the rights and interests of stakeholders and to maintain fair channels of communication with them via mailbox or phone. Yuanta FHC's Legal Affairs Department assists with and handles possible legal</p> <p>There was no departure in this respect.</p>

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	Summary	
			<p>disputes. Where the opinion fed back by any stakeholder is considered material, the responsible unit must report the same to the Audit Committee and Board of Directors under Yuanta FHC's internal control system. (Website: https://www.yuanta.com/EN/ESG/Stakeholder-Engagement).</p> <p>Yuanta FHC's website also set up the "Investor Relations" section where the information about the Group's operating performance, credit rating and other financial information are available. (Website: https://www.yuanta.com/EN/IR).</p> <p>Meanwhile, the exclusive email address/department and phone are set up in "Stakeholders Engagement" section to maintain effective communication with stakeholders and investors. (Website: https://www.yuanta.com/EN/IR/Service/Contact-Us).</p> <p>In order to establish the ethical and transparent enterprise culture, promote the sound management and encourage whistle-blowing against misconduct in Yuanta FHC, Yuanta FHC set up the "Reporting Mechanism" in the section of "Investor relations" > "Corporate Governance" on Yuanta FHC's official website to disclose the requirements about the reporting mechanism, reporting hotline and email box. Website: https://www.yuanta.com/EN/IR/Governance/Reporting-Mechanism.</p>	
<p>5. Information Disclosure</p> <p>(1) Establishment of a corporate website to disclose information concerning financial affairs and corporate governance?</p>	✓		<p>5.</p> <p>(1) On the home page of Yuanta FHC's website, the "About Us" section discloses corporate strategy, organizational charts and other related information. The "Sustainability" section discloses information related to the operations of corporate governance by Yuanta FHC. The "Group" section describes the business carried out by each of the Group's subsidiaries. The "Investor Relations" section provides financial</p>	There was no departure in this respect.

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	Summary	
(2) Other information disclosure channels (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via Yuanta FHC website)?			information and announcements related to shareholders and public information. The “Corporate Governance” in the section of “Investor relations” discloses the members, functions, operations and related regulations of the Board of Directors and other committees (e.g., Audit Committee, Remuneration Committee, Sustainable Development Committee and Nominating Committee, etc.), the risk management policies and organizational framework, information security management framework, policies and management programs, intellectual property management plans, and practices and results thereof, and internal audit system, summary of whistle-blowing system, and information to be reported and disclosed under Article 46 of the Financial Holding Company Act. Meanwhile, according to the “TWSE Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds” and “TWSE Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities,” Yuanta FHC discloses the public information about Yuanta FHC’s and its subsidiaries’ finance, business and corporate governance on the MOPS, and also the important news section on Yuanta FHC’s website homepage.	
			(2) A. Yuanta FHC has set up the official website in Chinese and English, established the spokesperson and deputy spokesperson system, and delegated the dedicated unit to disclose and update Yuanta FHC’s information.	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No Summary	
<p>(3) Whether Yuanta FHC announces and reports the annual financial report within the time limit prescribed by the Financial Holding Company Act and Securities and Exchange Act at the end of each fiscal year, and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit?</p> <p>(4) Whether Yuanta FHC establishes any cyber security risk management structure, cyber security policy and concrete management program, invests the resources of cyber security management, and discloses the same on Yuanta FHC's website?</p>		<p>B. Yuanta FHC would be invited to attend the investor conference periodically to disclose Yuanta FHC's overview of operation and information, and interact with domestic/foreign investors closely. Meanwhile, the related information, in Chinese and English, would be posted on the "Investor Relation" section and "MOPS" on the official website. (Website: https://www.yuanta.com/EN/IR).</p> <p>C. With respect to the ESG (Environmental, Social, Governance) issue concerned by investors increasingly in the recent years, Yuanta FHC has set up the "Sustainability" section in Chinese and English on the official website and disclosed the related non-financial performance and practices in detail. (Website: https://www.yuanta.com/EN/ESG)</p> <p>(3) Yuanta FHC Company has announced and reported the quarterly/annual financial reports and monthly operation overview for 2022 within the prescribed time limit. The financial reports for Q1, Q2, and Q3 of 2022 and the annual financial report were already announced and reported on May 20, 2022, August 23, 2022, November 21, 2022, and March 15, 2023.</p> <p>(4) A. Information security risk management structure: Yuanta FHC implemented ISO 27001:2005 ISMS and also passed the certification by BSI in 2011. Thereafter, Yuanta FHC would complete the continuing review once per year and the re-examination once per three years. Meanwhile, Yuanta FHC also completed the ISO 27001:2013 revision to keep strengthening the</p>	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	Summary	
			<p>information security management and control via the PDCA cycle.</p> <p>B. Concrete management program:</p> <p>(A) In order to improve Yuanta FHC’ strength in making decisions against information security issues, enhance the information security supervision, and consolidate information security policies to boost coordination and allocation of resources, Yuanta FHC Board of Directors passed the articles of association in December 2020, in order to establish the independent and dedicated information security unit, “Information Security Dept.,” and “CISO,” responsible for regulating, planning and supervising the information security throughout Yuanta FHC and boosting the implementation of information security management operations, and reporting the information security practices to the Board of Directors periodically.</p> <p>(B) Yuanta FHC expressly states the information security objectives and information security responsibilities in its information security policy and establishes the multi-departmental information security taskforce, which coordinate and research the handling and review on the information security policy, plan, allocation of resources, implementation, and crisis management through the taskforce’s meetings and the information security management review meeting to be held at least once per year, and also to enhance the information security management system.</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
			<p>C. In order to control the information security management system effectively, Yuanta FHC establishes the relevant policy, regulations (guidelines and enforcement rules, et al.), procedures (guidebook on the information security business) and QR/FM (Quality Records/Form) to be followed by the entire information business operation, management and control.</p> <p>The related information is disclosed on Yuanta FHC's website "Investors Relations" > "Corporate Governance" > "Information Security." URL: https://www.yuanta.com/EN/IR/Governance/Information-Security</p>
6. Other important information enabling a better understanding of Yuanta FHC's corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement criteria, implementation of customer policy, purchase of liability insurance by Yuanta FHC for directors, and donations to political parties, interested parties and public welfare groups)?	✓		<p>6. Employee rights and interests:</p> <p>(1) Yuanta FHC's human resources management mechanisms all comply with labor laws and regulations and internal control requirements, safeguarded employees' legitimate rights and interests. Yuanta FHC will call a labor and employer meeting periodically to urge the sufficient communication between both parties, and gather the common consensus to promote harmonious relations.</p> <p>(2) Employee care:</p> <p>Yuanta FHC cares about the physical and mental health of its employees and undertakes education and training, group insurance, employee shareholding trusts, and health checkups, and employee assistance programs (EAPs), etc.. Meanwhile, it encourages employees to cultivate diversified hobbies, participate in various social clubs, and get used to having fun when working. Yuanta FHC also strives to realize employees' potential, and trains and rewards excellent</p>
			There was no departure in this respect.

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No Summary	
		<p>talents so as to enhance employees' on-the-job competitiveness and market value and create a diversified and friendly working environment by encouraging a positive attitude toward corporate sustainability.</p> <p>(3) Investor relations and stakeholders interests: In its "Corporate Governance Best-Practice Principles," Yuanta FHC has defined the contents of investor relations and stakeholders' interests. These principles are implemented in Yuanta FHC's day to day business and focus on the following aspects: A. Yuanta FHC maintains open channels of communication with investors, and respects and protects their legal rights. B. Taking advantage of the convenience of the Internet, Yuanta FHC has established a website, which carries information on financial affairs and corporate governance for the reference of shareholders and stakeholders. Yuanta FHC also set up the English version of the official website to provide the information in Chinese and English languages at the same time and make the real-time information about Yuanta FHC available to foreign investors, including the corporate governance practices, sustainable development, financial information, credit rating, activities and public notice, etc..</p> <p>(4) Supplier relations: A. Yuanta FHC values the control over procurement risk and practices responsible procurement, asks the suppliers to include supplier's sustainable procurement clauses and ethical management clauses into the contract executed with Yuanta FHC, and also expressly states various labor conditions, occupational safety and health,</p>	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	Summary	
			<p>environmental protection and labor human rights laws and regulations to be performed and followed by the suppliers. The contract shall also include the clauses providing that a supplier who violates laws may have their contract terminated directly, in order to jointly practice sustainable development.</p> <p>B. In order to include the concept about sustainability into the procurement department and to affect up-stream suppliers' practices, Yuanta FHC passed the ISO 20400 Sustainable Procurement Guidance certification in 2020. Until 2021, all of the Group members passed the third party's certification. In 2022, Yuanta FHC continued to pass the ISO 20400 Sustainable Procurement Guidance certification, and practiced the sustainability concept in the subsidiaries' procurement procedures comprehensively via the systematic management of the sustainable procurement procedure in order to work with the suppliers to practice the sustainability.</p> <p>C. Yuanta FHC is committed to promoting the corporate sustainable development. It practices the same proactively and also asks its suppliers to join the sustainability campaign. In 2022, 3 supplier conferences were held, attended by a total of 64 main suppliers to share their practices on supply chain management and concept about sustainable procurement, and also commend Level A suppliers with remarkable performance in sustainability practices</p> <p>(5) Stakeholders' rights and interests: A. Yuanta FHC values the stakeholders' opinions, and uses the best effort to communicate with the stakeholders via various channels to verify and identify the issues concerned by them. Yuanta FHC analyzes how</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
		<p>stakeholders’ concern about environmental, social and corporate governance issues and the impact posed to the principal business by the senior management’s review on various issues, in order to prepare the matrix chart for major topics.</p> <p>B. Yuanta FHC needs to take specific responsibility toward the stakeholders. In the “Sustainability” > “Stakeholder Engagement” section on the website site, Yuanta FHC also set up the communication channels exclusive for various stakeholder types, hoping to verify the stakeholders’ needs and expectation toward Yuanta FHC in various manners and via the communication channels.</p> <p>(6) Continuing education of directors: See Pages 174 ~ 177.</p> <p>In order to practice the continuing education mechanism for directors, Yuanta FHC organized the four directors’ internal training programs in 2022, including the “How to Avoid Landmine Stocks – Application of Corporate Governance Risk” dated February 17, “Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)” dated July 14, “Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry’s Risk Management Trends” dated August 11, and “Fair Dealing Policy and Protection and Empowerment of Financial Consumers” dated September 22. The courses cover the issues including risk management, money laundering laws & regulations and communication of insider trading cases, fair dealing, information security and sustainable financial products. As for the external training programs, Yuanta FHC would help directors apply for</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
	Summary		
		<p>enrollment into the related programs organized by TWSE or Taiwan Corporate Governance Association to help the directors improve their expertise and understand the laws and regulations, for the due fulfillment of the corporate governance system.</p> <p>(7) Implementation of risk management policy and risk measurement criteria: Risk management policies and procedures clearly specify risk management scope, organization framework and operations thereof: A. Yuanta FHC has had the Board of Directors approve the risk management policy and related procedures to provide guidance with regard to management of risks. B. The risk management policy refers to Yuanta FHC's prime guidelines governing risk management, which specifies that the company confronts four major risks, including "financial risk," "business risk," "compliance & legal risk" and "climate change risk." The "financial risk" includes market risk, credit risk, market liquidity risk, capital liquidity risk, asset-liability matching risk, large risk exposure, insurance risk, and operational risk. The "business risk" includes information security risk, human resource risk, emerging risk, integrity risk, reputation risk and strategic risk. The "compliance & legal risk" includes compliance risk, legal risk, and ML/TF risk. The "climate change risk" includes investment and financing climate change risk and self-operation climate change risk. Each defined risk has its written mechanism.</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No Summary	
		<p>C. Subsidiaries shall establish the “risk management systems” that meet their business portfolio, business scale and capital scale, according to Yuanta FHC’s risk management policy, to measure and manage various risks they’re dealing with effectively.</p> <p>D. Yuanta FHC’s risk management structure consists of the Board of Directors, Audit Committee, Risk Management Committee, senior management, and three lines of defense. Yuanta FHC has disclosed the “Risk Management Policy” in the “Sustainable Development” > “Internal Rules and Regulations” on its official website, expressly defining Yuanta FHC’s risk management scope, risk management organization’s framework and job duties, risk management procedures, and risk report and disclosure.</p> <p>E. Yuanta FHC regularly reports to the board of directors on the operation of the risk management, including:</p> <p>(A) Risk Management Department reports the execution of risk management measures, including Yuanta FHC and its subsidiaries to the Board of Directors on a monthly basis.</p> <p>(B) The Risk Management Committee convenes a meeting per quarter. The resolutions made at the meeting would be minuted and reported to the Audit Committee and Board of Directors.</p> <p>(C) The Risk Management Dept. compiled and submitted “The Risk Management System’s Evaluation Report 2022 (including identification methods, measurement criterias, and monitoring and reporting procedures)” to the 8th meeting of the 9th</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
			<p>term Audit Committee on December 20, 2022. Thereafter the chairman of the Audit Committee reported the risk management system's evaluation results of 2022 to the 9th meeting of the 9th term Board of Directors on December 28, 2022.</p> <p>(D) The Risk Management Dept. compiled and submitted "Business Risk Assessment Report 2022" to the 8th meeting of the 9th term Audit Committee on December 20, 2022. Thereafter the Convener of the Audit Committee reported the business risk assessment results 2023 to the 9th meeting of the 9th term Board of Directors on December 28, 2022.</p> <p>(E) The operations of the Risk Management Committee are disclosed in the "Sustainability" > "Committees" > "Risk Management" on its official website.</p> <p>(8) Implementation of customer policy: Yuanta FHC protects customer privacy based on "Confidentiality Measures on Customer Information for Yuanta FHC and Its Subsidiaries", "Personal Data Protection Policy of Yuanta FHC" and "Personal Data Management Rules of Yuanta FHC". Yuanta FHC uses customer information in accordance with the foregoing measures and within the scope of the law so as to fulfill its obligations in maintaining the confidentiality of customer information and protect customer privacy.</p> <p>(9) Purchase of liability insurance by Yuanta FHC for directors/supervisors and managers: Yuanta FHC continues to purchase the directors/supervisors and managers liability insurance for its directors (including independent directors), supervisors and managers, in order</p>

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
			<p>to pass on Yuanta FHC's business risk and help establishment of a well-founde corporate governance mechanism.</p> <p>(10) Donations to political parties, interested parties, and non-profit organizations:</p> <p>A. Handled in accordance with Yuanta FHC's guidelines governing public donations. Public donations mean those donations which comply with the following laws and regulations:</p> <p>(A) Donations to political parties, political groups and political candidates in accordance with Political Donations Act.</p> <p>(B) Donations to the public welfare groups and syndicates defined in the General Provisions of the Civil Code, or any other educational, cultural, public welfare or charity agencies or groups which are registered with the competent authorities or incorporated validly in accordance with other relevant laws and regulations.</p> <p>B. Where the donated subject is a related party, the donations shall be reported to the Board of Directors for resolution, regardless of the amount of the donations, and material information shall be announced in accordance with Paragraph 1.43 of Article 4 of the "Taiwan Stock Exchange Corporation's (TWSE) Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities".</p>
<p>7. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies.</p> <p>(1) In the Taiwan Stock Exchange's 9th (2022) Corporate Governance Evaluation, Yuanta FHC was ranked in the top 5% of listed companies.</p>			

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	No	
	Summary		
(2) In relation to the results of the 2022 (9th) Corporate Governance Evaluation, Yuanta FHC has completed improvements for Indicator 2.6 “Does Yuanta FHC’s Board of Directors include at least one female director?”. Yuanta FHC has elected one (1) female director at the 2022 Annual General Meeting of Shareholders - Election of the Ninth (9th) Term of Directors of the Board.			

Note 1 : Regardless of “Yes” or “No”, the status shall be stated in the “Summary” section.

Note 2 : Describe the deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof.

(V) Describe the composition, duties and operations of the remuneration committee:

1. Information about members, duties and operations of Remuneration Committee

(1) Information about Remuneration Committee Members

Position Title	Qualification Name	Professional Qualifications and Experience	Compliance of Independence	Number of positions as a Remuneration Committee Member in other public listed companies
Independent Director (Convener)	Kuang Si Shiu	Please refer to Page 28 for the “(IV) Disclosure of information about professional qualifications and independence of directors and independent directors.”		2
Independent Director	Ming Ling Hsueh			4
Independent Director	Hsing Yi Chow			2
Independent Director	Sharon S. Yang			0

(2) Duties of Remuneration Committee

Yuanta FHC’s Remuneration Committee shall perform the following duties honestly with due diligence, and submit their motions to the Board of Directors for discussion:

- A. Determine and periodically review the performance appraisal on Yuanta FHC’s directors and managers, and remuneration policy, system, standard and structure;
- B. Periodically evaluate and determine Yuanta FHC’s remuneration to directors and managers.

(3) Information concerning the remuneration committee

- A. Yuanta FHC establishes the “Annual plan for events and agenda” of Remuneration Committee and deliverables to be met by Yuanta FHC’s operation in accordance with the “Regulations on the Establishment of Remuneration Committees by TWSE/TPEX Listed Companies and their Exercise of Powers”.
- B. Yuanta FHC’s remuneration committee consists of 4 members.
- C. Term of office to be held by 9th-term members: June 10, 2022–June 9, 2025. In the most recent year (2022), the Remuneration Committee has held 7 meetings (A). The attendance of the Committee members is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Kuang Si Shiu	7	0	100	Re-elected; the date of the reelection: June 10, 2022
Member	Ming Ling Hsueh	7	0	100	
Member	Hsing Yi Chow	7	0	100	

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Member	Sharon S. Yang	3	0	100	Newly elected; the date of the reelection: June 10, 2022; a total of three meetings convened during the term of the Remuneration Committee.
Former member	Yin Hua Yeh	4	0	100	Discharged; the date of the reelection: June 10, 2022; a total of four meetings convened during the term of the Remuneration Committee.
Other items to be stated:					
I. If the Board of Directors does not adopt or amend the remuneration committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and Yuanta FHC's handling of the remuneration committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the remuneration committee, please specify the deviation and reason): None.					
II. For resolution(s) made by the remuneration committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and Yuanta FHC's handling of the said opinions: None.					

D. The motions discussed by Yuanta FHC's Remuneration Committee in the most recent year (2022) and resolutions thereof, and Yuanta FHC's handling of the members' opinion are stated as following:

Remuneration Committee	Motion	Resolution
January 21, 2022 22nd of 8th term	1. Motion of group performance bonus for Yuanta FHC's Chairman of Board 2. Motion of group performance bonus for Yuanta FHC's Managers of Board	Remuneration Committee: The related motions have been approved by all present members unanimously, and submitted to the Board of Directors for reporting or resolution.
March 14, 2022 23rd of 8th term	1. Motion for allocation of remuneration to employees 2021. 2. Motion for allocation of remuneration to directors 2021. 3. Amendments to Yuanta FHC's Regulations Governing Shareholdings by Senior Management	
April 19, 2022 24th of 8th term	Performance appraisal directors and supervisors of Yuanta FHC's immediate companies and investees in 2021	
May 17, 2022 25th of 8th term	1. Periodically evaluate and determine Yuanta FHC's remuneration to managers. 2. Amendments to the Yuanta FHC Regulations Governing Severance Pay/Pension Payable to Chairman and Vice Chairman	Board of Directors: Agreed by all present directors unanimously.
June 21, 2022 2nd of 9th term	1. Determine and periodically review the performance appraisal on Yuanta FHC's directors and managers, and remuneration policy, system, standard and structure; 2. Periodically evaluate and determine Yuanta FHC's remuneration to directors. 3. For allocation of remuneration to Yuanta FHC's directors	

Remuneration Committee	Motion	Resolution
	(exclusive of independent directors) in 2021. 4. For allocation of remuneration to the directors and supervisors of invested enterprises appointed by Yuanta FHC in 2021. 5. For allocation of remuneration to employees 2021.	
October 15, 2022 3rd of 9th term	1. Amendments to Yuanta FHC's Regulations Governing Appraisal on Performance of the Board of Directors and Functional Committees 2. Amendments to Yuanta FHC's Regulations Governing Remuneration to Employees 3. Amendments to Yuanta FHC's Regulations Governing Bonus	

2. Information about members and operations of Sustainable Development Committee

(1) Functions of Sustainable Development Committee members:

The Committee is subordinated to the Board of Directors to take charge of the following operations:

- A. Assisting in integrating the values of integrity management and corporate sustainable development into the Company's operational strategy;
- B. Cooperating with laws and regulations to establish measures to ensure integrity management and fulfill corporate sustainable development;
- C. Supervising and implementing the Company's policies of integrity management and corporate sustainable development, and evaluating the effectiveness of their execution;
- D. Other matters related to the formulation and monitoring of the implementation of policies on integrity management and corporate sustainable development.

(2) Information about members' professional qualifications and experience, and operations of Sustainable Development Committee:

- A. According to Article 2 of the Sustainable Development Committee Charter, the Committee must consist of three(3) to seven(7) members, who shall be directors of the board of the Company, and at least half of whom shall be independent directors.
- B. Term of office to be held by 9th-term members: from June 10, 2022 to June 9, 2025. The term of office to be held by the Committee member shall be identical with that held by the director, unless otherwise provided by laws, or Yuanta FHC's articles of incorporation or charters.
- C. The Sustainable Development Committee of the current term consists of five(5) members (including four(4) independent directors). Member Ming Ling Hsueh is now serving as the Executive Director of the Taiwan Corporate Governance Association. She used to be the President of PwC Taiwan, and is well experienced in corporate governance, accounting and finance. Member Kuang Si Shiu served as the Chairman/President of Mega Financial Holdings for about one decade, and has plentiful experience in corporate governance, management and practices. Independent Director Hsing Yi Chow is the Emeritus Professor of NCCU Department of Finance currently. He used to be the supervisor of TPEx

and supervisor of Securities and Futures Investors Protection Center, with expertise in risk management, corporate governance and finance. Ms. Sharon S. Yang is the Director of NN IP & Nomura SITE Financial Research Center, NCCU College of Commerce, Supervisor and CEO of the research team of the Pension Fund Association, ROC and Actuarial Review Committee Member of National Pension Insurance currently. She is the former Investment Linked Investment Review Member of Insurance Bureau, Financial Supervisory Commission and former Director of Taiwan Insurance Guaranty Fund. She holds the expertise in management and sustainable finance and financial actuarial related to a financial holding company, life insurance industry and finance. All of the four(4) members are specialized in the sustainable development committee affairs.

- D. In the most recent year (2022), the Sustainable Development Committee has held five(5) meetings (A). The professional qualifications, experience, attendance of the committee members, and execution results of important motions are summarized as follows:

Title	Name	Professional Qualifications and Experience	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Ting Chien Shen (Tony)	Please refer to Page 28 for the “(IV) Disclosure of information about professional qualifications and independence of directors and independent directors.”	5	0	100	Re-elected; re-election date: June 10, 2022.
Member	Ming Ling Hsueh		5	0	100	
Member	Kuang Si Shiu		5	0	100	
Member	Hsing Yi Chow		5	0	100	
Member	Sharon S. Yang		3	0	100	New; re-election date: June 10, 2022; while in office, the sustainable development committee convened 3 meetings of this year.
Former member	Yin Hua Yeh		2	0	100	Former; re-election date: June 10, 2022; while in office, the sustainable development committee convened 2 meetings of this year.
Other items to be stated:						
I. If the Board of Directors does not adopt or amend the Sustainable Development Committee's						

	suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and Yuanta FHC's handling of the Sustainable Development Committee's opinions: None.
II.	For resolution(s) made by the Sustainable Development Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and Yuanta FHC's handling of the said opinions: None.
III.	Other important motions and results of execution thereof:
(I)	14th meeting of the 8th Sustainability Committee on March 7, 2022
	1. Report on the results of the Center for the Promotion of Integrity Management's execution for the second half of 2021.
	2. Report on the results of the Center for the Promotion of Corporate Social Responsibility's execution for the second half of 2021.
	3. Report on the Company's implementation of the whistleblowing system for the second half of 2021.
	4. Report on the Company's performance of integrity management for 2021.
	5. Report on the performance of integrity management of the Company's direct affiliates for 2021.
	6. Report on the Company's performance of promotion of sustainable development for 2021.
	7. Discussion on the amendments to some provisions of the Sustainability Committee Charter of Yuanta Financial Holding Co., Ltd.
	8. Discussion on the amendments to some provisions of the Corporate Social Responsibility Guidelines of Yuanta Financial Holding Co., Ltd.
(II)	15th meeting of the 8th Sustainable Development Committee on May 17, 2022
	1. Report on the Company's "2021 Communications on Issues of Concern to Stakeholders."
	2. Report on the Company's Yuanta Financial Holdings 2021 ESG Report.
	3. Report on the Company's "2021 Greenhouse Gas Information Inventory and Verification Work."
	4. Report on the Company's "Internal Carbon Pricing Management System."
	5. Discussion on the amendments to some provisions of the Corporate Social Responsibility Policy and Management Measures of Yuanta Financial Holding Co., Ltd.
	6. Discussion on the establishment of Environment and Energy and Climate Change Management Policy of Yuanta Financial Holding Co., Ltd. and Subsidiaries.
(III)	1st meeting of the 9th Sustainable Development Committee on June 10, 2022
	1. The motion to elect the convener of the 9th sustainable development committee of the Company.
(IV)	2nd meeting of the 9th Sustainable Development Committee on August 16, 2022
	1. Report on the results of the execution of the Company's Integrity Management Office for the first half of 2022.
	2. Report on the results of the execution of the Company's Corporate Sustainability Office for the first half of 2022.
	3. Report on the performance results and progress of the Yuanta Group's green products for the first half of 2022.
	4. Report on the Company's implementation of the whistleblowing system for the first half of 2022.
(V)	3rd meeting of the 9th Sustainable Development Committee on November 15, 2022
	1. Report on the Company's implementation of the supplier-related management policies for 2022.
	2. Discussion on the 2023 Annual Work Plan of the Integrity Management Office.
	3. Discussion on the 2023 Annual Work Plan of the Corporate Sustainability Office.

Note : (1) Where a specific director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of meetings of the Sustainable Development Committee held during each director's term and the number of meetings actually attended by that director.

- (2) Where a reelection may be held for filling the vacancies of directors before the end of the fiscal year, list both the new and the discharged directors, and specify if they are the former directors, or newly elected, re-elected and the date of the reelection in the “Remark” section. Actual attendance rate (%) was calculated based on the number of meetings of the Sustainable Development Committee held during each director’s term and the number of meetings actually attended by that director.

3. Information about members and operations of Nominating Committee

(1) Functions of Nominating Committee members:

The Committee is subordinated to the Board of Directors to take charge of the following operations:

- A. Establishing the criteria governing such diversified backgrounds as professional knowledge, technology, experience and gender, and independence, required from the Board of Directors members, and searching, reviewing and nominating the candidates for director.
- B. Review the candidates for the senior management.
- C. Constructing and developing the structural framework of the Board of Directors and various committees.
- D. Establish and periodically review the directors’ continuing education and directors’ and senior managers’ succession plans.
- E. Research and amend Yuanta FHC’s Corporate Governance Best-Practice Principles, Procedure for Election of Directors and Regulations Governing Directors’ Continuing Education.
- F. Serving as the execution unit engaged in performance appraisal on the Board of Directors and various functional committees.
- G. Other deliverables to be satisfied by the Committee per resolutions by the Board of Directors.

(2) Information about Nominating Committee members’ professional qualifications and experience, and operations:

- A. The Company’s Nominating Committee consists of 5 members. According to Article 4 of the Articles of Association for Nominating Committee, the Committee must consist of no less than 3 directors elected by the directors, and a majority of the members must be served by independent directors.
- B. Term of office to be held by 9th-term members: from June 10, 2022 to June 9, 2025. The term of office to be held by the Committee member shall be identical with that held by the director, unless otherwise provided by laws, or Yuanta FHC’s articles of incorporation or charters.
- C. The Nominating Committee of the current term consists of five(5) members (including three(3) independent directors). Member Hsing Yi Chow is the former President of NCCU, former Dean of NCCU College of Commerce, and former Chair and Professor of NCCU Department (Graduate Institute) of Finance. He holds the expertise in investment, risk management, international finance, entrepreneurial financial management and corporate governance. He is one of the core staff of the research project entitled “How to Improve the Training of International Financial Management Talents in

Finance, Securities and Insurance,” and conducts in-depth research on Taiwan’s securities industry and capital market, as a member holding the expertise related to Nominating Committee. Member Kuang Si Shiu served as the Chairman/President of Mega Financial Holdings for about one decade, who has plentiful experience in management and practices, and is specialized in the Nominating Committee affairs. Member Ming Ling Hsueh is now serving as the Executive Director of the Taiwan Corporate Governance Association. She has served as the president of PwC Taiwan, adjunct professor of College of Technology Management, National Tsing Hua University and adjunct professor of National Taiwan University of Science and Technology School of Management once, and also won the Excellence in Teaching Award for Adjunct Professor awarded by National Taiwan University of Science and Technology School of Management (2020) and Excellence in Teaching Award awarded by College of Technology Management, National Tsing Hua University (2004), who has ample experience in corporate governance and business management practices and is specialized in the Nominating Committee affairs.

- D. In the most recent year (2022), the Nominating Committee has held 5 meetings (A) The attendance of the Committee members is summarized as follows:

Title	Name	Professional Qualifications and Experience	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Hsing Yi Chow	Please refer to Page 28 for the “(IV) Disclosure of information about professional qualifications and independence of directors and independent directors.”	3	0	100	Newly elected; the date of the reelection: June 10, 2022; a total of three meetings of the Nominating Committee convened during the annual tenure.
Member (Former convener)	Ming Ling Hsueh		5	0	100	Re-elected; the date of the reelection: June 10, 2022.
Member	Wei Chen Ma (Michael)		5	0	100	Re-elected; the date of the reelection: June 10, 2022.
Member	Ting Chien Shen (Tony)		5	0	100	Re-elected; the date of the reelection: June 10, 2022.
Member	Kuang Si Shiu		5	0	100	Re-elected; the date of the reelection: June 10, 2022.
Former member	Yin Hua Yeh		2	0	100	Discharged; the date of the reelection: June 10, 2022; a total of two meetings of the Nominating Committee convened during the annual tenure.
Other items to be stated:						
I. If the Board of Directors does not adopt or amend the Nominating Committee’s suggestions, please						

	specify the meeting date, term, contents of motion, resolution of the Board of Directors, and Yuanta FHC's handling of the Nominating Committee's opinions: None.
II.	For resolution(s) made by the Nominating Committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and Yuanta FHC's handling of said opinions: None.
III.	Other important motions and results of execution thereof:
(I)	9th meeting of the 8th Nominating Committee on February 22, 2022. <ul style="list-style-type: none"> 1. Amendments to the "Yuanta FHC Articles of Association for Nominating Committee." 2. Amendments to the "Yuanta FHC Regulations Governing Directors' Continuing Education." 3. Discussion about amendments to the "Yuanta FHC Corporate Governance Best-Practice Principles." 4. Research on quota of directors (including independent directors) of the 9th term and conditions to be met by the candidates.
(II)	10th meeting of the 8th Nominating Committee on April 14, 2022. <ul style="list-style-type: none"> 1. Submission of the nomination of candidates for directors of the 9th term by shareholders with more than 1% share this year. 2. Nomination of the candidates for Yuanta FHC's directors (including independent directors) of the 9th term.
(III)	1st meeting of the 9th Nominating Committee on June 10, 2022. <ul style="list-style-type: none"> 1. Election of the convener of Yuanta FHC's 9th Nominating Committee. 2. For review on the qualifications of the candidates for the Remuneration Committee members of Yuanta FHC's 9th Board of Directors, and suggestion about personnel. 3. For review on the qualifications of the candidates for the Sustainable Development Committee members of Yuanta FHC's 9th Board of Directors, and suggestion about personnel. 4. 2nd meeting of the 9th Nominating Committee on August 23, 2022. 5. Implementation status of diversity policy and targets for Yuanta FHC's Board of Directors. 6. Review the directors' continuing education program in 2022. 7. Review the candidates for the senior management.
(IV)	3rd meeting of the 9th Nominating Committee on December 20, 2022. <ul style="list-style-type: none"> 1. Discussion about amendments to the "Yuanta FHC Corporate Governance Best-Practice Principles." 2. Periodically review the senior managers' succession plans. 3. Motion for the results of Yuanta FHC's performance appraisal on the Board of Directors and Functional Committees in 2022. 4. Recheck results and recommendation of organizational framework of the Board of Directors and various committees. 5. Drafting the directors' continuing education plan in 2023. 6. Prepare the "2023 Nominating Committee Calendar & Agenda Planning."

Note : (1) Where a specific member may be relieved from duties before the end of the fiscal year specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of meetings of the Nominating Committee held during each member's term and the number of meetings actually attended by that member.

(2) Where a reelection may be held for filling the vacancies of members before the end of the fiscal year, list both the new and the discharged members, and specify if they are the former members, or newly elected, re-elected and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated based on the number of meetings of the Nominating Committee held during each member's term and the number of meetings actually attended by that member.

(VI) Corporate sustainability practices, and deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof

Scope of Assessment	Status		Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof
	Yes	No	
1. Whether Yuanta FHC establishes the governance framework dedicated to promoting the sustainability and delegates the full-time (part-time) functional units dedicated to promoting the corporate sustainability; has the Board of Directors authorized the senior management to deal with it; and how the Board of Directors supervise it?	✓		<p>1. In November 2018, Yuanta FHC established the “Corporate Sustainability Committee”^{note} subordinated to the Board of Directors per the resolution of the Board of Directors, as the unit dedicated to promoting ethical corporate management and sustainable development practices. According to Article 2 of the Articles of Association for Corporate Sustainability Committee, the Committee must consist of 3–7 members, who must be served by Yuanta FHC’s directors, and at least a majority of the members must be served by independent directors. Yuanta FHC’s “Nominating Committee” will review their qualifications and potential conflict of interest. Then the members are appointed upon approval of the Board of Directors, one of whom shall be elected as the convener. The current Sustainable Development Committee consists of the Chairman of Yuanta FHC and four(4) independent directors. The Chairman also serves as the convener of the Committee, and the proportion of independent directors accounts for 80%. In order to practice ethical management and promote corporate sustainability, Yuanta FHC has established the “Ethical Corporate Management Promotion Center” and “Corporate Social Responsibility Promotion Center” subordinated to the Corporate Sustainability Committee.</p> <p>Note: The motion to rename the “Corporate Sustainability Committee” into the “Sustainable Development</p>

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>Committee” was passed at the 39th meeting of the 8th Board of Directors” on March 15, 2022, whereby the two promotion centers subordinated to the Committee were renamed as the “Integrity Management Office” and “Corporate Sustainability Office.”</p> <p>(2) In order to plan the Group’s sustainability strategic development and practice the result of execution, in 2011, Yunta FHC established the “Corporate Social Responsibility Promotion Center,” which was renamed as the “Corporate Sustainability Office” in 2022, and also seven major functional teams, subject to the nature of the mission, comprising “Corporate Governance,” “Sustainable Finance,” “Customer Care,” “Employee Care,” “Environmental Sustainability,” “Social Participation” and “General Affairs Promotion” consisting of the members served by the cross-department staff from Yunta FHC and its subsidiaries. A total of four meetings were convened by the Office to communicate and follow up on the progress of various projects in 2022. The Corporate Sustainability Office would report to the Committee the work plans and execution results thereof on a semi-annual basis, in order to strengthen the Board of Directors’ regulations about ethical management and sustainability. Meanwhile, it would amend and review related policies to ensure the validity thereof, on a rolling basis.</p> <p>(3) The Sustainable Development Committee held 5 meetings in 2022, and reported the implementation results of sustainable development and future work plans</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>to the Board of Directors. The Board of Directors regularly listens to the report of the management team every year. The management shall propose strategies to the Board of Directors. The Board of Directors shall judge the possibility of success in the strategies, review the progress of the strategies, and urge the management to make adjustment if necessary. The motions include the implementation results of the implementation status of the promotion of sustainable development and execution of ethical management; Corporate Sustainability Office and Integrity Management Office in 1H of the year; the Group's green product implementation results and progress in 1H of the year; the communication of issues concerned by stakeholders; Yuanta FHC's 2021 Sustainability Report; GHG accounting and verification, and the operation and implementation of the committee will be published on Yuanta FHC's website and in Yuanta FHC's annual report.</p> <p>(4) Yuanta FHC's medium and long-term business strategy includes two aspects: business model and sustainable development. The board of directors regularly listens to the report of the management team every year, reviews the implementation of the current year, and conducts strategic review and proposes optimization based on the impact of the current year's environment. practice. The supervision on sustainability is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees</p>	
2. Whether Yuanta FHC conducts the risk assessment on the environment, society and corporate governance	✓		2. (1) Yuanta FHC values the stakeholders' opinions, and	There was no departure in this respect.

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
issues related to Yuanta FHC’s operation and adopts related risk management policies or strategies, and disclose the same on Yuanta FHC’s website?			<p>uses the best effort to communicate with the stakeholders via various channels to verify and identify the issues concerned by them. Yuanta FHC analyzes how stakeholders’ concern about environmental, social and corporate governance issues and the impact posed to the principal business by the senior management’s review on various issues, in order to prepare the matrix chart for major topics. In reference to the SDGs and the Group’s development orientation, Yuanta FHC identified 17 major issues for Yuanta FHC in 2021, and set the short-term, mid-term and long-term targets of the “2021–2025 Group Corporate Sustainability Strategic Roadmap” therefor. Yuanta FHC would also follow up the achievement of targets each year to practice the sustainability management.</p> <p>(2) Yuanta FHC has included climate change in its corporate governance and business strategies as an important part. Meanwhile, pursuant to the materiality principle, Yuanta FHC conducted the related risk assessment on major issues and adopted the related risk management policies or strategies based on the assessed risks, disclosed on the following website: https://www.yuanta.com/EN/ESG/Stakeholder-Engagement/Material-Aspects</p>	
3. Environmental issues (1) Has Yuanta FHC established environmental policies suitable for Yuanta FHC’s industrial characteristics?	✓		<p>3. (1) The Group has set forth the “Environment & Energy and Climate Change Management Policy.” In order to improve the environmental sustainability management, the “Environmental Sustainability Group” of the</p>	There was no departure in this respect.

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>Corporate Sustainability Office continues to promote various policies to mitigate the environmental impact and use the best effort to build the enterprise's green culture, hoping to mitigate the impact posed by the operating process to the environment, by managing the internal energy consumption and GHG emission, continuing to improve the energy utilization efficiency, and proactively procuring the renewal energy.</p> <p>A. The management departments of Yuanta FHC and its subsidiaries have formed the “Environmental Sustainability Group” since 2011, which is responsible for establishing the environmental management system, implementing various environment and energy ISO management systems voluntarily, and conducting GHG inspection, promoting energy conservation and carbon reduction proactively, managing energy/resources, water resources and waste with care, and also practicing the green procurement and supply chain management.</p> <p>B. The “Environment Policy” established by Yuanta FHC in 2016 was approved by the Board of Directors, and consolidated as the “Energy and Climate Change Management Policy” in 2022, and changed as the “Environment & Energy and Climate Change Management Policy.” With the standard and systematic management, Yuanta FHC exerted the power of integration, set the short-term, mid-term and long-term goals under various environmental sustainability indicators, and executed and followed up the same. The</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
(2) Does Yuanta FHC endeavor to upgrade the efficient use of available energy, and use environmentally friendly materials?			<p>“Environmental Sustainability Group” reported the execution result to the Corporate Sustainability Office periodically on a quarterly basis. Then, the Corporate Sustainability Office would report the same to the Sustainable Development Committee, in order to continue mitigating the impact posed by the environment in the process of operation and demonstrate Yuanta FHC’s positive attitude toward environmental sustainability in line with the international trend.</p> <p>C. Yuanta FHC established the environmental management system exclusively applicable to the financial business based on ISO 14001 environment management standard systems, and passed the external certification. Meanwhile, Yuanta FHC also delivered the ISO 14064-1 Greenhouse Gas Investigation System and ISO 14046 Water Footprint Investigation System into its eight subsidiaries extensively in three steps. In terms of the Group’s 321 business locations throughout Taiwan, the coverage rate of such inspection attained 100%. All of the buildings owned by the Group have implemented the ISO 50001 energy management system, respectively, and also passed the external certification.</p>	
			<p>(2) Yuanta FHC is used to making every endeavor to promote energy conservation and carbon reduction, managing energy/resource, water resource and waste with care, and also practices green procurement and supply chain management. The specific management practices are stated as follows:</p>	

Scope of Assessment	Status		Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	
			<p>A. Environmental policies were drafted or amended per Yuanta FHC’s operating policies, assessment result considered in terms of important environment or the management review resolution.</p> <p>B. Fulfill the “Corporate Sustainability,” and establish the Energy and Climate Transformation Management Policy in response to such issues including shortage of international energy and climate transformation, and include corporate sustainability into Yuanta FHC’s management and operations.</p> <p>C. Yuanta FHC set internal management rules for indoor air conditioning temperature in office that follow Taipei City Government’s Self-Government Regulations Governing Energy Saving and Carbon Reduction of Industrial and Commercial Business.</p> <p>D. Review the result about consumption of such energy as water and electricity, on a year basis, in order to realize water conservation, energy conservation, and carbon and greenhouse gas reduction.</p> <p>E. Draft the environmental objective and action plans, set the manners in which various departments should set the objectives, and establish the plan to achieve the environmental objectives.</p> <p>F. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry out disinfection, rodent and insect control.</p>

Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	
			<p>G. The headquarters building's management committee functions as a dedicated environmental management unit to maintain the environment.</p> <p>(A) Global warming results in increasing frequencies of extreme weather events and thereby creates a threat to the infrastructure of the financial market. Yuanta FHC not only pays close attention to the effect caused by changes of climate to operating activities, but also applies multiple tangible safety prevention measures to protect against risks of such changes of climate, including maintenance of fire insurance and additional insurance against Yuanta FHC's own assets and electronic insurance against information equipment, installation of watertight gates, and periodic maintenance of fire protection, monitoring and back-up supporting equipment, in order to control contingent climate risk and reduce the loss of Yuanta FHC's operation and equipment.</p> <p>(B) Yuanta FHC is a financial service business, instead of a manufacturer who is used to discharging massive quantities of greenhouse gas. The primary sources of Yuanta FHC's emission of greenhouse gas refer to power, water and fuel of transportation means. Yuanta FHC has conducted an investigation into the emission of greenhouse gases by said energies, and has had the emission of greenhouse gases certified by some external organization since 2015.</p>

Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	
			<p>(C) Yuanta FHC promotes environmental protection and fulfills the energy saving/carbon reduction measures as its strategies to manage greenhouse gas:</p> <ol style="list-style-type: none"> Promote recycling and adopt green procurement. Permanently encourage staff to move by stairs instead of elevators if the length of distance is no more than two floors to save power and encourage the partaking of exercise. Elevators are categorized into those exclusive for floors of odd and even numbers separately, so that the energy used by the elevators to stop and open/close the doors may be saved. Require that the room temperature at the office premises shall be set as no less than 26°C. The areas of sun exposure shall be equipped with window shades to reduce radiant heat. Promote that the plugs of OA equipment shall be pulled out, if the equipment will remain inactive permanently, and staff shall turn off the lights immediately before leaving the office. Set the PCs in the manner that the screensavers will be activated automatically once the PCs are inactive. Reduce water yield of faucets comprehensively, and persuade colleagues to

Scope of Assessment	Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
			<p>confirm that the faucet is turned off tightly after use.</p> <p>h. Promote videoconferencing to save the staff from consuming the energy used in commuting.</p> <p>i. Plan to replace traditional lighting with LED to save power.</p> <p>j. The communication of official letters, internal and external, has been replaced by an online approval system to save consumption of paper and carbon powder.</p> <p>H. Yuanta FHC's measures to raise resource utilization efficiency and its use of renewable materials are explained below:</p> <p>(A) We recycle and reuse energy-intensive articles. This includes advocating as well as promoting the recycling and reuse of paper products, the use of recycled paper and resource recycling as well as reporting on execution status.</p> <p>(B) We properly dispose of waste. This includes advocating and promoting waste sorting and reduction, waste water treatment and reporting on the outcome.</p> <p>(C) Yuanta FHC adopts low-consumption and green OA appliances and devices and procures the products with eco-friendly, energy-conservation and water-conservation logos as the first priority. The office renovation work is primarily required to satisfy the criteria for green construction</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
(3) Whether Yuanta FHC assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to these issues?			<p>materials.</p> <p>(D) In response to the policy for “Prohibition of Disposable and Melamine Tableware,” employees are encouraged to prepare their own tableware and eco-friendly cups. No disposable cups, such as paper cups, would be provided at any of Yuanta FHC’s meetings.</p> <p>(E) Yuanta FHC has been honored by Environmental Protection Administration, Executive Yuan, as the excellent green procurement benchmarking entity for ten consecutive years.</p> <p>(F) Yuanta FHC has been honored as the excellent green procurement benchmarking entity. (Honored by the Taipei City Government for 12 consecutive years and by the Environmental Protection Administration, Executive Yuan for 11 consecutive years)</p>	
			<p>(3) A. Yuanta FHC supports the Task Force on Climate-Related Financial Disclosures (TCFD) actively. As promoted by the “Sustainable Development Committee,” Yuanta FHC has established the “Energy and Climate Change Management Policy of Yuanta FHC and its Subsidiaries” and conducted the review periodically subject to their business characteristics each year. Meanwhile, Yuanta FHC issued the “Yuanta FHC 2021 TCFD Report” independently in July 2022, in order to improve the completeness and transparency of the Group’s climate-related information disclosure, respond to</p>	

Scope of Assessment	Status		Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	
			<p>the stakeholders’ expectation, and demonstrate the risks and opportunities brought in by the Group’s proactive response to the climate change.</p> <p>B. Yuanta FHC discloses the work progress and results by the four major aspects, including governance, strategy, risk management, and indicator & objective, and also enacts and implements countermeasures in order to have Yuanta FHC’s internal responsive strategies and mitigation measures with respect to various climate risks become more flexible and resilient. Meanwhile, Yuanta FHC also encourages customers to transform themselves toward the low-carbon industry and utilize their capital to help the global green economic development in order to demonstrate Yuanta FHC’s determination to boost corporate sustainability.</p> <p>C. The risk management units and sales units of Yuanta FHC and its subsidiaries would identify and assess the climate-related risks and opportunities subject to their company size, business characteristics and business strategies, and assess the importance of effect, time period, territory, value chain location and financial effect based on various risks and opportunities, and also draft responsive strategies and mitigation measures therefor.</p> <p>Said detailed information is disclosed in Yuanta FHC Sustainability Report Chapter “Climate Change-Related Risks and Opportunities” and TCFD Report at the URL: https://www.yuanta.com/EN/ESG/ESG-Report</p>

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	Yes	No	Summary																					
(4) Whether Yuanta FHC gathers the statistics about the annual GHG emission, water consumption and gross weight of waste for the past two years, and adopts policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption or management of exhaust gas and other waste goods, including reduction target, promotional policy and status of achievement?			<div>(4)<div>A. The Group uses the best effort to achieve the various environmental sustainability targets, and set the following quantitative indicators:</div><table><tr><th></th><th>Short-term Goals</th><th>Mid-term Goals</th><th>Long-term Goals</th></tr><tr><td>Category 1 and Category 2 Carbon Reduction Targets (2017 as the base year)</td><td>1. The carbon emission reduced by 4% per unit of operating revenue in 2021 from the base year. 2. The energy consumption reduced by 3% in 2021 from the base year.</td><td>1. The carbon emission reduced by 6% per unit of operating revenue in 2023 from the base year. 2. The energy consumption reduced by 5% in 2023 from the base year.</td><td>1. The carbon emission reduced by 8% per unit of operating revenue in 2025 from the base year. 2. The energy consumption reduced by 7% in 2025 from the base year.</td></tr><tr><td>Waste Reduction Target (2019 as the base year)</td><td>The quantity per capita reduced by 1% in 2021 from the base year.</td><td>The quantity per capita reduced by 2% in 2023 from the base year.</td><td>The quantity per capita reduced by 3% in 2025 from the base year.</td></tr><tr><td>Water Consumption Reduction (2019 as the base year)</td><td>The water consumption per square meter reduced by 1% in 2021 from the base year.</td><td>The water consumption per square meter reduced by 2.5% in 2023 from the base year.</td><td>The water consumption per square meter reduced by 4% in 2025 from the base year.</td></tr><tr><td>In response to the renewable energy consumption</td><td>1. Two business locations consumed 100% green power in 2021.</td><td>1. At least four business locations consumed 100% green power in 2023.</td><td>The green power consumption attains 2.7 million kWh cumulatively, i.e. 2% of the</td></tr></table></div>		Short-term Goals	Mid-term Goals	Long-term Goals	Category 1 and Category 2 Carbon Reduction Targets (2017 as the base year)	1. The carbon emission reduced by 4% per unit of operating revenue in 2021 from the base year. 2. The energy consumption reduced by 3% in 2021 from the base year.	1. The carbon emission reduced by 6% per unit of operating revenue in 2023 from the base year. 2. The energy consumption reduced by 5% in 2023 from the base year.	1. The carbon emission reduced by 8% per unit of operating revenue in 2025 from the base year. 2. The energy consumption reduced by 7% in 2025 from the base year.	Waste Reduction Target (2019 as the base year)	The quantity per capita reduced by 1% in 2021 from the base year.	The quantity per capita reduced by 2% in 2023 from the base year.	The quantity per capita reduced by 3% in 2025 from the base year.	Water Consumption Reduction (2019 as the base year)	The water consumption per square meter reduced by 1% in 2021 from the base year.	The water consumption per square meter reduced by 2.5% in 2023 from the base year.	The water consumption per square meter reduced by 4% in 2025 from the base year.	In response to the renewable energy consumption	1. Two business locations consumed 100% green power in 2021.	1. At least four business locations consumed 100% green power in 2023.	The green power consumption attains 2.7 million kWh cumulatively, i.e. 2% of the	
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			<table><tr><td>2.The proportion of green power consumption is increasing by 2% year by year.</td><td>2.The green power consumption aims to attain 1.50 million k Wh cumulatively.</td><td>total energy consumption.</td></tr></table> <p>The historical environmental data are stated as follows:</p> <table><tr><td></td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>Power consumption (kWh)</td><td>43,984,518</td><td>41,022,526</td><td>37,400,074</td></tr></table> <table><tr><td></td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>Renewable energy consumption (kWh)</td><td>510,000</td><td>527,341</td><td>945,924</td></tr></table> <table><tr><td></td><td>2019 (Base Year)</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>GHG emission (tons) (Categories 1+2)</td><td>21,512</td><td>23,880</td><td>22,254</td><td>20,000</td></tr></table> <table><tr><td></td><td>2019 (Base Year)</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>Gross weight of waste (tons)</td><td>3,730.01</td><td>691.83</td><td>661.18</td><td>651.70</td></tr><tr><td>Water consumption (million liters)</td><td>188.35</td><td>194.44</td><td>173.09</td><td>167.04</td></tr></table> <p>B. The Group has physically practiced sustainability in terms of climate transformation, energy-saving and carbon reduction, and green environmental protection. From 2016 to 2017, it continued to procure the green power accumulated as 1 million kWh. Meanwhile, in 2018 and 2019, it subscribed for 500 Renewable Energy Certificates,</p>	2.The proportion of green power consumption is increasing by 2% year by year.	2.The green power consumption aims to attain 1.50 million k Wh cumulatively.	total energy consumption.		2020	2021	2022	Power consumption (kWh)	43,984,518	41,022,526	37,400,074		2020	2021	2022	Renewable energy consumption (kWh)	510,000	527,341	945,924		2019 (Base Year)	2020	2021	2022	GHG emission (tons) (Categories 1+2)	21,512	23,880	22,254	20,000		2019 (Base Year)	2020	2021	2022	Gross weight of waste (tons)	3,730.01	691.83	661.18	651.70	Water consumption (million liters)	188.35	194.44	173.09	167.04	
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			<p>respectively, equivalent to the green power of 500,000 kWh. In 2020, it increased the subscription for renewal energy certificate by 2%, namely 510 pcs. The green power and renewal energy certificate procured by it in the past years generated the green power of 2.51 million kWh, corresponding to the absorption of CO₂ of 3.4 Daan Forest Parks each year.</p> <p>In June 2021, Yuanta FHC started the green power supply. The five branches of Yuanta FHC's subsidiaries including Yuanta Securities, Yuanta Bank and Yuanta Futures were the first to adopt 100% green power in the financial industry. The green power consumed totaled 975,900 kWh and carbon reduction performance totaled 10.13% in 2022.</p> <p>The Group's new own building construction projects all aim to obtain the green building mark (including Yuanta Bank's new building on Renai Rd., Taipei City and urban renewal project on Nanjing Fuxing, and Yuanta Life's new building on Songjiang Rd., Taipei City).</p> <p>The Group takes carbon reduction issues very seriously. Since 2016, it has become a member of the Carbon Disclosure Project (CDP). In 2018 and 2019, it was rated by the CDP as A- for "Leadership," and as A for three consecutive years from 2020 to 2022, ranking the leading position for five consecutive years, as the highest rating in the CDP and also ranking the best among peer companies domestically.</p>	

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			<p>In addition to dealing with the governmental energy saving/carbon reduction policies and promoting multiple related measures, Yuanta FHC also defines the goal for energy saving of Yuanta FHC buildings in accordance with the “Regulations Governing Energy Subscribers’ Identification of Goals for Energy Saving and Implementation Plan” promulgated by Ministry of Economic Affairs, in order to achieve the power saving rate of more than 1% each year from 2015 to 2020 and also to achieve the average power saving rate of more than 1% for the five years.</p> <p>The Group continues to invest in energy-conservation lamps and equipment replacement to practice the energy-conservation and carbon-reduction target. In 2020, it has saved power of about 716,000 kWh and, therefore, saved expenses of about NT\$2.43 million through equipment replacement. In 2021, it saved power of about 461,000kWh and, therefore, saved expenses of NT\$1.61million. Accordingly, the overall power conservation rate was about 6.73% in 2021. In 2022, the electricity saving was about 262,000 kWh, and the cost saving was about NT\$0.75 million. The accumulated carbon reduction volume satisfied the Group’s carbon reduction target.</p> <p>Yuanta FHC established the “Environmental Policy” dedicated to fulfilling environmental protection, environmental management and</p>	

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4. Social issues (1) Has Yuanta FHC established any related management policies and procedures in accordance with the relevant laws and international human rights conventions?	✓		<p>energy saving in 2016. Meanwhile, in order to deal with the issues, such as shortage of international energy and climate change, in 2017, Yuanta FHC established the “Energy and Climate Change Management Policy,” which was consolidated as the “Environment & Energy and Climate Change Management Policy” to respond to the energy saving and carbon reduction trend actively in 2022, and also defined the energy saving objectives and programs to include the corporate sustainability into Yuanta FHC’s management and operation.</p>	
			<p>4. (1) A. In order to maintain and protect the human rights, Yuanta FHC establishes the “Human Rights Policy” in accordance with the human rights protection spirit and basic principles disclosed in the Universal Declaration of Human Rights, United Nations Global Compact and International Labour Conventions, in order to regulate the protection of human rights in workplaces, supply of healthy and safe workplaces and propagation of human rights policies, and fulfill the responsibility for respecting and protecting human rights. Meanwhile, Yuanta FHC’s President signed the “Statement of Human Rights” to undertake inclusion of the human rights protection principles and spirit into the enterprise’s value and culture. B. Meanwhile, in order to practice the “Human</p>	There was no departure in this respect.

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			<p>Rights Policy,” Yuanta FHC conducts the risk assessment with respect to the potential human rights risk issues to be dealt with by the employees each year, sets forth and adjusts the following management, mitigation, compensation and correction policies based on the assessment results, and discloses Yuanta FHC’s human rights risk assessment control list, in order to control and mitigate the risk and solidify Yuanta FHC’s human rights protection policies.</p> <p>C. Yuanta FHC organizes the “Peaceful Workplace: Human Rights, Laborers’ Interests and Rights, Gender Equality and Prevention of Sexual Harassment” training courses each year, in order to promote to and train all employees about the human rights concept, and the human rights knowledge including the contents of Yuanta FHC’s human rights policy, statutory laborers’ interests and rights and Yuanta FHC’s work rules, gender equality, prevention of sexual harassment and grievance channels, in order to raise all employees’ awareness toward human rights protection and work with them to build a peaceful workplace jointly.</p> <p>D. In order to improve the performance and social influence of the Group’s social welfare activities, Yuanta FHC establishes the “Directions for Management of Social Public Welfare Activities in reference to the Sustainable Development Goals (SDGs)” and Yuanta FHC’s “Sustainable Development Best-Practice Principles.”</p>

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(2) Whether Yuanta FHC adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately, and disclose the same on Yuanta FHC’s website?			<p>E. Among the other things, the “Community Common Good” out of the three major public welfare strategies expressly states that cooperation with strategic partners shall be considered as the priority, in order to integrate the human rights protection principles and spirit into the community partners. Strategic partners refer to the civil organizations, charity and public welfare organizations and government agencies that are dedicated to improving human right risk in the community, and the groups that might have to deal with community human right risk, including but not limited to, children, indigenous people, women, disabled persons, and vulnerable groups.</p> <p>F. The Directions require follow-up with various companies each year, and respond to the social issues concerned by the three major strategies, such as rural education, human trafficking, forced labor, child labor, freedom of association, collective bargaining rights, equal pay for equal work, and discrimination, in response to the human right protection principles under the “Community Common Good” strategy.</p>	
			<p>(2) A. Yuanta FHC offers a competitive remuneration system, and pays remuneration under multiple packages, including basic pay, allowances, bonuses, festival bonus, employee compensation, and shareholding trust. In order to encourage colleagues to work harder and practice their work performance, Yuanta FHC may provide a group</p>	

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			<p>performance bonus subject to the operation performance and earnings achieved by Yuanta FHC, and pay other benefits based on personal performance rating and work performance each year. According to the Articles of Incorporation, if Yuanta FHC has profited at the year's final accounting, the remuneration to employees shall be 0.01%–0.5% of the remainder, if any, after the profitless accumulated loss.</p> <p>Since 2015, Yuanta FHC has been selected by "Taiwan HC 100 Index of TWSE" for eight consecutive years. Apparently, Yuanta FHC's efforts to pay reasonable remuneration and feedback of profit to employees are recognized. In the future, Yuanta FHC will continue to fulfill its corporate social responsibility, value and promote employees' well-being, and facilitate a win-win situation between the labor and management.</p> <p>B. The starting salary offered to Yuanta FHC's new employees is higher than the statutory base pay. The salary is authorized per the personnel's expertise, job responsibilities and functions. The salary will not vary depending on gender. Yuanta FHC uses its best efforts to build a working environment upholding equal pay for equal work, so as to practice the philosophy of gender equality in employment. Yuanta FHC's female employees account for 49.7%. Among the other things, the female senior management accounts for 28.6%.</p> <p>C. For the employees' days off, the Labor Standards Act, Act of Gender Equality in Employment, and</p>	

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			<p>Regulations of Leave-Taking of Workers, etc., in addition to the Regulations of Leave-Taking of Workers, shall apply. Meanwhile, Yuanta FHC offers the paid maternity leave for miscarriage more favorable than that prescribed by laws. Specifically, in the case of miscarriage after pregnancy for more than two months but less than three months, the maternity leave for 9 days is made available. In the case of miscarriage after pregnancy for less than two months, the maternity leave for 7 days is made available, in addition to the pregnancy checkup leave more favorable than that prescribed by laws for 8 days.</p> <p>D. Yuanta FHC provides employee benefit measures, including the bonus for three major festivals, birthday gift money, marriage subsidies, maternity subsidies, hospitalization and medical treatment subsidies, funeral subsidies, emergent relief, employee assistance programs (EAPs), scholarship for workers' children, and social activities, etc.. In order to mitigate the employees' burden to help them build a sweet home, Yuanta FHC offers the preferential loan interest rate, all-risk group insurance and group annuity policy to the employees in an effort to enable the employees to achieve a perfect balance between their work and life. Further, Yuanta FHC established an employee shareholders' association in August 2003. When employees set aside a certain amount of money each month for stock purchases, Yuanta FHC will match the</p>	

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<p>(3) Whether Yuanta FHC provides the existence of a safe and healthy work environment protection measures, conducts regular health and safety training for employees, and discloses the same on Yuanta FHC's website?</p>			<p>employees' contributions, encouraging employees to be Yuanta FHC's shareholders.</p> <p>E. In order to take care of the workers' retirement life, Yuanta FHC has set forth the Pension Management Guidelines pursuant to laws and made monthly contribution equivalent to 2% of the total employees' salary as the pension fund saved in the exclusive account maintained with the Bank of Taiwan. Meanwhile, Yuanta FHC established the Pension Fund Supervisory Committee responsible for auditing the contribution, deposit and expenditure of the pension fund and payment of pension in order to protect the workers' interests and rights. Following the Labor Pension Act promulgation on July 1, 2005, Yuanta FHC has made monthly payments, equivalent to 6% of the insured value maintained by the individual employee into the employee's personal labor pension account.</p> <p>F. The related employee benefit measures are disclosed on Yuanta FHC's website. (Website: https://www.yuanta.com/EN/ESG/Employees/Benefits).</p> <p>(3)</p> <p>A. In order to provide employees and customers with a safe and healthy environment, we continue to promote the workplace environment safety protection, and adopts the Occupational Safety and Health Work Rules, Occupational Safety and Health Management Program, Automated Inspection Program, Implementation Directions</p>	

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			<p>for Operating Environment Testing, and Regulations Governing Occupational Safety and Health Training, and publishes and enforces the same, in accordance with the “Occupational Safety and Health Act” and related sub laws.</p> <p>B. Organize the online training courses and disaster prevention drill for the occupational safety and health training and four major programs for occupational safety and health, with respect to new and current employees, pursuant to laws each year. A total of 43 courses were organized in 2022, attended by a total of 11,518 trainees. The total training hours were 15,036 hours.</p> <p>C. Organize the occupational safety management training, fireproof management personnel training, first-aid personnel training, and disaster and earthquake prevention drill with respect to the occupational safety and health affair managers, fireproof management personnel, security personnel and first-aid personnel, each year in order to mitigate the risk derived from occupational disasters and provide employees with a safety, healthy and sanitary occupational environment. There were a total of 383 trainees in 2022. The total training hours were 3,152 hours.</p> <p>D. Yuanta FHC and its subsidiaries all provide the specialist’s on-site occupational health service, hire specialty occupational safety and health management personnel, dedicated registered nurse and occupational specialist by contract to provide employees with the medical treatment</p>	

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			<p>and healthcare information, as well as the health consulting and health promotion services pursuant to laws, and also screen and identify the employees’ occupational health risks which are more likely to derive and plan the occupational disease prevention program based on the indicators including job type, operating environment, age & gender, and health risks each year.</p> <p>E. In order to take care of employees’ and customers’ health, various units all practice the requirements about “installation of prominent non-smoking label at all entrances,” and test the carbon dioxide concentration and lightness at the office premises semi-annually in accordance with the occupational safety and health laws and regulations, and also obtain the “Air Quality Self-Management Certification”. (Website: https://www.yuanta.com/EN/ESG/Employees/Health-and-Safety).</p> <p>F. Yuanta FHC and its five subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures) have passed the certification and renewal by ISO 45001 Occupational Safety and Health Management System, respectively, in 2021. Additionally, the Group continues to maintain the operating environment for employees and protect their personal safety via the cyclical quality management (Plan-Do-Check-Action), in order to improve occupational safety and health in the</p>	

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(4) Has Yuanta FHC established some effective career development training plan for employees?			<p>workplace.</p> <p>Said six companies of the Group all received the renewed certification in 2022.</p> <p>On November 9, 2022, Yuanta FHC and Yuanta Futures were conferred the Excellent Enterprise Award of "Corporate Sustainability Report for Disclosure of Occupational Safety and Health Indicators" for TWSE/TPEx listed companies by the Occupational Safety and Health Administration, Ministry of Labor. The award stands for recognition of the Group's action dedicated to building a safe and healthy workplace culture.</p> <p>G. Yuanta FHC values the safety protection in the workplace and the traffic safety during commute, and organizes occupational safety and health education and training courses periodically each year, in order to strengthen colleagues' occupational safety and health awareness. There were no occupational accidents arising in 2022.</p> <p>(4) The career development training plan for Yuanta FHC's employees consists of the following elements:</p> <p>A. Training and development system for diversified talents holding management function and professional function</p> <p>Yuanta FHC's management find and reserve the management and professional talents needed by the financial industry and the Group's development through talent identification, and train talents through orientation training, management and diversified functional courses,</p>

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			<p>assignment of missions, participation in projects, participation in meeting and job rotation. Meanwhile, Yuanta FHC also encourages its employees to access various financial areas of the Group and learn the diversified functions voluntarily to help Yuanta FHC and employees respond to the rapid changes in the finance industry and also hold the knowledge, technology and competency keeping up with the time. The training plan in 2022 was primarily based on Yuanta FHC’s business development strategy in order to promote the transformation and diversified competence training programs for the Group’s personnel, including financial product training, insurance and product sales training, accounting for 74.9% of the total training fees. The senior, middle and junior management’s training accounted for 18.5% of the total training expenses, and 6.5% of the total training expenses for the orientation training.</p> <p>Yuanta FHC encourages employees to participate in workshops and training sessions to enhance their competence or reserve the competence needed in the future. Yuanta FHC will cover the full expenses for courses that are attended upon assignment or approval by Yuanta FHC. Moreover, Yuanta FHC encourages employees to attend international financial proficiency course certification and English proficiency certification by offering incentive bonus.</p> <p>B. Share the digital training platform and promote</p>	

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			<p>self-learning</p> <p>Yuantia FHC communicates tactic knowledge and transfer practical experience via its self-made courses available on the digital learning platform, “Yuantia e-Learning.” The digital learning courses added on a weekly basis are intended to communicate the global industrial development trend, case study on enterprises and experience, new knowledge and application of management, and strengths in workplaces, as the important knowledge treasury for the Group’s employees to engage in self-learning and develop diversified competencies.</p> <p>Based on the thought about learning curation, in line with the hit subjects in the global financial industry and the Group’s business focus, Yuantia FHC releases “Yuantia e-Learning/Learning Weekly” to train employees to maintain their learning motives and habits, urge employees to engage in self-learning “anytime, anywhere, on-demand.” to continue enhancing the employees’ professional ability and reserve their competitiveness for their future careers.</p> <p>C. Provide the chance for post transfer in the Group and encourage cross-functional transfer for development</p> <p>Yuantia FHC makes good use of the strength in diversified financial industry of its subsidiaries to arrange the intracompany post transfer subject to the operating need periodically, and encourages employees to apply for internal post transfer, so as</p>	

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(5) Whether Yuanta FHC complies with the related laws and international practices with respect to customers' health and safety, customers' privacy, marketing and labeling for its products and services, and adopts related consumers or customers protection policy and complaining			<p>to boost the exchange of talents in the Group and encourage employees to develop in a diversified manner, drive the reproduction of inter-company success and spread efficiency.</p> <p>D. Fulfillment of Yuanta FHC's internal knowledge management and experience transmission</p> <p>Meanwhile, in order to enable employee training to meet the Group's enterprise culture and practical management needs and to signify senior employees' professional value and contribution, the Group has engaged in promoting the in-house trainer system based on the plentiful experience of in-house staff permanently, so as to fulfill Yuanta FHC's internal knowledge management and experience transmission. It is also done to help enhance colleagues' professional competency in the area of finance.</p> <p>E. The Group's employee training program 2022 offered a total of 3,639 courses, attended by a total of 392,557 trainees. The total training hours were 651,622 hours. The total employee training budget was NT\$43.54 million. Averagely, each employee accepted the training for 57.9 hours and attended the training for 34.9 counts, and was allocated the training budget, NT\$3,869.</p>	
			<p>(5)</p> <p>A. Yuanta FHC upholds the ethical and honest enterprise culture and, based on the "Fair Dealing Principles," strengthens the mechanism of communication with customers, perfects the product and service information disclosure, and</p>	

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procedures?			<p>cares about consumers’ interests and rights. The five major subsidiaries (Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures) all establish dedicated units under the Fair Dealing Principles, which shall report the implementation of related policies to the Board of Directors periodically. Yuanta Futures was appraised by the Financial Supervisory Commission as Top 25% for the Fair Dealing Policy in 2022.</p> <p>B. The “Yuanta FHC and Subsidiaries Customer Information Confidentiality Measures” are established in accordance with the “Personal Data Protection Act,” “Cyber Security Management Act,” “Financial Holding Company Act” and “Regulations Governing Cross-selling Among Subsidiaries of Yuanta Financial Holding Co., Ltd.” Meanwhile, in response to the “Guidelines for Information Sharing Among Financial Institutions” Q&A updated by the Financial Supervisory Commission on September 5, 2022, Yuanta FHC amended related regulations (e.g. expressly stipulating the domestic subsidiaries’ related procedures for acceptance of customer complaints and dispute settlement in the AML and CFT Policy), in order to practice the customer data protection mechanism.</p> <p>C. The five major subsidiaries also established the units in charge of the information security, which shall be responsible for planning, supervising and executing the information security management</p>

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>operations, and reporting the execution of the information security to the Board of Directors to improve the information security regulation and practice the high-standard information security protection, acquire ISO 27001 Information Security Management System (ISMS) or BS 10012 International Personal Data Privacy Protection Certification, and ISO 22301 Business Continuity Management System. Meanwhile, they keep improving the information security operating procedures strictly to manage and protect users’ personal data and privacy, and provide safe services.</p> <p>D. Yuanta FHC’s subsidiaries value the customers’ interest and right very much, and sufficiently disclose the information to customers and competent authorities honestly per the competent authorities’ requirements whenever any financial instrument hit the market, including the terms and conditions of the instrument, characteristics of the instrument, DM, and various documents to be disclosed per the competent authorities’ requirements. Further, Yuanta FHC establishes the internal control system and related guidelines with respect to the product design and sale, and helps customers understand the products rapidly in the form of service attendants’ detailed explanation, financial courses organized by various subsidiaries from time to time, and disclosure of the product details and simplified Q&A on the official website and self-media, in</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
<p>(6) Whether Yuanta FHC adopts any specific suppliers’ management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors’ human rights, and how the policy is implemented?</p>			<p>order to upgrade the customers’ knowledge about financial instruments.</p> <p>E. Yuanta FHC has set up various public channels, such as the official website, customer service hotline, webpage, and e-mail. The customers may call the phone number, request in person, or in writing or via fax or email, or file a complaint against the consumption dispute with the competent authority or via any other channels. The consulting service is also available to customers at any time to reflect customers’ need.</p> <p>Yuanta FHC also sets forth the internal control system, customer complaint processing procedure and instructions to telephone recording system management, in order to follow up and solve problems effectively, provide customers with the best services and protect customers’ rights.</p> <p>(6)</p> <p>A. According to the “Yuanta FHC Ethical Management Best-Practice Principles,” “Yuanta FHC Procedures for Integrity Management and Guidelines for Conduct” and “Yuanta FHC’s Supplier Sustainable Procurement Guidelines,” Yuanta FHC asks the suppliers to verify Yuanta FHC’s ethical management principles, environmental sustainability strategies and practices, and also to include supplier’s sustainable procurement clauses and ethical management clauses into the contract executed with Yuanta FHC, and also expressly states various labor conditions, occupational safety and</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>health, environmental protection and labor human rights laws and regulations to be performed and followed by the suppliers. The contract shall also include the clauses providing that the a supplier who violates laws may have their contract terminated directly, in order to jointly practice sustainable development. In order to establish a more sound “Sustainable Procurement Procedure,” Yuanta FHC took the initiative to implement the ISO 20400 Sustainable Procurement Guideline Standards in 2019 and Yuanta FHC passed the third party’s certification in 2020 as the first one to practice the concept about sustainability into the procurement department step by step, affect up-stream suppliers’ practices and practice the commitment for corporate sustainability. Meanwhile, in 2020, the ISO 20400 Sustainable Procurement Guideline Standards were extensively implemented in all of Yuanta FHC’s subsidiaries. In 2021, Yuanta FHC and all of the subsidiaries passed the third party’s certification. In 2022, various subsidiaries continued to implement the ISO 20400 Sustainable Procurement Guidelines and received the relevant certification. Yuanta FHC practiced the sustainability concept in the subsidiaries’ procurement procedures comprehensively via the systematic management of the sustainable procurement procedure, in order to work with the suppliers to practice the sustainability.</p>	

Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			<p>B. Yuanta FHC has strengthened the risk assessment on suppliers and also practiced the suppliers’ evaluation in two dimensions since 2021, in order to improve the suppliers’ management procedure. Among other things, in order to identify the suppliers’ sustainability risk, Yuanta FHC distributed the risk self-assessment questionnaire to key suppliers this year. The questionnaire comprehensively covered the three major dimensions, including Environment (E), labor practices and human rights (S) and Corporate Governance (G), in order to precisely control the suppliers’ performance in sustainability. Yuanta FHC analyzed the self-assessment questionnaire results returned by the suppliers to identify the suppliers with high, middle and low risk, and then conducted the random check in writing and on-site audit on the suppliers with high risk. After that, Yuanta FHC would provide the suggestions about risk mitigation and remedy measures, and keep following up the improvement made by the suppliers to its risk and misconduct and the results, in order to 100% follow up and confirm its risk mitigation and remedies. In the meantime, in order to verify the suppliers’ overall performance, Yuanta FHC would conduct the evaluation on key suppliers. Through the annual evaluation, Yuanta FHC distinguished the suppliers into excellent, qualified and observable ones, and adopted the management policy varying based on the suppliers, in order to continue</p>	

Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TW/SE/TPEX Listed Companies" and reasons thereof
	Yes	No	
			<p>improving the procurement results and grow with the suppliers, our partners.</p> <p>C. In an effort to make some contribution to environmental sustainability, Yuanta FHC procures green products as the first priority, primarily the three types of environmental protection product which renders less impact to the environment, namely, "the product which acquires the green mark granted by Environmental Protection Administration, Executive Yuan," "the product which meets the requirements about recycling materials, low pollution, recycling and energy-saving" and "the other product with an identical or similar performance which may increase the social interest or reduce the social cost." Since 2011, the green procurement has been awarded a certificate of gratitude by the Environmental Protection Administration, Executive Yuan for eleven consecutive years and Taipei City Government for twelve consecutive years.</p> <p>D. Meanwhile, in order to improve the suppliers' management responsibilities more in line with the occupational safety and health laws and regulations, Yuanta FHC amended the "Supplier's Letter of Undertaking for Safety and Health" in Chinese and English in July 2022. (Website: https://www.yuanta.com/Res/Doc/Policies/ES/Letter_of_Undertaking_for_Safety_and_Health_by_Supplier.pdf).</p>

Scope of Assessment	Status		Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	
<p>5. Whether Yuanta FHC prepares the report disclosing Yuanta FHC’s non-financial information, such as the sustainability report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third-party certification unit?</p>	✓		<p>Yuanta FHC releases the non-financial information report periodically each year. In June 2022, Yuanta FHC released the “Yuanta FHC 2021 Sustainability Report” (hereinafter referred to as the Report), and the relevant public notice was posted in the “Sustainability” section on Yuanta FHC’ website, in Chinese and English languages. It covers the Group’s performance in economy, society and environment in 2021 (from January 1, 2021 to December 31, 2021), and management policies and responsive measures against important topics. The Report set the organization bound based on the principles of consolidated statements, covering Yuanta FHC and its eight subsidiaries. The scope of disclosure focused on the operating activities in Taiwan. The Report was prepared primarily based on the “core” requirements under the GRI, Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, International Integrated Reporting Framework and SDGs, and also added the SASB-Investment Banking & Brokerage Guidelines, commercial bank guidelines, and TCFD. The financial data were prepared based on International Financial Reporting Standards and Regulations Governing the Preparation of Financial Reports by Financial Holding Companies. In respect of environment, the ISO 14001, ISO 14046, ISO 14064-1, ISO 20400 and ISO 50001 were followed. In respect of society, ISO 45001, ISO 26000, ISO 27001 and ISO 45005 were followed. The Report was investigated by BSI, Taiwan Branch based on AA1000 AS v3 and GRI. Upon investigation, the Report was held satisfying the “core” requirements under GRI and AA1000 Type II</p>

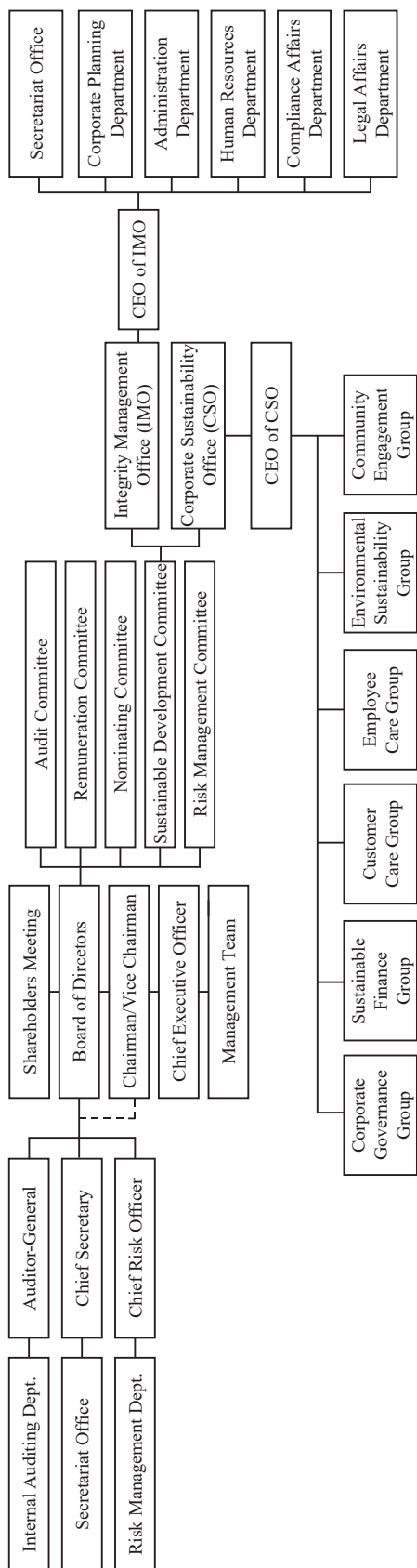
Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	
			guarantee. Meanwhile, subject to the indicators under the SASB-Investment Banking & Brokerage Guidelines, PwC Taiwan provided the limited assurance on the specific SASB key performance information in accordance with the Statement of Taiwan Standards on Assurance Engagements (TWSAE) No. 1, "Other Than Audit & Reviews."
6. If Yuanta FHC has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and their implementation:			
7. Other information material to the understanding of the corporate social responsibility: Please view the "Sustainability" section on the home page of Yuanta FHC's website (https://www.yuanta.com/EN/ESG).			

Note 1 : Pursuant to the materiality principle, the Company conducted the related risk assessment on major issues, and adopted the related risk management policies or strategies as following, based on the assessed risks:

Major Issue	Scope of Risk Assessment	Risk Management Policies or Strategies
Environment	Environment Governance (Including Climate Risk Management) and Sustainability Issue	According to the warning by the Adaptation Gap Report 2016, until 2030 or 2050, the increase in the global climate adjustment cost might be far beyond the current expectation and, therefore, enterprises need to take responsive actions earlier. Yuanta FHC continues to promote and practice the related environmental protection policies, and implements the ISO international certification. Yuanta FHC has established the climate VaR measurement model, and established the "Investment and Financing Climate Change Risk Management Regulations" (approved by the Board of Directors on December 28, 2022) according to the "Risk Management Policy," in order to strengthen the measurement and management of climate change risk.
Society	Digital Finance and Information Security Issue	The cyber security threats and cyber criminal attacks have posed threats to the global finance. According to the FCA's latest report, the cases about hackers' invasion fed back by the finance industry in the United Kingdom have increased by 5 times significantly in 2017. This reflected that the financial industry has become a primary target of hackers, who might cause material financial loss, impairment on Yuanta FHC's goodwill and penalty by the competent authority. Yuanta FHC practiced the information management system, implemented ISO 27001 information security management system (ISMS), and passed the certification by BSI, in order to enhance the monitoring and management of information security. By upgrading the employees' awareness toward information security and organizing various prevention and backup exercises to enhance the ability to respond to any contingent information security incidents.

Major Issue	Scope of Risk Assessment	Risk Management Policies or Strategies
		Meanwhile, Yuanta FHC also enhanced the defensive framework, installed the network firewall, implemented the functions including block of malware, invasion detection, anti-spam and malicious email APT to prevent external intrusion, and enhanced the control over sent mails and transmission of data with the email audit system, Internet DLP and mobile node equipment DLP mechanism.
Governance	Compliance and Regulation Issue	Considering that the violations of anti-money laundering requirements, disclosure or unfair use of personal information, and theft of customers' trading information might cause material financial loss, infringement upon customers' privacy, impairment on Yuanta FHC's goodwill and penalty by the competent authority, Yuanta FHC adopted the AML/CTF mechanism and managed compliance with other related laws and regulations, including the management mechanism dedicated to identification, measurement and monitoring of ML/TF risk, implementation of the international standard certification of personal information protection including PIMS BS10012, and enhancement of the control over sent emails.
	Economic and Financial Risk	With an upward trend in instability, potential volatility or enterprises' default rate in the financial market resulting from the changes in the global economic environment is likely to cause the increase in the loss of financial asset transactions, loans or default rate for financing, or adverse impact on Yuanta FHC's capital or solvency. To deal with the situation, Yuanta FHC has strengthened the potential risk assessment and analysis such as the impact posed by core business lines to the capital adequacy ratio, as well as measurement of various potential or expected losses.

Note 2 : The Corporate Sustainability Office is identified as Yuanta FHC's unit dedicated to promoting the sustainable development, which governs six functional teams. The organizational structure is stated as following:



(VI-1) Climate information about TWSE/TPEX listed companies

1. Climate information implementation status

Item	Implementation status
<p>1. Expressly state the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.</p>	<p>1. The Board of Directors is the highest governance unit of climate-related issues. The Board members have the climate-related professional knowledge, responsible for supervising and managing climate-related risks and opportunities, and also promoting the Group's entire climate strategies and policies. The Board of Directors incorporates climate issues into the important considerations of corporate governance and business strategy, including the commitment to fight climate change, links the ESG performance and remuneration mechanism, includes climate risk management into the organizational culture, discusses the climate risk issues from time to time, and evaluates and continues to supervise the execution of various risk management mechanisms, in order to ensure the Group's stable business. The "Sustainable Development Committee" and "Risk Management Committee" are subordinated to the Board of Directors. The Chairman of Board of Yuanta FHC serves as the convener of both Committees.</p> <p>2. The "Corporate Sustainability Office" is responsible for promoting execution of related policies and programs, researching and preparing adequate strategies and action programs, and reporting the execution result to the Sustainable Development Committee. In order to establish the sound climate governance framework, Yuanta FHC delegated the TCFD Taskforce which consists of the Risk Management Dept in 2021. as the core member and cross-functional departments, led by Yuanta FHC's Chief Risk Officer, to help manage the climate issues and impacts posed by them comprehensively. The Taskforce assesses and evaluates the analysis and control over related risks and opportunities, and reports to the Risk Management Committee the important information related to the climate risk.</p> <p>3. Executive compensation, including CEOs and department heads, has incorporated the outcome of climate governance. The ESG indicators are designed for appraise the performance of senior management. Meanwhile, the performance appraisal of the task force is also linked with the environmental indicators.</p>
<p>2. Expressly state how the identified climate risks and opportunities affect the enterprise's business, strategies and finance (short-term, mid-term and long-term)</p>	<p>1. Since 2018, Yuanta FHC has disclosed the climate management results in Yuanta FHC's Sustainability Report and on Yuanta FHC's official website according to the framework under the Task Force on Climate-related Financial Disclosures (TCFD). In 2022, the company proactively issued the "TCFD Report" to meet investors' expectations.</p> <p>2. Yuanta FHC identifies climate risk and opportunities for different business characteristics each year. First, Yuanta FHC conducts the comprehensive analysis on various industries' climate risk levels and the positions of investment and financing. Second, prepares climate risk matrix and identifies industries with high climate risk. In 2019, it chose the steel industry with the highest risk in its scenario analysis on loans. In 2020, under the assumption that climate changes might cause physical hazard to real estate, it conducted the scenario analysis on the collateral for real estate and business locations throughout Taiwan, and prepared the corresponding risk management practices based on the quantitative results.</p> <p>3. In 2021, seven risks and seven opportunities were identified by Yuanta FHC. Responsive measures and strategies, based on their duration and scale of impact, were prepared and specified as below:</p>

Item	Implementation status			
	Duration	Opportunity	Effects	Responsive measures
	Mid-term	Business locations' practices to improve the energy utilization efficiency	Adopt green buildings, renewable energy, energy conservation equipment, and implement energy management system to improve the energy utilization efficiency and cut operating costs relatively.	Implement ISO 50001 energy management system, purchase renewal energy certificate, procure renewal energy (green power supply) directly, strive for green building certificates for own real estate proactively, and adopt energy conservation lamp and water conservation equipment instead.
	Mid-term	Green procurement and supplier management	Adopt the green procurement and supplier management to support enterprises engaged in supplying low carbon and sustainable products, and cut operating costs relatively.	Yuanta FHC has established the "Declaration of Sustainable Procurement," "Ethical Management Best-Practice Principles," "Procedures for Integrity Management and Guidelines for Conduct," "Supplier Sustainable Procurement Guidelines" and "Supplier Management Directions." Meanwhile, the contract executed with suppliers shall still include the "Written Undertaking for Ethical Management" and "Supplier's Sustainable Procurement Clauses" to regulate suppliers. The "green procurement clauses" are also set forth in the procurement regulations.
	Long-term	Develop and promote low-carbon products and services	Develop and promote low-carbon products and services to satisfy investors' needs and increase operating revenue.	Implement the sustainability concept with respect to the existing financial products, conduct carbon footprint verification operations, promote sustainable financial products with investors, and expand the sustainable assets under management. In response to the offering of innovative products, launch the sustainable index investment securities products, stock warrants linked with green energy industry to satisfy customers' investment needs and make the capital flow into the sustainable and green energy enterprises.
	Long-term	Agree with customers on the concepts toward sustainability and green consumption	Make good use of financial product and service platforms, and agree with customers on the concepts toward sustainability and green consumption in a diversified manner to increase the operating revenue.	Encourage customers to respond to the energy conservation and carbon reduction or make green investment via the multiple channels, such as official website and APP. Agree with institutional investors on adoption of active ESG practices, verbally or in writing.
	Long-term	Sustainable Financial Market	Make the capital flow into sustainable enterprises proactively through related action programs and regulations adopted by loan and investment operations.	Make the investment and loan decisions in accordance with the "Sustainable Finance Guidelines" and "Industry Environment and Social Risk Management Rules." The Bank shall comply with the "Directions for Management of Project Financing under the Equator Principles," in order to ensure that loan cases satisfy the Equator Principles. Various subsidiaries' investment units also adopt related regulations and indicators to implement the ESG concept into the investment procedure.
	Long-term	Green Bond Market	Issue green bonds and facilitate underwriting of green bonds to revitalize the green bond market and increase operating revenue.	Issue green bonds and utilize funds to construct green buildings, and issue sustainable development bonds in 2022 to support sustainability-related credit extensions. Underwriting green bonds to help enterprises issue green bonds.

Item	Implementation status											
	Duration	Opportunity	Effects	Responsive measures								
	Long-term	Natural Disaster Crisis Management and Early Warning Practices	Establish relevant measures and ensure the effectiveness of adequate measures, provide stable services for all business lines, improve customer trust, and reduce operating losses.	Equipped with uninterrupted power supply, backup servers and remote backup mechanisms, conduct emergency response drills against disaster periodically to ensure that the equipment and mechanism may keep functioning normally in the case of any crisis. Meanwhile, plan to implement ISO 22301 business continuity management system, and establish SOPs to mitigate the risk over business interruption to ensure recovery.								
3.Expressly state the impact to be posed by extreme climate incidents and transformation actions to finance	1. For the impact posed to the finance by extreme climate factors (extreme climate causes the financing recipient's operation to be interrupted, or causes flood to the business locations and loss of collaterals) and transformation actions (carbon reduction policy and regulatory response costs, industrial green energy and environmental protection transformation costs, investors' withdrawal of capital from high-pollution industries, and investment in high-pollution industries causes negative impact to Yuanta FHC's goodwill), please refer to said Item 2. 2. The Group will continue to mitigate the impact posed by climate risk factors to the value of financial products by diversifying the investment portfolio. Meanwhile, based on the scenario analysis results, refigure self-risk tolerance and asset risk pricing, and set the climate VaR to monitor indicators based on the estimated loss on the investment portfolio, in order to prevent the loss on value caused by the extreme climate risks. In order to manage the risks associated with extreme climate incidents and low-carbon economic transformation, the risk over climate change has been incorporated into the business decision-making, in order to identify and manage risks; meanwhile, confront the crisis from global warming and depletion of resources, use the best effort to respond to the trend of energy conservation and carbon reduction, and adopt relevant mitigation and adaption measures.											
4.Expressly state how to integrate the climate risk identification, assessment and management procedures into the entire risk management system	1. Yuanta FHC has set up three lines of defense and the Enterprise Risk Management (ERM) mechanism to manage risks. Each line of defense has clear organization, responsibilities and functions. 2. There are four steps to deal with the Group's climate risks and opportunities, which are stated as below: <table><tr><th>Management procedure</th><th>Contents</th></tr><tr><td>1. Risk and opportunity identification</td><td>(1) Each subsidiary identifies the climate risk and opportunity subject to its business characteristics each year. (2) Risk Management Dept. carries out the integration of risk and opportunity identification. (3) Take into account the climate risk report presented by international institutions.</td></tr><tr><td>2. Risk and opportunity measurement</td><td>(1) Each subsidiary measures the impact and effect posed by various risks and opportunities subject to its business characteristics each year. (2) The scope of measurement covers impact path, impact time and geographical scope, location of impact value chain, and financial impact. (3) Risk Management Dept. establishes the climate VaR measurement model to improve the quantitative management of climate risk.</td></tr><tr><td>3. Risk and opportunity monitoring</td><td>(1) Include various industries' environmental and social risk factors into the industry risk level assessment mechanism. (2) Set climate risk quantitative indicators and limits, and analyze, monitor and report on a monthly basis.</td></tr></table>				Management procedure	Contents	1. Risk and opportunity identification	(1) Each subsidiary identifies the climate risk and opportunity subject to its business characteristics each year. (2) Risk Management Dept. carries out the integration of risk and opportunity identification. (3) Take into account the climate risk report presented by international institutions.	2. Risk and opportunity measurement	(1) Each subsidiary measures the impact and effect posed by various risks and opportunities subject to its business characteristics each year. (2) The scope of measurement covers impact path, impact time and geographical scope, location of impact value chain, and financial impact. (3) Risk Management Dept. establishes the climate VaR measurement model to improve the quantitative management of climate risk.	3. Risk and opportunity monitoring	(1) Include various industries' environmental and social risk factors into the industry risk level assessment mechanism. (2) Set climate risk quantitative indicators and limits, and analyze, monitor and report on a monthly basis.
Management procedure	Contents											
1. Risk and opportunity identification	(1) Each subsidiary identifies the climate risk and opportunity subject to its business characteristics each year. (2) Risk Management Dept. carries out the integration of risk and opportunity identification. (3) Take into account the climate risk report presented by international institutions.											
2. Risk and opportunity measurement	(1) Each subsidiary measures the impact and effect posed by various risks and opportunities subject to its business characteristics each year. (2) The scope of measurement covers impact path, impact time and geographical scope, location of impact value chain, and financial impact. (3) Risk Management Dept. establishes the climate VaR measurement model to improve the quantitative management of climate risk.											
3. Risk and opportunity monitoring	(1) Include various industries' environmental and social risk factors into the industry risk level assessment mechanism. (2) Set climate risk quantitative indicators and limits, and analyze, monitor and report on a monthly basis.											

Item	Implementation status				
5.If the scenario analysis is applied to assess Yuanta FHC's resilience to deal with climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts applied should be explained.	Management procedure		Contents		
	4. Risk and opportunity reporting		(1) Research and prepare response strategies against various risks and opportunities, and report the same to the Sustainable Development Committee and Board of Directors. (2) Report the use of various risk indicators or limits to the Risk Management Committee and Board of Directors periodically. (3) Report the climate risk information to the Risk Management Committee and Board of Directors from time to time.		
	1.The Group follows the TCFD's guidance on quantitative scenario analysis. In 2019, it analyzed the impact posed by the transformation and tangible risks to tangible counterparts in the steel industry. In 2020, under the assumption that climate changes might cause physical hazard to real estate, it conducted the scenario analysis on the collateral for real estate and business locations throughout Taiwan, and prepared the corresponding risk management practices based on the quantitative results. In 2021, in reference to the industrial risk assessment and economic condition analysis reports issued by well-known domestic and foreign institutions, various environmental and social risk factors of each industry were taken into account on risk level for each industry for 2022.				
	2.The Group expects to analyze climate-related financial impacts at different times and under different scenarios from the diversified points of view, through the scenario analysis on overall investment positions (Top Down) and individual company scale scenario analysis (Bottom Up).				
	Contents of assessment	Assessed counterpart	Assessment method	Assessed climate scenario	Assessment results
	Scenario analysis on overall investment positions (Top Down)	Investment positions not for trading of the subsidiaries in the Group	Climate VaR assessment method	IPCC 6th climate change assessment report and four climate scenarios	Most of the Group's investment positions are concentrated in Taiwan, the United States and Australia, with a low proportion invested in high GHG industries. Among the Group's equity investments, positions in Taiwan, Hong Kong and Korea are significantly affected by climate risk factors , especially for the industries with high GHG emissions. The bonds issuers classified as high GHG emissions industries with poor ratings would be significantly affected by climate risk factors.
	Transformation risk scenario analysis: Quantitative assessment on the impact posed by carbon fees to corporate banking positions	The Group's six major high climate risk industry corporate banking accounts at home and abroad	Expected credit loss model	Implement the asset positions of individual companies in the six major industry corporate banking accounts into the credit loss model to calculate the expected loss resulting from carbon fees under the two	Among the corporate banking positions, the aviation, steel and marine industries have suffered more changeable impacts and have more significant changes in the degree of impact over the years. Among the other things, the changes in the impact level under the 1.5°C scenario is more significant than that under the <2°C scenario. Meanwhile, from 2040 to 2045, the impact level curve of the aviation industry under the 1.5°C scenario has grown exponentially. Based on the detailed analysis, the main cause is that the changes in the financial factors

Item	Implementation status				
	Contents of assessment	Assessed counterpart	Assessment method	Assessed climate scenario	Assessment results
				scenarios (1.5°C/<2°C).	arising from the carbon tax pressure of the enterprises with higher carbon emissions have exceeded the default risk level acceptable by the credit risk PD model. Therefore, the overall curve appears to increase significantly, while it does not under the <2° scenario. The difference in the impact level curves of individual industries under the two scenarios may be observed based on the following two indicators: One refers to the observation on the specific industries in 2040 and 2045. Taking the air transport industry as an example, the difference in the impact level curves of individual industries under the two scenarios in 2040 is 0.73%, while the difference increases significantly as 10.99% in 2045, showing the drastic increase in the credit risk PD model. The other refers to the overall observation on six major industries from 2025 to 2050, showing that the difference in impact level curves of individual industries under the two scenarios keeps expanding as time goes on. This means that the impact to borrowers varies significantly depending on the intensity of control over market heatmap, and so does the impact to the Group posed by the default risk.
	Transformation risk scenario analysis: Quantitative assessment on the impact posed by carbon fees to equity investment.	The Group holds the issuers of equity investment positions in industries with high climate risk at home and abroad.	Stock valuation model	Implement the asset positions of the six major industries in the equity investment positions into the stock valuation model to calculate the expected loss resulting from carbon fees under the two scenarios (1.5°C/<2°C).	Among the equity investment positions, the aviation, steel and cement industries have suffered more changeable impacts and have more significant changes in the degree of impact over the years. Among the other things, the changes in the impact level under the 1.5°C scenario is more significant than that under the <2°C scenario. The impact level curves of any of the six major industries show the trend to increase year by year, under the 1.5°C scenario or the <2°C scenario, and the trend in the three major industries, aviation, steel and cement, becomes more obvious. According to the analysis on all investees of the aviation industry, except that its lower forecast net worth causes higher loss rate of net worth due to the higher extra costs, it expected loss appears to increase year by year as through multiplication. Further, according to the analysis on

Item	Implementation status				
	Contents of assessment	Assessed counterpart	Assessment method	Assessed climate scenario	Assessment results
					the investees of the cement and steel industries, as the asset scale of the two industries is concentrated on certain investees with higher loss rate of net worth, the expected loss is particularly obvious no matter whether under the 1.5°C scenario or <2°C scenario.
Tangible risk scenario analysis: Quantitative assessment on the impact posed by flood to loan positions Tangible risk scenario		The Group's domestic steel industry corporate banking accounts	Disaster risk model	-	The climate change will intensify the disaster hazard and thereby cause impairment on the asset value of the steel industry, or cause long-term water shortage and thereby affect production operations, resulting in the decrease in operating revenue. As far as Yuanta Group is concerned, the average default rate of the borrowers from the steel industry suffering impacts posed by tangible risk grows, and the expected loss rate increases by 0.01% relatively.
analysis: Quantitative assessment on the impact posed by flood collateral for real estate and business locations throughout Taiwan.		The Group's collateral for real estate, and territories where the business locations of Yuanta FHC and its subsidiaries throughout Taiwan	Disaster risk model	-	As far as the collateral for real estate is concerned, about 10.8% of the collateral is located in the districts with high flood risk at the end of this century, i.e. 6.5% of the total loans. 9.49% of the business locations are located in the districts with high flood risk at the end of this century, primarily in Central Taiwan and South Taiwan.
Opportunity scenario analysis: Quantitative assessment on the financing needs of renewal energy equipment.		The Group assesses the steel companies that might be controlled under laws and regulations in Taiwan.	Market valuation method	-	It's estimated that the market value of demand for renewable energy equipment created by Taiwan's steel industry in 2025 may amount to NT\$6.75 billion. Upon analysis on the market share that the Group might secure, such opportunity is estimated to derive the interest revenue, NT\$2.73 million, for the Group.
6.If any transformation plan in response to the climate risk management is in place,	The Group has set short-term/mid-term/long-term/SBT targets for low-carbon business management indicators and targets, subject to the GHG emission reduction (category 1 and category 2) and the proportion of consumption of				

Item	Implementation status
<p>please describe the contents of the plan, and the indicators and targets used to identify and manage the tangible risk and transformation risk.</p>	<p>renewable energy. Achievement of the targets is specified as following:</p> <p>1. GHG emission (category 1 and category 2)</p> <p>(1) The carbon emission reduced by 10.13 in 2022 from the previous year to help Yuanta FHC continue moving toward the SBT target for carbon reduction by 34% in 2030.</p> <p>(2) The emissions under various categories declined in 2022. According to the analysis the main causes include the relocation to a new building resulting in better utilization efficiency of energy and the application of green power supply at the business locations resulting in the carbon emission therefrom lower than that from the general power supply. The Group will continue to monitor the emission.</p> <p>2. Renewable energy consumption</p> <p>(1) In 2022, five business locations used 100% green power based on the renewable power purchase agreement (PPA) and, therefore, achieved the mid-term target earlier.</p> <p>(2) The utilization of green power increased by 78.37% in 2022, about 25% of the business locations were arranged to use the green power.</p> <p>Meanwhile, with respect to the low-carbon transformation management indicators and targets, the Group set 2019 as the base year, and started the calculation of carbon emissions and carbon emission intensity of the Group's long-term loans and long-term stock and bond investment portfolios, according to the suggested approaches, such as PCAF and TCFD. The Group performed the independent GHG emission analysis on investment and financing of 11 industries with high carbon emissions. Meanwhile, based on the analysis results, the Group reviewed the counterparts contributing to the high and moderate carbon emissions in the investment and financing portfolio, continued to enhance the negotiation with them for cooperation, and also planned to include the GHG emission intensity factor to the reference factors for future investment and financing decision making.</p>
<p>7.If the internal carbon pricing is applied as a planning tool, please specify the pricing basis.</p>	<p>1. In line with the international trend for carbon reduction and in response to the concept about "Science Based Targets and Value of Carbon Credit," Yuanta FHC activated the "Internal Carbon Pricing (ICP)" in 2020, as the first financial business implementing the carbon reduction management system domestically. Yuanta FHC's Internal Carbon Pricing (ICP) was based on the carbon price range disclosed by about 2,600 enterprises all over the world in the most authoritative climate change questionnaire, "CDP Carbon Disclosure Project," in 2019 primarily, and the Group's internal historical carbon reduction results and future potential carbon reduction costs secondarily, e.g. replacement with energy-conservation equipment and purchase of renewable energy certificates, etc., and included the input and output of each energy-conservation improvement action plan to the carbon price parameters for calculation.</p> <p>2. In order to enable the Internal Carbon Pricing to exercise substantial influence, in 2022, Yuanta FHC and financial, accounting, HR and management departments formed the Internal Carbon Pricing Committee, confronted the rationality of carbon pricing, fairness of internal carbon right distribution, accuracy of carbon reduction target and effectiveness of carbon reduction programs, performed the cross-departmental assessment and planning, and also report the operational management results to Corporate Sustainability Office and Sustainable Development</p>

Item	Implementation status
	<p>Committee via the Internal Carbon Pricing Committee, in order to practice the environmental sustainability belief for carbon reduction in each colleague's routine operations, through the sound operations of independent directors and various subsidiaries' senior management. In the future, the Group will establish the adjustment mechanism in response to the carbon reduction trend at home and abroad and the Group's carbon reduction targets. In the future, the Group will continue to adjust the internal carbon pricing on a rolling basis, subject to the SBT and international carbon pricing trend. Meanwhile, the Group will link the operating strategies step by step to expand the scope of application and integrate with the international sustainability context stably.</p>
<p>8.If any climate-related target is set, please specify the activities, scope of GHG emissions, planning schedule and annual achievement progress covered by the target. If carbon offsets or renewable energy certificates (RECs) are used to achieve related goals, please specify the source and quantity of offset carbon reduction limit, or quantity of RECs.</p>	<p>Yunta FHC set the GHG emission reduction target (hereinafter referred to as the carbon reduction target), and received the target approval notice from the Science-based targets initiative (SBTi) in July 2022, as the second finance business in Taiwan and the fourth financial business in Asia to complete the review, and, therefore, was considered satisfying the carbon reduction path for control over heatup by 1.5°C. The Group also set short-term, mid-term and long-term targets, each of which lasts five years. According to the milestones as scheduled, it should be reduction by 4% in 2021, 6% in 2023 and 8% in 2025. The Category 1 and Category carbon reduction targets covered the business locations' business activities including consumption of electricity. By applying the energy-conservation equipment and consumption of renewable energy (hereinafter referred to as "green power"), the Group consumed the green power totaling 910,409 kWh physically in 2022. Meanwhile, through the third party assurance carbon emission satisfying the ISO 14064 GHG accounting standards each year, the carbon reduction attained 6.8% in 2022.</p>
<p>9.GHG accounting and assurance status</p>	<p>to be specified in 1-1 separately</p>

1-1GHG accounting and assurance status

Scope 1	Total emissions (Metric tons of CO ₂ e)	Intensity (Metric tons of CO ₂ e/NT\$ Million)	Assurance Institution	Descriptions about the assurance
Yuanta Financial Holding Co., Ltd.	69.63	0.0032	BSI	<p>The scope of Yuanta FHC's 2022 GHG accounting and assurance covers:</p> <ol style="list-style-type: none"> 1. Business locations of Yuanta FHC and its subsidiaries 2. Domestic subsidiaries of the subsidiaries included into the consolidated financial statements <p>(1) Yuanta Securities Co., Ltd. including Yuanta Securities Finance Co., Ltd. and Yuanta International Insurance Brokers Co., Ltd.</p> <p>(2) Yuanta Venture Capital Co., Ltd. including Yuanta I Venture Capital Co., Ltd.</p> <p>(3) Yuanta Futures Co., Ltd. including SYF Information Co., Ltd.</p> <p>Note: The net income of Yuanta Venture Capital Co., Ltd. was NT\$197,272 million in 2022. Considering that the intensity stood for the GHG generated by the operating revenue per one million NT dollars, the sum of positive number was adopted.</p>
Yuanta Securities Co., Ltd.	652.95	0.0542		
Yuanta Commercial Bank Co., Ltd.	547.93	0.0752		
Yuanta Life Insurance Co., Ltd.	43.00	0.0312		
Yuanta Securities Investment Trust Co., Ltd.	19.48	0.0107		
Yuanta Futures Co., Ltd.	73.37	0.0641		
Yuanta Venture Capital Co., Ltd.	12.86	(0.0652)		
Yuanta Asset Management Co., Ltd.	7.67	0.0607		
Yuanta Securities Investment Consulting Co., Ltd.	10.09	0.9300		
Total	1,436.98	1.2945Note		
Scope 2	Total emissions (Metric tons of CO ₂ e)	Intensity (Metric tons of CO ₂ e/NT\$ Million)	Assurance Institution	Descriptions about the assurance
Yuanta Financial Holding Co., Ltd.	346.59	0.0162	BSI	<p>The scope of Yuanta FHC's 2022 GHG accounting and assurance covers:</p> <ol style="list-style-type: none"> 1. Business locations of Yuanta FHC and its subsidiaries 2. Domestic subsidiaries of the subsidiaries included into the consolidated financial statements <p>(1) Yuanta Securities Co., Ltd. including Yuanta Securities Finance Co., Ltd. and Yuanta International Insurance Brokers Co., Ltd.</p> <p>(2) Yuanta Venture Capital Co., Ltd. including Yuanta I Venture Capital Co., Ltd.</p> <p>(3) Yuanta Futures Co., Ltd. including SYF Information Co., Ltd.</p>
Yuanta Securities Co., Ltd.	7,747.20	0.6428		
Yuanta Commercial Bank Co., Ltd.	8,697.46	1.1933		
Yuanta Life Insurance Co., Ltd.	757.71	0.5505		
Yuanta Securities Investment Trust Co., Ltd.	280.49	0.1541		
Yuanta Futures Co., Ltd.	594.90	0.5194		
Yuanta Venture Capital Co., Ltd.	18.00	(0.0912)		
Yuanta Asset Management Co., Ltd.	24.87	0.1968		
Yuanta Securities Investment Consulting Co., Ltd.	95.69	8.8194		
Total	18,562.91	12.1837		

Remarks: Please refer to pages 658 to 684 for YFH and its subsidiaries' annual "Greenhouse Gas Emissions Verification Opinion Statement".

(VII) Ethical Corporate Management Practices, and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Scope of Assessment	Status		Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	
<p>1. Enactment of ethical management policy and program</p> <p>(1) Whether Yuanta FHC adopts the ethical management policy approved by the Board of Directors, and expressly states the ethical corporate management policy and rules, and its fulfillment by the Board of Directors and senior management in its Articles of Incorporation and public documents, and disclosed it on Yuanta FHC’s website?</p>	✓	<p>1.</p> <p>(1)</p> <p>A. Yuanta FHC has adopted the “Yuanta Financial Holding Company Integrity Management Guidelines” (“Integrity Management Guidelines”) and “Yuanta Financial Holding Company Procedures for Integrity Management and Guidelines for Conduct” (“Procedures for Integrity Management and Guidelines for Financial Conduct”), respectively, in response to Financial Supervisory Commission’s policies, and the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and “Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct” published by TWSE. Upon approval of the Board of Directors, these rules are applicable to Yuanta FHC and all of its subsidiaries, and all foundations to which Yuanta FHC has directly/indirectly donated more than 50% of operating funds.</p> <p>B. In order to help the Group’s directors, supervisors and senior management understand and practice the ethical management philosophy, Yuanta FHC includes the “Declaration of Integrity” in the documents to be executed by the Group’s directors, supervisors and senior management, which shall also be kept with care. The directors</p>	There was no departure in this respect.

Scope of Assessment	Status		Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	
			<p>and supervisors as reelected, new directors and supervisors, and new senior management, if any, shall execute the Statement absolutely. The Statement primarily declares no unethical conduct, no provision or acceptance of unjustified benefits, no political donation or unfair charity donation or sponsorship, compliance with the principle of conflict of interest, performance of confidentiality obligation and no infringement upon intellectual property rights, compliance with non-disclosure agreement and no insider trading, performance of the obligation of disclosure and no acceptance of unjustified benefits, and prohibition of transactions with any person engaged in unethical management.</p> <p>The execution status of the “Declaration of Integrity” is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees</p> <p>C. In order to practice ethical management and improve corporate governance, in 2018, Yuanta FHC has established the “Sustainable Committee” subordinated to the Board of Directors, and the motion to rename the Committee into the “Sustainable Development Committee” was passed at the 39th meeting of the 8th Board of Directors on March 15, 2022, whereby the “Integrity Management Office” and “Corporate Sustainability Office” were established and subordinated to the Committee. The “Integrity Management Office” is responsible for promoting and coordinating the</p>

Scope of Assessment	Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
<p>(2) Whether Yuanta FHC establishes the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopts the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"?</p>			<p>ethical corporate management-related affairs and report to the Committee the work plans and execution results thereof periodically. The Integrity management-related regulations and undertaking to practice the Integrity management policy are disclosed on Yuanta FHC's website.</p> <p>Yuanta FHC will also continue to promote the "ethics-based" policy and establish good corporate governance and risk management mechanisms to create a sustainable business environment based on the management philosophy upholding integrity, transparency and accountability.</p> <p>The relevant ethical corporate management best practice principles are disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Integral-Policies The commitment to fulfill the management policy is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees</p> <p>(2) In addition to defining requirements about prevention of unethical conduct in the "Procedures for Integrity Management and Guidelines for Conduct" and "Professional Code of Ethics" and reviewed whether the regulations satisfy internal and external laws and internal operations periodically, Yuanta FHC also has analyzed and assessed the operating activities with a higher risk of potentially unethical conduct in the scope of business periodically. In order to conduct the risk</p>	

Scope of Assessment	Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Summary	
<p>(3) Whether Yuanta FHC expressly states the SOP, guidelines and reward and disciplinary & complaining systems in the unethical conduct prevention program, implements the same precisely, reviews amendments to said program and discloses it on Yuanta FHC’s website?</p>			<p>assessment, and also reviewed the adequacy and validity of the prevention program, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies” and provide the assessment results to the audit unit for the unit to include the same results into the annual audit plan.</p> <p>(3)</p> <p>A. Yuanta FHC’s “Integrity Management Guidelines” and “Procedures for Integrity Management and Guidelines for Conduct” outline a list of unethical conducts and conflicting interests and prohibits any bribery, illegitimate political contributions, and improper donations, sponsorships, gifts, treatments, or benefits. Yuanta FHC also has reviewed the adequacy and validity of the prevention program periodically.</p> <p>The relevant ethical corporate management best practice principles are disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees</p> <p>B. Any unethical conduct of Yuanta FHC’s staff, Yuanta FHC will render discipline pursuant to relevant laws or Yuanta FHC’s regulations after verifying the same, and claim damages through legal action, if necessary, to maintain Yuanta FHC’s goodwill and interest. The disciplined personnel who disagree with the discipline may</p>	

Scope of Assessment	Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
<p>2. Implementation of ethical management</p> <p>(1) Has Yuanta FHC assessed a trading counterpart's ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?</p> <p>(2) Whether Yuanta FHC establishes a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors who shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, reporting the status thereof to the Board of Directors periodically (at least for once per year), and stating the operations and execution of such unit on Yuanta FHC's website?</p>	✓		<p>apply for reconsideration under the complaint system.</p> <p>(1) Yuanta FHC abolished the "Checklist for the Signing of Procurement Contracts" and added "Supplier Management Checklist" expressly stating that in the case of procurement value amounting to more than NT\$20,000, the requesting unit shall make a query on the website of Judicial Yuan to verify whether the trading counterpart has any unethical management record, such as bribery or illegal political donations, and then specify the query results in the "Supplier Management Checklist" as the basis for evaluation on the supplier's ethical conduct. Meanwhile, it shall ask the supplier to include ethical management clauses and sustainable procurement clauses into the procurement contract when executing the contract.</p> <p>(2) A. In November 2018, Yuanta FHC established the "Sustainability Committee," renamed into the "Sustainable Development Committee" in March 2022, subordinated to the Board of Directors as the unit dedicated to adoption of ethical corporate management policies and prevention programs, and supervision and execution of the same. The Integrity Management Office" subordinated to the Committee is responsible for promoting and coordinating the related affairs, and also reporting to the Committee the work plans and execution results thereof periodically, in order to strengthen</p>	There was no departure in this respect.

Scope of Assessment	Status		Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	
			<p>the Board of Directors’ regulations about ethical management. Meanwhile, it would amend and review related policies to ensure the validity thereof, on a rolling basis. The Sustainable Development Committee reported to the Board of Directors the Integrity Management Center’s execution results of ethical management practices in the first half and second half of the year, Yuanta FHC’s whistleblowing system practices in the first half and second half of the year, and ethical management practices in 2021, on March 30 and September 28, 2022, respectively. The Committee’s operations and functions are also disclosed on Yuanta FHC’s website and in the annual reports.</p> <p>The related operations are disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees</p> <p>B. The operations and execution of Yuanta FHC’s 2022 ethical management policies are summarized as follows:</p> <p>(A) Education & training: Yuanta FHC regularly conducts training courses on “Integrity Management and Law Compliance” for all employees and managers. All employees and managers are required to take the course and pass the test. A total of 11,781 people in the Group participated in the course and passed the test. The total number of training hours 11,903</p>

Scope of Assessment	Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Summary	
(3) Has Yuanta FHC defined any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?			hours. (B) Periodically analyze and assess the operating activities with a higher potential risk of unethical conduct in the scope of business periodically: Each of Yuanta FHC’s units will analyze and assess the operating activities with a higher risk of unethical conduct in the scope of business periodically, in order to conduct the risk assessment, and also review the adequacy and validity of the prevention program. The Auditing Dept. has included the “Ethical Management Operations” and “Assessment on Potential Risk over Unethical Conduct” into the audit, in order to manage and prevent any unethical conduct jointly.	
			(C) Whistle-blowing system: A total of 3 whistle-blowing cases were accepted, while none of them involved unethical conduct issues. The information about the whistleblowing system is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Reporting-Mechanism (3) A. Yuanta FHC has expressly defined the conflict of interest policy in the “Integrity Management Guidelines,” “Procedures for Integrity Management and Guidelines for Conduct,” “Rules and Procedures of Board Meetings,”	

Scope of Assessment	Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
<p>(4) Whether Yuanta FHC fulfills the ethical management by establishing an effective accounting system and internal control system, and has an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoints a CPA to conduct the audits?</p>			<p>"Professional Code of Ethics" and any directors shall recuse themselves from voting for any motions involving the interest of the directors and managers or corporations represented by the directors, as submitted to a Board of Directors' meeting, or the directors shall declare any of their transactions or relations which might cause conflict of interest voluntarily, and shall deal with it or recuse themselves adequately.</p> <p>B. Meanwhile, Yuanta FHC's staff shall not, in their own names or in another person's name, engage in any funding, transaction of substantial assets, offering of guarantees, or other transaction that might cause conflict of interest with Yuanta FHC. Yuanta FHC's staff shall perform their duties in accordance with said codes and regulations.</p> <p>(4)</p> <p>A. Under the "Integrity Management Guidelines", Yuanta FHC has linked the other relevant internal control regulations intensively to help various departments comply with the internal control and SOPs, and to prevent any staff misconduct. For example, the "Professional Code of Ethics," "Procedures for Integrity Management and Guidelines for Conduct," "Audit Committee Charter" and "Guidelines Governing Donations to the Public." The Auditing Dept. has included the "Fulfillment of Integrity Management" and "Unethical Conduct Risk Assessment" into the audit when auditing Yuanta FHC's business. The audit result showed no major deficiency found.</p>	

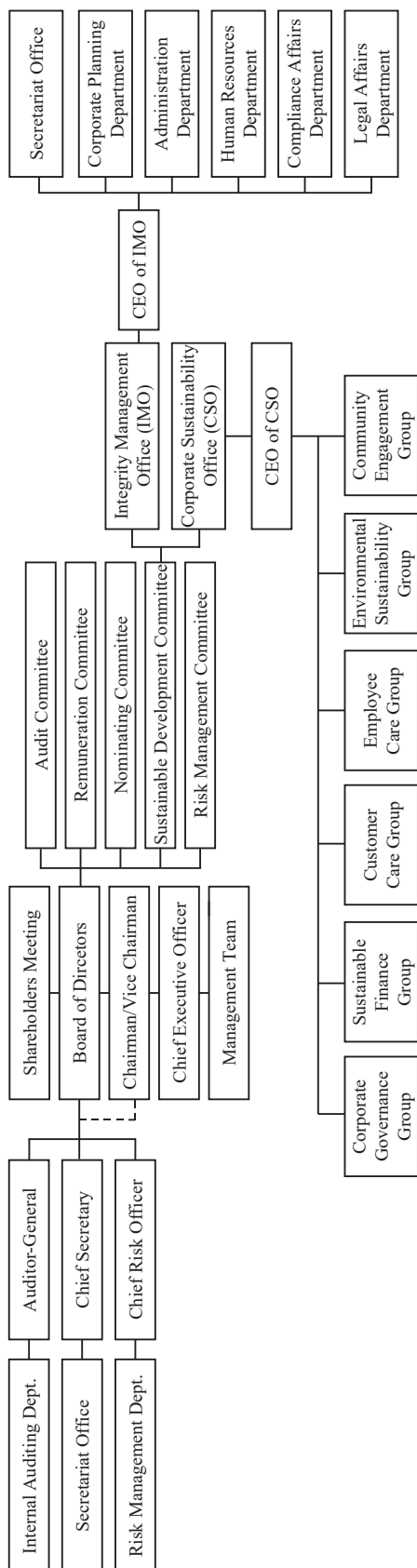
Scope of Assessment	Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
(5) Has Yuanta FHC organized internal/external education training program for ethical management periodically?			B. Yuanta FHC's accounting system was established in accordance with IFRSs and Regulations Governing the Preparation of Financial Reports by Financial Holding Companies. Unless otherwise provided in laws, Yuanta FHC's related accounting affairs are all processed in accordance with Yuanta FHC's accounting system. The quarterly financial statement would be audited (certified) by PricewaterhouseCoopers Certified Public Accountants and also reported to the Audit Committee and Board of Directors periodically. Yuanta FHC will accept the internal audit, and audit by Financial Examination Bureau and the external auditor, in order to ensure that design and execution of Yuanta FHC's accounting system still works.	
			(5) A. Yuanta FHC organizes the "Integrity Management and Law Compliance" promotional training program periodically each year. The courses cover the issues related to ethical management, such as customers' data protection, banking consumers' data protection, transactions with stakeholders, insider trading requirements, disclosure of M&A information, financial personnel's integrity, ethics and legal liability, compliance resources and a whistleblowing system. All employees and managers have to participate in the program and pass the test, ensure that they have the correct knowledge and basic judgment of relevant laws and ethical conduct and	

Scope of Assessment	Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			<p>that the corporate ethical management policy may be fulfilled.</p> <p>B. The Group's "Integrity Management and Law Compliance" promotional training program 2022 was attended by a total of 11,781 trainees. There were 11,903 training hours in total.</p> <p>C. In order to help the directors with continuing education, Yuanta FHC provided the promotional data about the "Integrity Management and Law Compliance," and also organized a total of two corporate governance seminars for the Group's directors and supervisors for promotion, including "The Latest Trends of Money Laundering Prevention and Countering Financing of Terrorism(Including Insider Trading Prevention Promotion)" held on July 14, attended by a total of 63 directors and supervisors, for 189 hours in total, and "The Principle of Fair Treatment and the Protection and Empowerment of Financial Consumers" held on September 22, attended by a total of 49 directors and supervisors, for 147 hours in total.</p>	
<p>3. Status of Yuanta FHC's complaint system</p> <p>(1) Has Yuanta FHC defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?</p>	✓		<p>(1) The motion for establishment of the "Regulations Governing Implementation of Complaint System" submitted by Yuanta FHC has been approved by the Board of Directors. Yuanta FHC also established the convenient complaint channels, such as hotline and email box, and also assigned the units with the independent powers to accept and investigate the complaint cases. If the complaint filed by any</p>	There was no departure in this respect.

Scope of Assessment	Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
(2) Whether Yuanta FHC defines the standard operating procedure, follow-up measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of complaints as accepted?			<p>employee is proven, Yuanta FHC's related unit will report the same to its supervisor, and the complainant will be rewarded in accordance with Yuanta FHC's Guidelines Governing Reward and Punishment.</p> <p>(2) Yuanta FHC's "Regulations Governing Implementation of Complaint System" has expressly stated the procedures for investigation and coordination in the complaint cases and the following standard operating procedures, and required that the personnel dedicated to processing complaints shall provide the written statement undertaking that they will keep the complainants' identity and contents of the complaint in confidence.</p> <p>The Auditing Dept. has included the "Results of Whistle-Blowing System Operation" into the audit. The audit result has been handled in the manner as prescribed.</p>	
(3) Has Yuanta FHC adopted any measures to prevent the complainants from being abused after filing complaints?			<p>(3) The protection policies adopted by Yuanta FHC in accordance with the "Regulations Governing Implementation of Complaint System" include the confidentiality of the complainant's ID, non-disclosure of the information sufficient to identify the complainant, prohibition from firing, dismissing or demoting the complainant or cutting the complainant's salary, damaging the interest vested in the complainant pursuant to laws, contracts or customs, or rendering any decision in disfavor of the complainant on the ground of the complaint.</p>	

Scope of Assessment	Status		Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	
4. Enhancing Information Disclosure Has Yuanta FHC has disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?	✓		Yuanta FHC's "Integrity Management Guidelines" and "Procedures for Integrity Management and Guidelines for Conduct," and results of ethical management and practices were promptly disclosed and updated in the sustainable development section on the official website. The implementation status thereof was updated and disclosed in the annual report and ESG Report. Meanwhile, said two requirements were also disclosed on the MOPS.
5. If Yuanta FHC has established ethical management principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and their implementation: None.			
6. Other information material to the understanding of ethical management operation (e.g. discussion of an amendment to the ethical management best practice principles defined by Yuanta FHC): Yuanta FHC expressly states that in the case of procurement value amounting to more than NT\$20,000, the requesting unit shall make a query on the website of Judicial Yuan to verify whether the trading counterpart has any unethical management record, such as bribery or illegal political donations, and then specify the query results in the "Supplier Management Checklist" as the basis for evaluation on the supplier's ethical conduct. Meanwhile, it shall ask the supplier to include ethical management clauses and sustainable procurement clauses into the procurement contract when executing the contract.			

Note : The Integrity Management Office is responsible for promoting and coordinating matters related to integrity management. It has 6 members, who are headed by the department heads of the relevant units. Its organizational structure is as follows:



(VIII) Corporate Governance Best-Practice Principles and related regulations’ search

Please view the “Sustainability” section on the home page of Yuanta FHC’s website (<https://www.yuanta.com/EN/ESG>)

(IX) Other information enabling better understanding of the Company’s corporate governance:

1. For effective control of Yuanta FHC’s internal material information handling and disclosure mechanism, Yuanta FHC has adopted the “Operating Procedures for Handling Internal Material Information of Yuanta Financial Holding Co., Ltd.” and disclosed the same on the official website as the guidelines to be followed by the management and all employees, in order to avoid violating the requirements or insiders’ trading. Article 6-1 of the “Operating Procedures for Handling Internal Material Information of Yuanta Financial Holding Co., Ltd.” expressly states the control measures over stock exchanges to be applied upon awareness of Yuanta FHC’s directors, managers and employees of Yuanta FHC’s financial report or related business contents, including the requirements that the directors shall not trade Yuanta FHC’s stocks within the book closure period, namely 30 days prior to publication of the annual financial report and 15 days prior to publication of the quarterly financial report.
2. In order to manage the financial and business contacts or transactions between Yuanta FHC and related parties, and to prevent non-arm’s length transactions and improper benefit transfers, Yuanta FHC has adopted the “Regulations Governing Operations Related to Financial Transactions with Affiliated Companies of Yuanta Financial Holding Co., Ltd.” Meanwhile, it plans to expand the subjects of the Regulations from affiliated companies to all related parties and additionally require that the important transactions with related parties shall be reported to the Board of Directors for resolution and also submitted to a shareholders’ meeting for approval, or reported to the shareholders’ meeting, in reference to the “Sample Template for XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises.”
3. Yuanta FHC passed the Taiwan Corporate Governance Association’s “CG6013 (2021) Corporate Governance Framework Assessment Certificate with Distinguished Honor” in 2022. This certification is effective from December 29, 2022 to December 28, 2024.
4. Other information enabling better understanding of Yuanta FHC’s corporate governance: Please refer to the “Corporate Social Responsibility” section of Yuanta FHC website: (<https://www.yuanta.com/EN/ESG>) or the official website of the Market Observation Post System ([http://mops.twse.com.tw/mops/web/index; company code 2885](http://mops.twse.com.tw/mops/web/index;company%20code%202885)).

(X) Directors' continuing education

As of December 31, 2022

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Chairman	Ting Chien Shen (Tony)	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Chairman	Ting Chien Shen (Tony)	2022.03.02	2022.03.02	Yuanta Financial Holding Co., Ltd.	Analysis on Impact Posed by Taiwan's Anti-tax Avoidance System and the Global Minimum Tax System	1.5
Chairman	Ting Chien Shen (Tony)	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Chairman	Ting Chien Shen (Tony)	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Director	Wei Chen Ma (Michael)	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Director	Wei Chen Ma (Michael)	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Director	Wei Chen Ma (Michael)	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Director	Wei Chen Ma (Michael)	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Director	Chung Yuan Chen	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Director	Chung Yuan Chen	2022.03.18	2022.03.18	Yuanta Financial Holding Co., Ltd.	Opportunities and Challenges Posed by Climate Change and Sustainable Development to Financial Industry	2
Director	Chung Yuan Chen	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Director	Chung Yuan Chen	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Director	Chung Yuan Chen	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Director	Daniel Y.M. Song	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Director	Daniel Y.M. Song	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Director	Chien Weng	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Director	Chien Weng	2022.03.18	2022.03.18	Yuanta Financial Holding Co., Ltd.	Opportunities and Challenges Posed by Climate Change and Sustainable Development to Financial Industry	2
Director	Chien Weng	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Director	Chien Weng	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Independent Director	Ming Ling Hsueh	2022.01.24	2022.01.24	Taiwan Corporate Governance Association	Sharing of the “Reference Guidelines for Audit Committee”	1
Independent Director	Ming Ling Hsueh	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Independent Director	Ming Ling Hsueh	2022.02.25	2022.02.25	Taiwan Corporate Governance Association	Global and Taiwan Economic Outlook in 2022	1
Independent Director	Ming Ling Hsueh	2022.03.02	2022.03.02	Yuanta Financial Holding Co., Ltd.	Analysis on Impact Posed by Taiwan's Anti-tax Avoidance System and the Global Minimum Tax System	1.5
Independent Director	Ming Ling Hsueh	2022.04.28	2022.04.28	Taiwan Corporate Governance Association	Digital transformation	3
Independent Director	Ming Ling Hsueh	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Independent Director	Ming Ling Hsueh	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Independent Director	Ming Ling Hsueh	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Independent Director	Ming Ling Hsueh	2022.10.12	2022.10.12	Taiwan Corporate Governance Association	Prevention of Insider Trading	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Independent Director	Ming Ling Hsueh	2022.10.19	2022.10.19	Taiwan Corporate Governance Association	2022 Corporate Governance Summit Forum – Upgrade Directors’ Functions and Practice Sustainable Corporate Governance	3
Independent Director	Ming Ling Hsueh	2022.10.28	2022.10.28	Taiwan Corporate Governance Association	Enterprise’s Growth and M&A – Sharing Experience in Case about Sino-American Silicon Group	3
Independent Director	Kuang Si Shiu	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Independent Director	Kuang Si Shiu	2022.03.02	2022.03.02	Yuanta Financial Holding Co., Ltd.	Analysis on Impact Posed by Taiwan's Anti-tax Avoidance System and the Global Minimum Tax System	1.5
Independent Director	Kuang Si Shiu	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Independent Director	Kuang Si Shiu	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry’s Risk Management Trends	3
Independent Director	Kuang Si Shiu	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Independent Director	Kuang Si Shiu	2022.10.11	2022.10.11	Taiwan Stock Exchange Corporation (TWSE)	2022 Presentation Conference for Promulgation of Reference Guidelines for Exercise of Powers by Independent Directors and Audit Committee, and Promotion to Directors/Supervisors	3
Independent Director	Hsing Yi Chow	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Independent Director	Hsing Yi Chow	2022.03.02	2022.03.02	Yuanta Financial Holding Co., Ltd.	Analysis on Impact Posed by Taiwan's Anti-tax Avoidance System and the Global Minimum Tax System	1.5
Independent Director	Hsing Yi Chow	2022.06.28	2022.6.28	Taiwan Institute of Directors	Explore Next Generation’s Core Competitiveness in the Age of Drastic Changes	3
Independent Director	Hsing Yi Chow	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Independent Director	Hsing Yi Chow	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Independent Director	Hsing Yi Chow	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Independent Director	Sharon S. Yang	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Independent Director	Sharon S. Yang	2022.03.18	2022.03.18	Yuanta Financial Holding Co., Ltd.	Opportunities and Challenges Posed by Climate Change and Sustainable Development to Financial Industry	2
Independent Director	Sharon S. Yang	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Independent Director	Sharon S. Yang	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Independent Director	Sharon S. Yang	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Independent Director	Sharon S. Yang	2022.10.19	2022.10.19	Taiwan Corporate Governance Association	2022 Corporate Governance Summit Forum – Upgrade Directors' Functions and Practice Sustainable Corporate Governance	6
Former Director	Chao Kuo Chiang	2022.03.02	2022.03.02	Yuanta Financial Holding Co., Ltd.	Analysis on Impact Posed by Taiwan's Anti-tax Avoidance System and the Global Minimum Tax System	1.5
Former Director	Chao Kuo Chiang	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Former Director	Chao Kuo Chiang	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Former Independent Director	Yin Hua Yeh	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	1

(XI) Managers' participation in training and education programs related to corporate governance

As of December 31, 2022

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
President	Chien Weng	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
President	Chien Weng	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
President	Chien Weng	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Auditor-General	Ming Hsiu Tsai	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Auditor-General	Ming Hsiu Tsai	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Senior Vice President	Hsuan Min Kuo	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Senior Vice President	Hsuan Min Kuo	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Vice President	Hsuan Min Kuo	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Senior Vice President	Lawrence Lee	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Senior Vice President	Lawrence Lee	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Vice President	Lawrence Lee	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Senior Vice President	Chieh Wu	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Senior Vice President	Chieh Wu	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Vice President	Chieh Wu	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Senior Vice President	Mei Ling Kuo	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Senior Vice President	Mei Ling Kuo	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Vice President	Mei Ling Kuo	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Senior Vice President	Mei Ling Kuo	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Senior Vice President	Hsiao Ling Chou	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Vice President	Hsiao Ling Chou	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Senior Vice President	Hsiao Ling Chou	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Senior Vice President	Wen Ching Chiu	2022.12.09	2022.12.09	Taiwan Corporate Governance Association	Build Risk Intelligent Organization – from Corruption Risk Prevention, Detection, Investigation to Crisis Management	3
Senior Vice President	Hsu Shu Mai	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Senior Vice President	Hsu Shu Mai	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Senior Vice President	Robert C.S. Yang	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Senior Vice President	Robert C.S. Yang	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Vice President	Ming Lang Liu	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Senior Vice President	Ming Lang Liu	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Vice President	Hsiu Mei Chen	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Vice President	Hsiu Mei Chen	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Vice President	Fang Ming Lo	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Vice President	Fang Ming Lo	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Vice President	Fang Ming Lo	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Vice President	Fang Ming Lo	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Vice President	Hui-Jung Lu	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Vice President	Hui-Jung Lu	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Vice President	Hui-Jung Lu	2022.09.22	2022.09.22	Taiwan Securities Association	Fair Dealing Policy and Protection and Empowerment of Financial Consumers	3
Vice President	Yung Chu Su	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Senior Assistant Vice President	Pei Yu Chen	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Senior Assistant Vice President	Pei Yu Chen	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Senior Assistant Vice President	Ho Hsing Pan	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Senior Assistant Vice President	Ho Hsing Pan	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Assistant Vice President	Yu-Chin Tsao	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Assistant Vice President	Yi Ju Wei	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3
Assistant Vice President	Yi Ju Wei	2022.07.14	2022.07.14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Counter-Terrorism Financing (including the advocacy campaign for prevention of insider trading)	3
Assistant Vice President	Yi Ju Wei	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Assistant Vice President	Hui Wei Tsai	2022.02.17	2022.02.17	Taiwan Securities Association	How to Avoid Landmine Stocks – Application of Corporate Governance Risk	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Assistant Vice President	Hui Wei Tsai	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Assistant Vice President	Hsuan Feng Tien	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3
Assistant Vice President	Hsiao Ching Chao	2022.08.11	2022.08.11	Taiwan Securities Association	Practices about Enhanced Information Security Resilience of Financial Industry and Financial Industry's Risk Management Trends	3

(XII) Implementation of the internal control system

1. Statement on Internal Control System: Please ref. to page 184.
2. CPA audit report of the internal control system: None.

Statement on Internal Control System of Yuanta FHC

We hereby declare on behalf of Yuanta Financial Holding Co., Ltd. that, in accordance with “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries“, from January 1, 2022 to December 31, 2022, Yuanta FHC had an internal control system, performed risk management, and was audited by an impartial and independent internal auditing department, which regularly reported to the Board of Directors and the Audit Committee. After a careful assessment, it was found that except for the matters identified in the attached schedule, all units were able to effectively implement internal control and legal compliance tasks during the year. This Statement shall be included among the chief contents of Yuanta FHC’s annual report and prospectus, and shall be made public. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liabilities.

To:
Financial Supervisory Commission

Stated by:
Chairman: Tony Shen

President: Chien Weng

General Auditor: Ming Hsiu Tsai

Head Office CCO: Wen Ching Chiu

Date: 03/39/2023

Issues-to-be-improved and Improvement of Internal Control System of Yuanta FHC

(Basis date: 12/31/2022)

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
【Yuanta Securities】 I. The underwriting of capital increase operations violates Paragraph 2 of Article 2 of the Regulations Governing Securities Firms. Accordingly, the FSC ordered the correction of deficiency and imposed the fine of NT\$240,000.	(I) If any underwritten case reaches a specific standard, it shall be reported to the Board of Directors or be subject to another resolution, and the remaining underwriting and positions committed to be subscribed for shall be included into the risk measurement. (II) The system checks and investigates whether the subscribers' addresses are identical with the employees', in order to verify whether the employees use head accounts to participate in the allotment. Check the blacklist and subscribers' information, and assess the reasonableness of the allotment. (III) Promote and collect real-time data, remind to confirm the contents of report, conduct education & training, and include them into the self-assessment to improve the report.	Improvement completed.
II. The assessment on the customers' money laundering risk level by the subsidiary, Yuanta Securities, was not documented precisely in accordance with internal regulations, nor adequate review mechanism was established therefor. Accordingly, FSC ordered Yuanta FHC to correct the deficiency.	(I) The accounting system has already been equipped with a reminder function to remind colleagues to perform risk assessment when creating files for new accounts. (II) Print out the "Money Laundering and Terrorism Financing Risk Assessment Form," submit the same together with relevant documents to the responsible supervisor for review, and keep the review record.	Improvement completed.
III. The subsidiary, Yuanta Securities (Korea), failed to report the issuer of the same funds including Germany Heritage No. 1 in accordance with the relevant requirements in 2017 and, therefore, was held	(I) Establish the mechanism to check and confirm the same funds prior to the launch of the funds. (II) Keep the investors of the same funds no more than 49 persons.	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
violating the Capital Markets Act and fined by the FSC of Korea KRW28.80 million (equivalent to NT\$680,000 approximately).	(III) The issuer or paralegal shall provide opinions, if it is difficult to identify the same funds.	
IV. The employees of the subsidiary, Yuanta Securities (Korea), accepted the entertainment at the overseas workshop from its fund consultants in 2017 and, therefore, was held violating the Capital Markets Act and fined by the FSC of Korea KRW30 million (equivalent to NT\$700,000 approximately).	(I) The employees shall be reviewed by Compliance Affairs Dept. before attending any events organized by fund consultants. (II) Promote and implement the compliance education & training on unjustified property and benefits.	Improvement completed.
V. The subsidiary, Yuanta Securities (Korea), failed to report the issuer of the same funds including Credit Opportunity Fund (??) in accordance with the relevant requirements from 2017 to 2019 and, therefore, was held violating the Capital Markets Act and fined by the FSC of Korea KRW346.4 million (equivalent to NT\$8 million approximately).	(I) Establish the mechanism to check and confirm the same funds prior to the launch of the funds. (II) Keep the investors of the same funds no more than 49 persons. (III) The issuer or paralegal shall provide opinions, if it is difficult to identify the same funds.	Improvement completed.
VI. The subsidiary, Yuanta Securities (Korea), failed to perform the obligation to explain and confirm the contents of the funds in private placement from 2018 to 2019 and failed to comply with the advertisement requirements about collective investment securities from 2016 to 2019 and, therefore, was held violating the Capital Markets Act and fined by the FSC of Korea KRW1.15680 billion (equivalent to NT\$25.82 million approximately).	(I) Explain and confirm the contents to investors. 1. Additionally require that the branch company manager shall check the completeness of procedures and documents involving the contents explained to customers, prior to approval of the sales. 2. Record the procedure simultaneously when explaining the contents to customers who invest in the medium risk or above commodities. (II) Advertisement requirements about collective investment securities. 1. Adjust the customer message delivery system, so that sales representatives can only send the default contents	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
	<p>that have been approved by the supreme management of Compliance Affairs Dept.</p> <p>2. Monitor the messages sent by sales representatives to customers via the system on a daily basis.</p> <p>(III) Conduct the compliance training to sales representatives.</p>	
<p>【Yuanta Bank】</p> <p>I. The former wealth management specialist of Yongchun Branch engaged in unusual financial transactions with customers, kept the blank withdrawal slips already executed by customers on behalf of the customers and provided self-made statement of accounts to customers. The Bank was fined NT\$6 million by the FSC accordingly.</p>	Already amended the related internal regulations and established the inspection mechanism to strengthen the bank clerks' training, in order to prevent a similar situation from occurring again.	Improvement completed.
<p>II. It failed to conduct the credit investigation against the issuer honestly and require the relevant business plan from the issuer when underwriting non-guarantee commercial papers, and also failed to investigate the source of repayment and verify the authorized underwriting limit. Therefore, the FSC ordered it to correct the deficiencies and suspended it from underwriting the non-guarantee commercial papers for three months.</p>	Already amended the related internal regulations, strengthen the internal controls, and continued to strengthen the bank clerks' training, in order to prevent a similar situation from occurring again.	Improvement completed.
<p>III. Failed to detect and prevent any abnormal transactions suspected of fraud as early as possible.</p>	<p>(I) Improve the mechanism to review and report transactions.</p> <p>(II) Optimize customer due diligence and warning monitoring system.</p> <p>(III) Improve the control over specific transactions involving high risk.</p> <p>(IV) Continue to strengthen clerks' education and training.</p>	Improvement completed in 2023 Q1.
<p>【Yuanta Life】</p> <p>The operations to set forth the declared interest rates for the three insurance commodities, including “Yuanta Life Generation USD</p>	Already adjusted the formula for declared interest rate, and set forth the declared interest rate according to the formula.	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
Interest Rate Sensitivity Life Insurance (KJ),” “Yuanta Life Mei Li Chuan USD Interest Rate Sensitivity Life Insurance (KS)” and “Yuanta Life Youli USD Interest Rate Sensitivity Life Insurance (KZ)” failed to follow the formula for setting forth the declared interest rate. The FSC ordered it to suspend sales of the three commodities.		
【Yuanta Futures】 I. It failed to report the litigation arising from the futures services within prescribed time limit. Accordingly, the FSC ordered it to correct the deficiency.	Improve the promotion to the personnel, and re-check the litigation reporting procedure and establish the control mechanism.	Improvement completed.
II. It failed to report the abnormality in the transmission of messages via Yuanta FHC’s system and host and in the host of the online order reporting system via the Securities & Futures Market Cybersecurity Reporting System as required. Accordingly, the FSC ordered it to make improvement.	Strengthen the promotion to staff, and review and adjust the information service system abnormality reporting procedure.	Improvement completed.

(XIII) Penalties imposed on the Company and its subsidiaries during the most recent two years and until the date of publication of the annual report for illegalities and major deficiencies, and improvements made.

1. Indictment of Yuanta FHC’s statutory responsible person or an employee by prosecutors for crimes committed on the job:
 - (1) The clerk of Yuanta Securities (Korea), Noh○○, was suspected of violating the KYC Act and Act Governing Concealment of Proceeds of Crime of Korea. The local prosecutor initiated an indictment against him in December 2022 accordingly.
Improvement: The case is still pending trial by the Seoul Central District Court for the time being. Notwithstanding, according to the internal audit and inspection conducted by Yuanta Securities (Korea), no violations have been found and the case should involve the employee’s personal behavior. Yuanta Securities (Korea) will keep observing the development of the case.
 - (2) The resigned employee of Yuanta Bank, Chi ○-Chun, was suspected of violating the Banking Act. The prosecutor initiated an indictment against him/her in July 2021.
Improvement: The case is pending in Taiwan Taipei District Court for the time being.
2. Any fine imposed by the FSC for violation of a law or regulation, any deficiency for which an official reprimand was issued by the FSC, any matters in which sanctions were imposed by the FSC pursuant to Item 1 Article 54 of the Regulations Governing Information to be Published in Annual Reports of Financial Holding Company or

any disciplinary penalty by the company against its internal personnel for violation of the internal control system, where the result of such penalty could have a material effect on shareholder equity or securities prices or specified in article 2 of the Financial Supervisory Commission Regulations on the Publication of Material Penalties for Violations of Finance Laws, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement:

(1) Yuanta Bank

- A. It violated the Insurance Act and Financial Consumer Protection Act when processing the insurance agency services. Accordingly, the FSC ordered it to correct the deficiency within one month and also imposed the fine of NT\$1.8 million, in accordance with Article 167-3 of the Insurance Act and the subparagraph 2, Paragraph 1 of Article 30-1 of the Financial Consumer Protection Act. (Written Decision under Jin-Guan-Po-Shou-Zi No. 11004934997 and Jin-Guan-Po-Shou-Zi No. 11004934998 dated August 26, 2021)

Improvement: Already amended the related internal regulations, strengthened the controls and review mechanism, and strengthened the employee education and training, in order to prevent a similar situation from occurring again.

- B. The internal operating procedure for underwriting non-guarantee commercial papers was defective and, therefore, likely to affect the robust management adversely. Therefore, the competent authority asked it to correct the deficiency pursuant to laws, and suspended it from underwriting the non-guarantee commercial papers for three months as of the effective date of the decision. (Written Decision under Jin-Guan-Yin-Kong-Zi No. 11101349691 and Jin-Guan-Yin-Kong-Zi No. 11101349692 dated May 16, 2022)

Improvement: Already amended the related internal regulations, strengthen the internal controls, and continued to strengthen the bank clerks' training, in order to prevent a similar situation from occurring again.

- C. The deficiency resulting from the unusual financial transactions between the former wealth management specialist of Yongchun Branch and customers was held violating Paragraph 1, Article 45-1 of the Banking Act and the Bank was fined NT\$6 million by FSC accordingly. (Written Decision under Jin-Guan-Yin-Kong-Zi No. 11101411111 and Jin-Guan-Yin-Kong-Zi No. 11101411112 dated November 15, 2022)

Improvement: 1. Already imposed the punishment on the related wealth management specialist and related staff, subject to their involvement in the case. 2. Already amended the related internal regulations and established the inspection mechanism to strengthen the bank clerks' training, in order to prevent a similar situation from occurring again.

(2) Yuanta Life

- A. Yuanta Life was involved in solicitation and sale before the product launch with respect to the relevant investment insurance policies and failed to comply with the product development procedure defined under the Insurance Product Development Management Guidelines. Meanwhile, the concerned products failed to have the concentration risk assessment in place pursuant to the new contract. Fine of NT\$3 million, correction of one deficiency, and suspended sale of four products. (Written Decision

under Jin-Guan-Po-Shou-Zi No. 11004934991 and Jin-Guan-Po-Shou-Zi No. 11004934992 dated August 26, 2021)

Improvement: Already amended the “Insurance Product Development Management Guidelines” to strengthen the control mechanism over the product information before the product launch; also set forth the “Insurance Product Sales Limit Pre-warning Control Rules” to strengthen the control and assessment mechanism over the product sale.

- B. Yuanta Life failed to evaluate the customers’ adaptability to the products and senior customers’ protection, and engaged in the pre-solicitation using inadequate promotional materials and sales talk via its channels and, therefore, should be held failing to have the channels’ management in place. A fine of NT\$2.4 million. (Written Decision under Jin-Guan-Po-Shou-Zi No. 11004934991 and Jin-Guan-Po-Shou-Zi No. 11004934992 dated August 26, 2021)

Improvement: Already adjusted the sales representatives’ report to add the source of premium option, and also strengthen the telephone interview mechanism over new contracts to facilitate the channels’ management. Optimized the record review system and enhanced the control mechanism applied by promotional materials, and strengthened the review on the product documentation, such as promotional materials, advertisements and training, etc.

- C. The operations to set forth the declared interest rates for the three insurance commodities, including “Yuanta Life Generation USD Interest Rate Sensitivity Life Insurance (KJ),” “Yuanta Life Mei Li Chuan USD Interest Rate Sensitivity Life Insurance (KS)” and “Yuanta Life Youli USD Interest Rate Sensitivity Life Insurance (KZ)” failed to follow the formula for setting forth the declared interest rate. Suspended from selling the relevant three commodities following the date of service of the written decision. (Written Decision under Jin-Guan-Po-Shou-Zi No. 11101428611 and Jin-Guan-Po-Shou-Zi No. 11101428612 dated August 18, 2022)

Improvement: Already adjusted the formula for declared interest rate, and set forth the declared interest rate according to the formula.

(3) Yuanta International Insurance Brokers

It violated the Insurance Act and Financial Consumer Protection Act when processing the insurance brokerage services. Accordingly, the FSC imposed the fine of NT\$1.8 million. (Written Decision under Jin-Guan-Po-Shou-Zi No. 11004934994 and Jin-Guan-Po-Shou-Zi No. 11004934995 dated August 26, 2021).

Improvement:

- A. Per the insurance company’s product launch mechanism, Yuanta International Insurance Brokers would not engage in solicitation and request execution of the proposals until the sale date. It also re-stated the compliance with the “Regulations Governing the Supervision of Insurance Solicitors” and provided the interpretation based on the promotional materials provided by the insurance company.
- B. Added the “Statement of Disclosure and Agreement of Source of Fund for Insurance Premium,” aided by the system’s search function and

telephone interview mechanism, to have the review in place and confirm consumers' adaptability to the insurance products.

3. Disclosure of losses exceeding \$50 million incurred during the year, whether individually or in total, as a result of conspiracy, material contingencies (including fraud, theft, misappropriation of assets, fictitious transactions, forgery of documents and securities, kick-backs, natural disasters, external forces, hackers' attacks, theft and leakage of confidential information, disclosure of customers' details or other major events), or accidents arising from failure to comply with Safety and Maintenance Guidelines for Financial Institutions: None.
4. Other disclosures required by the Financial Supervisory Commission: None.

(XIV) Shareholder meeting(s) and significant board resolutions during the most recent year and up to the date of publication of this annual report

1. Shareholders' meeting resolutions and their implementation:

Year	Date	Resolution	Resolution	Implementation status
2022 General Shareholders' Meeting	June 10, 2022	To recognize Yuanta FHC's 2021 Business Report and Financial Statements. (Proposed by the Board of Directors)	The motion was ratified upon voting.	The related statements and records have been published pursuant to laws and reported to the competent authority for record.
		To recognize Yuanta FHC's 2021 earnings distribution plan. (Proposed by the Board of Directors)	The motion was ratified upon voting.	The distribution was completed per the resolution rendered by the general shareholders' meeting.
		Motion for Yuanta FHC's issuance of new shares upon capital increase from earnings 2021 is proposed for resolution. (Proposed by the Board of Directors)	The motion was ratified upon voting.	1. The cash dividend distribution was NT\$1.5 per share. The record date for distribution was set on July 4, 2022, and the dividend should be distributed on July 22, 2022. 2. The stock dividend distribution was NT\$0.3 per share. The record dates for distribution and the capital increase were both set on August 20, 2022. The application for change of the registration of paid-in capital has been filed with the Ministry of Economic Affairs as required. 3. The shares issued upon capital increase were already distributed and traded on September 26, 2022.
		Motion for amendments to "Yuanta Financial Holding Co., Ltd. Articles of Incorporation" is	The motion was ratified upon voting.	1. The registration of changes has been approved by the Ministry of Economic

Year	Date	Resolution	Resolution	Implementation status
		proposed for resolution. (Proposed by the Board of Directors)		Affairs on August 2, 2022. 2. Already posted on Yuanta FHC's website.
		The amendments to certain articles of the "Yuanta FHC Procedure for Acquisition or Disposal of Assets" is proposed for resolution. (Proposed by the Board of Directors)	The motion was ratified upon voting.	Already posted on Yuanta FHC's website on June 17, 2022, and followed the procedures after the amendments.
		Motion for amendments to "Yuanta Financial Holding Co., Ltd. Parliamentary Rules for Shareholders' Meetings" is proposed for resolution. (Proposed by the Board of Directors)	The motion was ratified upon voting.	Already posted on Yuanta FHC's website on June 17, 2022, and followed the procedures after the amendments.
		Elections	Election results	Implementation status
		Petition for election of Yuanta FHC's directors (including independent directors) of the 9th term (Proposed by the Board of Directors)	Name list of directors elected Ting Chien Shen (Tony) Wei Chen Ma (Michael) Representative of Modern Investment: Chien Weng Representative of Tsun Chueh Investment Co., Ltd.: Chung Yuan Chen Representative of Tsun Chueh Investment Co., Ltd.: Daniel Y.M. Song Name of independent directors elected Ming Ling Hsueh Kuang Si Shiu Hsing Yi Chow Sharon S. Yang	They took office immediately after being elected at the annual general meeting on June 10, 2022. The relevant registration was approved by the Ministry of Economic Affairs on June 29, 2022, and also posted on Yuanta FHC's website.

2. 38th meeting of the 8th Board of Directors on January 21, 2022

- (1) Approved the assessment on independence of Yuanta FHC's independent auditors, and appointment of and remuneration to the independent auditors in 2022.

- (2) Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Articles of Association.”
3. 39th meeting of the 8th Board of Directors on March 15, 2022
 - (1) Approved Yuanta FHC’s consolidated financial statements 2021.
 - (2) Approved Yuanta FHC’s 2021 earnings appropriation.
 - (3) Approved Yuanta FHC’s issuance of new shares upon capital increase from earnings 2021.
 - (4) Approved organization of the general shareholders’ meeting 2022 at 9:00AM on June 10, 2022 (Friday).
 - (5) Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Articles of Incorporation.”
 - (6) Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Parliamentary Rules for Shareholders’ Meetings.”
 - (7) Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Articles of Association.”
 - (8) Approved the amendments to certain articles of the “Yuanta FHC Procedure for Acquisition or Disposal of Assets.”
 - (9) Approved the amendments to certain articles of the “Yuanta Financial Holdings Articles of Association for Corporate Sustainability Committee.”
 - (10) Approved the amendments to certain articles of the “Yuanta Financial Holdings Articles of Association for Nominating Committee.”
 - (11) Approved the amendments to certain provisions of the “Yuanta FHC Regulations Governing Directors’ Continuing Education.”
 - (12) Approved the research on quota of directors (including independent directors) of the 9th term and conditions to be met by the candidates.
 - (13) Approved the allocation of remuneration to directors 2021.
 - (14) Approved the allocation of remuneration to employees 2021.
4. 40th meeting of the 8th Board of Directors on March 30, 2022
 - (1) Approved of Yuanta FHC’s 2021 Statement on Internal Control System.
 - (2) Approved the amendments to the “Yuanta FHC Data Sharing Policy.”
 - (3) Approved the amendments to certain articles of the “Yuanta FHC Corporate Social Responsibility Best-Practice Principles.”
5. 41st meeting of the 8th Board of Directors on April 27, 2022
 - (1) Approved the amendments to agenda of 2022 general shareholders’ meeting.
 - (2) Approved the appointment of CEO Allen Wu of International Division as the director of Yuanta Savings Bank (Philippines).
 - (3) Approved the nomination of the candidates for Yuanta FHC’s directors (including independent directors) of the 9th term.
6. 42nd meeting of the 8th Board of Directors on May 20, 2022
 - (1) Approved Yuanta FHC’s consolidated financial statements Q1 of 2022.
7. 1st meeting of the 9th Board of Directors on June 10, 2022
 - (1) Approved the election of Yuanta FHC’s Chairman.
 - (2) Approved the election of the Nominating Committee Members of Yuanta FHC’s 9th Board of Directors.
8. 2nd meeting of the 9th Board of Directors on June 10, 2022
 - (1) Approved the appointment of the Remuneration Committee Members of

Yuanta FHC's 9th Board of Directors, and Suggestion about Personnel.

- (2) Approved the appointment of the Sustainable Development Committee members of Yuanta FHC's 9th Board of Directors, and Suggestion about Personnel.
9. 3rd meeting of the 9th Board of Directors on June 29, 2022
 - (1) Approved the issuance of Yuanta FHC's "unsecured common corporate bonds."
 - (2) Approved the amendments to certain articles of the "Yuanta Financial Holding Co., Ltd. Articles of Association."
 - (3) Approved the allocation of remuneration to Yuanta FHC's directors (exclusive of independent directors) in 2021.
 - (4) Approved the allocation of remuneration to managers 2021.
 10. 4th meeting of the 9th Board of Directors on June 27, 2022
 - (1) Approved Yuanta FHC's issuance of new shares upon capital increase from earnings in 2021 and determination of the record date for distribution of stock dividends and record date for issuance of new shares upon capital increase, etc.
 11. 5th meeting of the 9th Board of Directors on August 23, 2022
 - (1) Approved Yuanta FHC's consolidated financial statements Q2 of 2022.
 12. 6th meeting of the 9th Board of Directors on September 28, 2022
 - (1) Approved the amendments to certain articles of the "Yuanta Financial Holding Co., Ltd. Articles of Association."
 13. 8th meeting of the 9th Board of Directors on November 21, 2022
 - (1) Approved Yuanta FHC's consolidated financial statements Q3 of 2022.
 - (2) Approved amendments to certain articles of the "Yuanta Financial Holdings Parliamentary Rules for Board of Directors Meetings."
 14. 9th meeting of the 9th Board of Directors on December 28, 2022
 - (1) Approved the establishment of Yuanta FHC's "Investment and Financing Climate Change Risk Management Regulations."
 - (2) Approved the amendments to certain provisions of Yuanta FHC's "Corporate Governance Best-Practice Principles."
 - (3) Approved Yuanta FHC's the "2023 Work Plan" by the Integrity Management Office.
 - (4) Approved the "2023 Work Plan" of the Integrity Management Office.
- (XV) The main contents of important resolutions passed by the Board of Directors regarding in which directors have voiced differing opinions on the record or in writing, during the most recent year and up to the date of publication of this annual report: None.**
- (XVI) Summary of resignation or dismissal of personnel (including the Chairman, president, financial manager, accounting manager and internal audit manager and chief corporate governance officer) who are involved with the Company's financial statements during the most recent year and up to the date of publication of this annual report: None.**

V. Certified Public Accountant Fee Information

Unit: NT\$1,000

Accounting firm name	Name of accountant	Audit period	Audit Fee	Non-Audit Fees	Total	Remarks
PwC Taiwan	Puo-Ju Kuo	January 2022 ~ December 2022	6,380	3,229	9,609	The non-audit fees were primarily paid for the “Profit-Seeking Business Income Tax Audit & Certification and Linked Filing of business Income Tax Returns 2022” services, “DJSI Project” consulting services, “ESG Report” consulting services, “Anti-tax Avoidance System and the Global Minimum Tax System” consulting service, and “Information Security Health Checkup and Information Security Management Operations” services, etc.
	Chien Hung Chou					

Note 1 : If there is any change of CPA or CPA firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks column. Any audit and non-audit fee paid to CPAs should also be disclosed separately. Details of services rendered based on the non-audit fees must be specified in the remarks column.

Note 2 : If a change of CPA firm results in a lower audit fee for that year compared to the previous year, please disclose the amount of audit fees before and after the change, and causes thereof: None.

Note 3 : If the audit fee is reduced by more than 10% from the previous year, please disclose the reduction in the audit fees, and percentages and causes thereof: None.

VI. Information about replacement of CPAs:

(I) About the former CPA

Date of replacement	Approved by the Board of Directors on January 21, 2022		
Cause and Notes	To be in line with the work shift required by the CPA firm		
To specify whether the client or CPA terminates or rejects the appointment	Counterpart	CPA: Chiao Sen Lo	Client
	Status		
	Terminate the appointment voluntarily	✓	
	No longer accept (continue) the appointment		
Issuance of the audit report other than the audit report containing unqualified opinions in the most recent two years, and cause thereof	None		
Disagree with the Company?	Yes		Accounting principles or practices
			Disclosure of financial report
			Scope or steps of audit
			Others
	None	✓	
	Notes		
Other disclosures (To be disclosed under the subparagraphs 6.1(4)~(7) of Article 10 of the Standards.)	None		

(II) About the successor CPA

Firm name	Pricewaterhouse Coopers Certified Public Accountants
Name of accountant	CPA: Puo-Ju Kuo
Date of Appointment	Approved by the Board of Directors on January 21, 2022.
Consultation about the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result.	None
Written opinion from the successor CPA regarding the matters disagreed by the former CPA	None

(III) The former CPA's response to the items referred to in the subparagraphs 6(1) and (2)3 of Article 10 of the Standards: N/A.

VII. Name of Auditing Firm or Its Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee over the Past Year, His/Her Position and Employment Period: None.

VIII. Equity Changes, Transfers, and Pledges of Directors, Managers and Major Shareholders

(I) Changes in equity of directors, managers and major shareholders

Title	Name	2022		Ending January 31, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Ting Chien Shen (Tony)	161,531	0	0	0
Director	Wei Chen Ma (Michael)	0	0	0	0
Director (same person or same affiliated person)	Tsun Chueh Investment Co., Ltd. Representative: Daniel Y.M. Song	12,892,493	0	0	0
Director (same person or same affiliated person)	Tsun Chueh Investment Co., Ltd. Representative: Chung Yuan Chen				
Director (same person or same affiliated person)	Modern Investment Co., Ltd. Representative: Chien Weng (newly elected on June 10, 2022)	3,823,352	0	0	0
Independent Director	Ming Ling Hsueh	0	0	0	0
Independent Director	Kuang Si Shiu	0	0	0	0
Independent Director	Hsing Yi Chow	0	0	0	0
Independent Director	Sharon S. Yang (newly elected on June 10, 2022)	0	0	0	0
President	Chien Weng	360,240	0	0	0
Auditor-General	Ming Hsiu Tsai	33,452	0	0	0
Senior Vice President	Lawrence Lee	5,683	0	0	0
Senior Vice President	Hsuan Min Kuo	13,750	0	0	0
Senior Vice President	Chieh Wu	9,279	0	0	0
Senior Vice President	Allen Wu	24,116	0	0	0
Senior Vice President	Mei Ling Kuo	3,821	0	0	0
Senior Vice President	Hsiao Ling Chou	29,159	0	0	0
Senior Vice President	Wen Ching Chiu	164,714	0	0	0
Senior Vice President	Hsu Shu Mai	28,998	0	0	0
Senior Vice President	Sophia Chang	13,982	0	0	0
Senior Vice President	Robert C.S. Yang	8,755	60,000	0	0
Senior Vice President	Ming Lang Liu	20,261	0	0	0

Title	Name	2022		Ending January 31, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Vice President	Fang Ming Lo	1,549	0	0	0
Vice President	Hui-Jung Lu	8,536	0	0	0
Vice President	Yung Chu Su	771	0	0	0
Vice President	Chi Jung Huang (newly elected on September 1, 2022)	0	0	0	0
Vice President	Yi Wen Ma	5,349	0	0	0
Vice President	Wei Chen Chang	3,257	0	0	0
Vice President	Yi Cheng Liao (newly elected on July 1, 2022)	1,500	0	0	0
Senior Assistant Vice President	Po Ching Li	13,228	0	0	0
Senior Assistant Vice President	Pei Yu Chen	3,819	0	0	0
Senior Assistant Vice President	Ho Hsing Pan	72	0	0	0
Senior Assistant Vice President	Po Yi Wu	179	0	0	0
Senior Assistant Vice President	Hsien Chun Li	1,677	0	0	0
Professional Senior Assistant Vice President	Chen Chun Lin	2,878	0	0	0
Professional Senior Assistant Vice President	Li Yun Chen	4,760	0	0	0
Professional Senior Assistant Vice President	Sheng Hui Yang	2,914	0	0	0
Professional Senior Assistant Vice President	Shih Huan Chang	11,796	0	0	0
Professional Senior Assistant Vice President	Shu Ling Chen	24	0	0	0
Professional Senior Assistant Vice President	Hsiu Ling Chung	1,180	0	0	0
Professional Senior Assistant Vice President	Li-Jen Lin	0	0	0	0

Title	Name	2022		Ending January 31, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Assistant Vice President	Yu-Chin Tsao	0	0	0	0
Assistant Vice President	Chia Hui Lin	0	0	0	0
Assistant Vice President	Hui Ying Lin	38	0	0	0
Assistant Vice President	Tzu Miao Chen	75	0	0	0
Assistant Vice President	Fu Mei Chen	162	0	0	0
Assistant Vice President	Yu Ling Chu	0	0	0	0
Assistant Vice President	I Chen Hung	0	0	0	0
Assistant Vice President	Hui Wei Tsai	0	0	0	0
Assistant Vice President	An Ting Cheng	522	0	0	0
Assistant Vice President	Shu Min Li (resigned on January 1, 2022; on board since March 9, 2022)	0	0	0	0
Assistant Vice President	Hsuan Feng Tien (newly elected on June 1, 2022)	28	0	0	0
Assistant Vice President	Yi Ju Wei (newly elected on June 1, 2022)	71	0	0	0
Assistant Vice President	Hsiao Ching Chao (newly elected on June 1, 2022)	312	0	0	0
Assistant Vice President	Chao Chih Chang (newly elected on August 1, 2022)	150	0	0	0
Professional Assistant Vice President	Ko Le Wei	280	0	0	0
Professional Assistant Vice President	Ming Ju Li	179	0	0	0
Professional Assistant Vice President	Wei Ching Chien (resigned on May 20, 2022; on board since September 1, 2022)	0	0	0	0
Professional Assistant Vice President	Su Fen Chao	526	0	0	0
Professional Assistant Vice President	Chen Hsing Huang	355	0	0	0
Professional Assistant Vice President	Hui Ling Chou	8	0	0	0
Professional Assistant Vice President	Chung Yu Tseng (newly elected on May 9, 2022)	0	0	0	0
Professional Assistant Vice President	Yu Tzu Chen (newly elected on December 1, 2022)	0	0	0	0
Same person or same affiliated person	Yu Yang Investment Co., Ltd.	7,867,259	0	0	0

Title	Name	2022		Ending January 31, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Same person or same affiliated person	Yuan Hung Investment Co., Ltd.	10,639,697	0	0	0
Same person or same affiliated person	Lian Ta Investment Co., Ltd.	6,508,746	0	0	0
Same person or same affiliated person	Yuan Hsiang Investment Co., Ltd.	10,508,319	0	0	0
Same person or same affiliated person	Teng Ta Investment Co., Ltd.	7,411,138	0	0	0
Same person or same affiliated person	Hsing Tsai Investment Co., Ltd.	2,171,188	0	0	0
Same person or same affiliated person	Lien Heng Investment Co., Ltd.	3,864,257	0	0	0
Same person or same affiliated person	Richcorp International Limited	4,871,470	0	0	0
Same person or same affiliated person	Chiu Ta Investment Co., Ltd.	4,032,657	0	0	0
Same person or same affiliated person	Yuanta Construction Development Co., Ltd.	0	0	0	0
Same person or same affiliated person	Hui Tung Investment Co., Ltd.	0	0	0	0
Former Independent Director	Yin Hua Yeh (resigned on June 10, 2022)	0	0	0	0
Former Senior Vice President	Hsiu Mei Chen (resigned on September 1, 2022)	14,795	0	0	0
Former Senior Assistant Vice President	Wen Ching Hsu (resigned on November 1, 2022)	6,684	0	0	0
Former Professional Senior Assistant Vice President	Chien Yu Chou (resigned on April 29, 2022)	0	0	0	0
Former Assistant Vice President	Hsin Tang Huang (resigned on April 1, 2022)	0	0	0	0
Former Professional Assistant Vice President	Li Ling Chien (resigned on October 1, 2022)	2,396	0	0	0

(II) Equity transfer information: None.

(III) Equity pledge information: None.

IX. Information of the Top Ten Shareholders Being Related Parties

As of April 11, 2023

Name	Shareholdings by oneself		Shareholdings of spouse and underage children		Shareholding using other's name		Disclosure of information on related parties or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and Name relationships		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationship	
Representative of Tsun Chueh Investment Co., Ltd.: Chen Kuo Huang	442,642,281	3.54%	—	—	—	—	Yu Yang Investment Co., Ltd.	1. Tsun Chueh Investment Co., Ltd. and Yu Yang Investment Co., Ltd. constitute a parent company and subsidiary respectively. 2. The same person serves as chairman of both companies.	—
Representative of HO JIA Investment Co., Ltd.: Chen Hai Lin	415,412,142	3.32%	—	—	—	—	—	—	—
Representative of Yuan Hung Investment Co., Ltd.: Chun Jin Du	365,296,268	2.92%	—	—	—	—	—	—	—
Representative of Yuan Hsiang Investment Co., Ltd.: Yung Tsang Lin	360,785,622	2.89%	—	—	—	—	—	—	—
Trust property account held in custody by Yuanta Bank	320,817,233	2.57%	—	—	—	—	—	—	—
Representative of Bank of Taiwan: Chu Cheng Lu	277,337,476	2.22%	—	—	—	—	—	—	—
Representative of Yu Yang Investment Co., Ltd.: Chen Kuo Huang	270,109,254	2.16%	—	—	—	—	Tsun Chueh Investment Co., Ltd.	1. Tsun Chueh Investment Co., Ltd. and Yu Yang Investment Co., Ltd. constitute a parent company and subsidiary respectively. 2. The same person serves as chairman of both companies.	—
Singapore Government's investment account held in custody by Citibank (Taiwan)	269,327,411	2.15%	—	—	—	—	—	—	—
Representative of Teng Ta Investment Co., Ltd.: Hung lien Chen	254,449,093	2.04%	—	—	—	—	—	—	—
Representative of Fubon Life Insurance Co., Ltd.: Richard M. Tsai	248,190,200	1.99%	—	—	—	—	—	—	—

Note : 1.Data relating to the top ten shareholders are based on those as of the latest book closure date (04/11/2023).

2.The Company has a total of 12,501,558,992 shares outstanding (including common stock and preferred stock) on the data baseline date(04/11/2023).

X. Total Shareholding Ratio in Each Invested Enterprise

Units : 1,000 shares; %
As of January 31, 2023

Invested enterprise	Investment made by the company		Investment by directors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Yuanta Securities	6,592,453	100	-	-	6,592,453	100
Yuanta Bank	7,394,039	100	-	-	7,394,039	100
Yuanta Life	2,373,570	100	-	-	2,373,570	100
Yuanta Securities Investment Trust	169,538	74.71	16	0.01	169,554	74.72
Yuanta Futures	192,167	66.27	81	0.03	192,248	66.30
Yuanta Venture Capital	271,522	100	-	-	271,522	100
Yuanta Asset Management	334,614	100	-	-	334,614	100
Yuanta Securities Investment Consulting	10,000	100	-	-	10,000	100

Note : Investees of Yuanta FHC

Four. Financing Status

I. Corporate Capital and Shares

(I) Types of share

Unit : shares
As of January 31, 2023

Types of share	Authorized capital stock		
	Outstanding shares	Unissued shares	Total
Common stock	12,501,558,992	5,498,441,008	18,000,000,000

Note : The outstanding common stock totaled 12,501,559 thousand shares on December 31, 2022.

(II) Equity Capital sources

Unit : shares, NT\$

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Equity Capital sources	Others
2002.02	\$10	5,000,000,000	50,000,000,000	2,091,000,000	20,910,000,000	1,470,000,000 shares of Fuhwa Securities Finance (renamed Yuanta Securities Finance) common stock and 621,000,000 shares of Fuhwa Securities (renamed Yuanta Securities) common stock were converted into shares of Fuhwa Financial Holdings (renamed Yuanta FHC)	Note 1
2002.08	\$10	5,000,000,000	50,000,000,000	2,964,477,742	29,644,777,420	873,477,742 new shares were issued for swapping 1,211,513,628 shares of common stock of Asia - Pacific Bank (renamed Yuanta Bank)	Note 2
2002.09	\$10	5,000,000,000	50,000,000,000	2,939,829,359	29,398,293,590	Fuhwa Financial Holdings (renamed Yuanta FHC) simultaneously reduced capital by 24,648,383 shares in conjunction with the annulment by Fuhwa Securities (renamed Yuanta Securities) of shares held by dissenting shareholders	Note 3
2002.12	\$10	5,000,000,000	50,000,000,000	2,826,829,359	28,268,293,590	Annulment of a total of 113,000,000 shares of treasury stock from the 3rd, 4th and 5th buybacks by Fuhwa Financial Holdings (renamed Yuanta FHC)	Note 4

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Equity Capital sources	Others
2003.08	\$10	5,000,000,000	50,000,000,000	2,894,444,460	28,944,444,600	Capital increase of 67,615,101 shares out of additional paid-in capital	Note 5
2004.09	\$10	5,000,000,000	50,000,000,000	3,006,444,460	30,064,444,600	Capital increase of 40,000,000 shares out of additional paid-in capital and capital increase of 72,000,000 shares out of earnings	Note 6
2005.09	\$10	5,000,000,000	50,000,000,000	3,161,761,593	31,617,615,930	Capital increase of 155,317,133 shares out of earnings	Note 7
2007.04	\$10	10,000,000,000	100,000,000,000	8,312,114,476	83,121,144,760	Capital increase through issue of 5,150,352,883 new shares and swap with all shares of Yuanta Core Pacific Securities	Note 8
2008.01	\$10	10,000,000,000	100,000,000,000	8,353,043,686	83,530,436,860	Application for conversion of overseas convertible corporate bonds to 40,929,210 shares of common stock	Note 9
2008.12	\$10	10,000,000,000	100,000,000,000	8,102,105,686	81,021,056,860	Annulment of 250,938,000 shares of treasury stock from the 11th and 12th buybacks	Note 10
2011.01	\$10	10,000,000,000	100,000,000,000	8,102,610,736	81,026,107,360	Application for conversion of 1st domestic unsecured convertible bonds application to 505,050 shares of common stock	Note 11
2011.08	\$10	10,000,000,000	100,000,000,000	8,845,471,060	88,454,710,600	Capital increase of 742,860,324 shares out of earnings	Note 12
2011.10	\$10	12,500,000,000	125,000,000,000	10,016,310,506	100,163,105,060	Capital increase through issue of 1,170,839,446 new shares and swap with all shares of Polaris Securities	Note 13
2012.03	\$10	12,500,000,000	125,000,000,000	10,016,210,506	100,162,105,060	Annulment of 100,000 shares of treasury stock from 15th buyback	Note 14
2013.03	\$10	12,500,000,000	125,000,000,000	9,897,335,506	98,973,335,060	Annulment of 118,875,000 shares of treasury stock from 16th buyback	Note 15
2013.04	\$10	12,500,000,000	125,000,000,000	9,893,723,506	98,937,235,060	Annulment of 3,612,000 shares of treasury stock from 14th buyback	Note 16
2014.09	\$10	12,500,000,000	125,000,000,000	10,141,066,594	101,410,665,940	Capital increase of 247,343,088 shares out of earnings	Note 17

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Equity Capital sources	Others
2015.08	\$10	12,500,000,000	125,000,000,000	10,439,151,709	104,391,517,090	Application for conversion of 1st domestic unsecured convertible bonds application to 298,085,115 shares of common stock	Note 18
2015.09	\$10	12,500,000,000	125,000,000,000	10,712,960,508	107,129,605,080	Capital increase of 273,808,799 shares out of earnings	Note 19
2016.03	\$10	12,500,000,000	125,000,000,000	12,098,647,753	120,986,477,530	Capital increase through issue of 1,385,687,245 new shares and swap with all shares of Ta Chong Bank (including 100,000,000 shares of Preferred stock)	Note 20
2017.11	\$10	12,500,000,000	125,000,000,000	11,989,197,456	119,891,974,560	Annulment of 109,450,297 shares of treasury stock upon capital reduction	Note 21
2018.01	\$10	12,500,000,000	125,000,000,000	11,889,197,456	118,891,974,560	Annulment of 100,000,000 shares of Class A preferred stock upon capital reduction	Note 22
2018.03	\$10	12,500,000,000	125,000,000,000	11,820,232,456	118,202,324,560	Annulment of 68,965,000 shares from 17th buyback of treasury stock upon capital reduction	Note 23
2018.08	\$10	12,500,000,000	125,000,000,000	11,686,232,456	116,862,324,560	Annulment of 134,000,000 shares from 18th buyback of treasury stock upon capital reduction	Note 24
2019.10	\$10	12,500,000,000	125,000,000,000	11,670,611,456	116,706,114,560	Annulment of 15,621,000 shares of treasury stock upon capital reduction	Note 25
2020.02	\$10	18,000,000,000	180,000,000,000	11,670,611,456	116,706,114,560	Increase authorized capital	Note 26
2020.09	\$10	18,000,000,000	180,000,000,000	12,137,435,914	121,374,359,140	Capital increase of 466,824,458 shares out of earnings	Note 27
2022.08	\$10	18,000,000,000	180,000,000,000	12,501,558,992	125,015,589,920	Capital increase of 364,123,078 shares out of earnings	Note 28

Note 1 : (2001) Tai -Tsai -Cheng -(4) -Zi No. 175847, December 31, 2001.

Note 2 : (2002) Tai -Tsai -Cheng -(4) -Zi No. 0910135271, July 2, 2002.

Note 3 : (2002) Tai -Tsai -Cheng -(4) -Zi No. 0910004872, September 19, 2002.

Note 4 : (2002) Tai -Tsai -Cheng -(4) -Zi No. 0910164534, December 6, 2002.

Note 5 : (2003) Tai -Tsai -Cheng -(4) -Zi No. 0920129910, July 4, 2003.

Note 6 : (2004) Tai -Tsai -Cheng -(4) -Zi No. 0930128919, June 30, 2004.

Note 7 : (2005) Jin -Guan -Cheng -(1) -Zi No. 0940130318, August 2, 2005.

Note 8 : (2007) Jin -Guan -Yin -(6) -Zi No. 09600022230, March 8, 2007.

Note 9 : Jing -Shou -Shang -Zi No. 09601321150, January 3, 2008.

Note 10 : Jing -Shou -Shang -Zi No. 09701313360, December 11, 2008.
Note 11 : Jing -Shou -Shang -Zi No. 10001094810, May 11, 2011.
Note 12 : Jing -Shou -Shang -Zi No. 10001213110, September 15, 2011.
Note 13 : Jing -Shou -Shang -Zi No. 10001213120, October 3, 2011.
Note 14 : Jing -Shou -Shang -Zi No. 10101064400, April 12, 2012.
Note 15 : Jing -Shou -Shang -Zi No. 10201064760, April 18, 2013.
Note 16 : Jing -Shou -Shang -Zi No. 10201087760, May 14, 2013.
Note 17 : Jing -Shou -Shang -Zi No. 10301189720, September 11, 2014.
Note 18 : Jing -Shou -Shang -Zi No. 10401171690, August 19, 2015.
Note 19 : Jing -Shou -Shang -Zi No. 10401192360, September 14, 2015.
Note 20 : Jing -Shou -Shang -Zi No. 10501039430, March 22, 2016.
Note 21 : Jing -Shou -Shang -Zi No. 10601154740, November 13, 2017.
Note 22 : Jing -Shou -Shang -Zi No. 10701001940, January 31, 2018.
Note 23 : Jing -Shou -Shang -Zi No. 10701032810, March 27, 2018.
Note 24 : Jing -Shou -Shang -Zi No. 10701102930, August 13, 2018.
Note 25 : Jing -Shou -Shang -Zi No. 10801146050, October 25, 2019.
Note 26 : Jing -Shou -Shang -Zi No. 10901018360, February 20, 2020.
Note 27 : Jing -Shou -Shang -Zi No. 10901171110, September 21, 2020.
Note 28 : Jing -Shou -Shang -Zi No. 11101168720, August 29, 2022.

(III) Shareholder structure

Face value \$10 per share

As of April 11, 2023

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign Institute and others	Total
Persons	11	20	1,173	451,667	1,517	454,388
Shares held	250,621,547	869,328,930	5,092,903,773	3,148,909,262	3,139,795,480	12,501,558,992
Shareholding ratio (%)	2.00%	6.95%	40.74%	25.19%	25.12%	100%

Note : The data were based on the latest book closure date (04/11/2023).

(IV) Distribution of equity

Face value \$10 per share

As of April 11, 2023

Shareholding category	Number of shareholders	Shares held	Shareholding ratio (%)
1 to 999	147,292	29,512,899	0.24
1,000 to 5,000	196,822	413,076,987	3.30
5,001 to 10,000	49,771	336,141,965	2.69
10,001 to 15,000	24,210	283,755,868	2.27
15,001 to 20,000	9,012	154,830,126	1.24
20,001 to 30,000	10,413	247,015,694	1.98
30,001 to 40,000	4,783	162,657,732	1.30
40,001 to 50,000	2,608	115,827,864	0.93
50,001 to 100,000	5,047	339,395,367	2.71
100,001 to 200,000	2,322	307,949,508	2.46
200,001 to 400,000	966	263,010,393	2.10
400,001 to 600,000	318	154,649,857	1.24
600,001 to 800,000	150	103,484,906	0.83
800,001 to 1,000,000	82	73,934,648	0.59
Over 1,000,001	592	9,516,315,178	76.12
Total	454,388	12,501,558,992	100

Note : The data were based on the latest book closure date (04/11/2023).

(V) List of major shareholders (top ten shareholders)

As of April 11, 2023

Major Shareholders	Shares	Shares held	Shareholding ratio (%)
Tsun Chueh Investment Co., Ltd.		442,642,281	3.54%
HO JIA Investment Co., Ltd.		415,412,142	3.32%
Yuan Hung Investment Co., Ltd.		365,296,268	2.92%
Yuan Hsiang Investment Co., Ltd.		360,785,622	2.89%
Trust property account held in custody by Yuanta Bank		320,817,233	2.57%
Bank of Taiwan		277,337,476	2.22%
Yu Yang Investment Co., Ltd.		270,109,254	2.16%
Singapore Government's investment account held in custody by Citibank (Taiwan)		269,327,411	2.15%
Teng Ta Investment Co., Ltd.		254,449,093	2.04%
Fubon Life Insurance Co., Ltd.		248,190,200	1.99%

Note 1 : The Company has a total of 12,501,558,992 shares of outstanding.

Note 2 : The data were based on the latest book closure date (04/11/2023).

Key shareholders of major institutional shareholders

As of April 11, 2023

Institutional shareholder	Major shareholders of 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%
HO JIA Investment Co., Ltd.	Chen Hai Lin 50%, Shu Chiung Tseng 50%
Yuan Hung Investment Co., Ltd.	Megariches Investments 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%
Trust property account held in custody by Yuanta Bank	N/A
Bank of Taiwan	Taiwan Financial Holdings 100%
Yu Yang Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd. 100%
Singapore Government's investment account held in custody by Citibank (Taiwan)	N/A
Teng Ta Investment Co., Ltd.	Lien Heng Investment Co., Ltd. 53.58%, Megold Ventures Limited 45.87%, Judy Tu 0.55%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. 100%

(VI) Market value, net value, earnings, and dividends per share during the most recent two years

Year			2021	2022	Ending January 31, 2023
Item					
Market price per share (Note 1)	Highest		27.80	27.25	23.15
	Lowest		19.85	18.70	21.40
	Average		24.16	22.63	22.50
Net worth per share (Note 2)	Before distribution		22.17	20.51	(Note 9)
	After distribution		20.67	(Note 8)	(Note 9)
EPS	Weighted average number of shares (1,000 shares)		12,137,436	12,501,559	(Note 9)
	EPS (Note 3)	Before adjustment	2.87	1.72	(Note 9)
		After adjustment	2.79	(Note 8)	(Note 9)
Dividends per share	Cash dividend		1.50	(Note 8)	(Note 9)
	Stock dividends	Out of earnings	0.30	(Note 8)	(Note 9)
		Out of additional paid-in capital	—	(Note 8)	(Note 9)
	Accumulated, unpaid dividends (Note 4)		—	—	—
ROI analysis	P/E ratio (Note 5)		8.42	13.16	(Note 9)
	P/D ratio (Note 6)		16.11	(Note 8)	(Note 9)
	Cash dividend yield (Note 7)		0.06	(Note 8)	(Note 9)

※ If shares are distributed in connection with a capital increase out of earnings or capital reserve, please also disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1 : Please identify the highest and lowest market price per share of common stock for each fiscal year and calculate each fiscal year's average market price.

Note 2 : Please apply the number of the outstanding issued shares at year -end as the basis and specify it based on the distribution resolved by shareholders' meeting of the following year.

Note 3 : If retrospective adjustment is required due to circumstances such as gratuitous allotment, the earnings per share before and after adjustment shall be shown.

Note 4 : If the conditions for the issuance of equity securities stipulate that the unpaid dividends in the current year can be accumulated until the surplus is distributed in the year, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note 5 : P/E ratio = Average closing price per share for the year/Earnings per share.

Note 6 : P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

Note 7 : Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 8 : Distribution of earnings in 2021 had not yet been resolved by the shareholders' meeting up to the date of publication of this annual report.

Note 9 : Not applicable to 2023 reporting.

(VII) Dividend policy and implementation

1. Company dividend policy:

If Yuanta FHC has a profit at the year's final accounting, it shall first pay profit seeking-enterprise income tax and make up any losses from past years, and then make contributions to the statutory reserve and provide or reverse special reserve in accordance with law. The Board shall draft a distribution proposal for the remaining balance together with undistributed earnings from past years. The distribution of shareholder bonuses shall be implemented upon resolution of the shareholders' meeting. Where said statutory reserve amounts to Yuanta FHC's total paid-in capital, it is not necessary to provide such reserves again.

In order to continue expanding scale and increasing profitability, Yuanta FHC adopted a residual dividend policy in accordance with its long-term financial planning and the relevant laws and regulations. According to the dividend allocation principle, allocable earnings are determined based on the earnings at the end of the fiscal year, if any, in the manner referred to in the preceding Article, and the working capital required by Yuanta FHC's operations is reserved from the allocable earnings according to Yuanta FHC's operational planning. The remainder, if any, shall be allocated as cash dividend, provided that the cash dividend shall be no less than 40% of the allocable earnings of that year.

2. Implementation: The company's 2022 earnings distribution is calculated based on about 55.35% of the current year's after-tax earnings. Yuanta FHC plans to distribute a cash dividend of NT\$0.80 per share of Company stock. The total amount of cash dividends distributed to shareholders was about NT\$10.001 billion, the total stock dividend is 187,523,385 shares. This distribution proposal is yet to be passed by the shareholders meeting.

(VIII) The effects of stock grants proposed at this shareholders' meeting on business performance and EPS: N/A, as the Company did not publish 2022 financial forecast.

(IX) Employee and directors' remuneration

1. The percentages or ranges with respect to remuneration to employees and directors, as set forth in Yuanta FHC's Articles of Incorporation:

According to Yuanta FHC's Articles of Incorporation, if Yuanta FHC has profit at the year's final accounting (namely, the earnings before tax prior to deduction of remuneration to employees and directors), it shall reserve the amount sufficient to cover accumulated losses, if any. The remuneration to employees is allocated at the range from 0.01% to 0.5%, and the remuneration to directors no more than 0.9%, from the remainder, if any. The distribution of employee remuneration and directors' remuneration shall be handled in accordance with the relevant payment standards formulate by the board of directors. When the remuneration to employee is distributed in the form of stock or in cash, it shall also be distributed to employees of affiliated companies that meet certain conditions.

The certain conditions referred to in the preceding paragraph shall be decided by the Board of Directors.

2. The basis for estimating the amount of remuneration to employees and directors, for calculating the number of shares to be distributed as the remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The remuneration to employees/directors was estimated based on Yuanta FHC's

profit (namely, the earnings before tax prior to distribution of the remuneration to employees and directors) multiplying by the allocation ratio referred to in Yuanta FHC's Articles of Incorporation. If there is any discrepancy between the amount allocated actually and the estimated amount for the fiscal year, it shall be identified as a change in estimation and stated as the income for next year.

3. The motion for allocation of remuneration passed by the Board of Directors:

- (1) Remuneration to employees and directors allocated in cash or in the form of stock bonus:

Yuanta FHC's Board of Directors resolved to allocate the remuneration to employees, NT\$4,260,969, and the remuneration to directors, NT\$173,796,250, both in cash in 2022.

- (2) Proposed distribution of remuneration to employees in the form of stock bonus as a percentage to net profit after tax plus remuneration to employees in the entity financial statement for the current period: N/A.

4. Actual allocation of remuneration to employees and directors in the previous year:

Yuanta FHC's allocation of earnings as the remuneration to employees and directors for 2021 as approved by the Board of Directors and reported to the shareholders' meeting did not differ from the allocation proposed by the Board of Directors. Specifically, NT\$3,556,824 was allocated as the remuneration to employees and NT\$282,414,252 as the remuneration to directors.

(X) Financial holding company's buyback of company shares: None.

II. Corporate Bonds

(I) Corporate bonds issued and outstanding

As of January 31, 2023

Bond type	2016	2018	2020	2022	2022
	1st unsecured corporate bonds	1st unsecured corporate bonds	1st unsecured corporate bonds	1st unsecured corporate bonds	2nd unsecured corporate bonds
Date issued	May 27, 2016	July 20, 2018	January 15, 2021	April 19, 2022	October 6, 2022
Face value	NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million
Place of issuance and exchange (Note)	N/A	N/A	N/A	N/A	N/A
Issue price	The corporate bond is issued at full face value	The corporate bond is issued at full face value	The corporate bond is issued at full face value	The corporate bond is issued at full face value	The corporate bond is issued at full face value
Total	NT\$15 billion. Of which: Class A bonds: NT\$3 billion. Class B bonds: NT\$4 billion. Class C bonds: NT\$8 billion	NT\$10 billion. Of which: Class A bonds: NT\$1.5 billion. Class B bonds: NT\$8.5 billion.	NT\$5 billion.	NT\$5.3 billion.	NT\$8.2 billion
Interest rate	Class A bonds: Annual coupon rate of 0.6%. Class B bonds: Annual coupon rate of 0.8%. Class C bonds: Annual coupon rate of 1.0%.	Class A bonds: Annual coupon rate of 0.86%. Class B bonds: Annual coupon rate of 0.96%.	Annual coupon rate of 0.59%.	Annual coupon rate of 0.85%.	Annual coupon rate of 1.55%.
Duration	Class A bonds: Term: 2 years Class B bonds: Term: 5 years Class C bonds: Term: 7 years	Class A bonds: Term: 5 years Class B bonds: Term: 7 years	Term: Ten years	Term: Five years	Term: Five years
Priority of repayment	N/A	N/A	N/A	N/A	N/A

Bond type	2016 1st unsecured corporate bonds	2018 1st unsecured corporate bonds	2020 1st unsecured corporate bonds	2022 1st unsecured corporate bonds	2022 2nd unsecured corporate bonds
Guaranteeing institution	None	None	None	None	None
Trustee	Taipei Fubon Bank	Cathay United Bank	Taipei Fubon Bank	Taipei Fubon Bank	Taipei Fubon Bank
Underwriting institution	Yuanta Securities is the leading underwriter.	Yuanta Securities is the leading underwriter.	Yuanta Securities is the leading underwriter.	Yuanta Securities is the leading underwriter.	Yuanta Securities is the leading underwriter.
Certifying attorney	Yi Cheng Law Firm	Yi Cheng Law Firm	Yi Cheng Law Firm	Yi Cheng Law Firm	Yi Cheng Law Firm
Independent auditing firm	PwC Taiwan	PwC Taiwan	PwC Taiwan	PwC Taiwan	PwC Taiwan
Repayment method	<p>1. Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT\$1 million worth of the corporate bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT\$1.0. If the date of payment for principal or interest falls on a non-business day at the place of payment, principal, or interest will be paid on the next business day, while no additional interest shall be paid. No additional interest shall be paid either when interest or</p> <p>1. Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT\$1 million worth of the corporate bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT\$1.0. If the date of payment for principal or interest falls on a non-business day at the place of payment, principal, or interest will be paid on the next business day, while no additional interest shall be paid. No additional interest shall be paid either when interest or</p> <p>1. Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT\$1 million worth of the corporate bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT\$1.0. If the date of payment for principal or interest falls on a non-business day at the place of payment, principal, or interest will be paid on the next business day, while no additional interest shall be paid. No additional interest shall be paid either when interest or</p> <p>1. Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT\$1 million worth of the corporate bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT\$1.0. If the date of payment for principal or interest falls on a non-business day at the place of payment, principal, or interest will be paid on the next business day, while no additional interest shall be paid. No additional interest shall be paid either when interest or</p>				

Bond type	2016 1st unsecured corporate bonds	2018 1st unsecured corporate bonds	2020 1st unsecured corporate bonds	2022 1st unsecured corporate bonds	2022 2nd unsecured corporate bonds
	principal are collected after maturity. 2. Principal repayment method: Principal for the corporate bonds shall be repaid in full at maturity.	principal are collected after maturity. 2. Principal repayment method: Principal for the Type-A bonds shall be repaid in full at maturity since the date of issuance; principle for the Type-B bonds shall be repaid by 50% in 6th and 7th years respectively since the date of issuance.	principal are collected after maturity. 2. Principal repayment method: Principal for the corporate bonds shall be repaid in full at maturity since the date of issuance.	principal are collected after maturity. 2. Principal repayment method: Principal for the corporate bonds shall be repaid in full at maturity since the date of issuance.	principal are collected after maturity. 2. Principal repayment method: Principal for the corporate bonds shall be repaid by 50% in the fourth and fifth years upon maturity, respectively, since the date of issuance.
Outstanding principal balance	Class C bonds: NT\$8 billion	NT\$10 billion.	NT\$5 billion.	NT\$5.3 billion.	NT\$8.2 billion
Terms for redemption or early repayment	None	None	None	None	None
Restrictive terms	None	None	None	None	None
Whether included in qualifying capital	No	No	No	No	No
Name of credit rating organization, rating date, bond rating results	None	None	None	None	None
Other rights	Amount of the bonds already converted into (exchanged into or subscribed for) common shares, overseas depositary receipts, or any other securities until the date of publication of the annual report	None	None	None	None
	Issuance and conversion (traded or subscribed) regulations	None	None	None	None

Bond type	2016 1st unsecured corporate bonds	2018 1st unsecured corporate bonds	2020 1st unsecured corporate bonds	2022 1st unsecured corporate bonds	2022 2nd unsecured corporate bonds
Possible dilution of equity and impact on equity of existing shareholders due to issuance and conversion, trading or subscription rules, or issuance terms	None	None	None	None	None
Name of commissioned custodial institution for objects exchanged	None	None	None	None	None

Note : Not required in the case of a non-overseas corporate bond

(II) Convertible bonds: None.

(III) Exchangeable bonds: None.

(IV) Shelf registration for corporate bond issues: None.

(V) Information on corporate bonds with attached warrants: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Overseas Depositary Receipts: None.

V. Issuance of Employee Stock Option Certificates: None.

VI. Information about new restricted employee shares: None.

VII. Mergers or Acquisitions

(I) CPA opinions on share exchange ratio for mergers and acquisitions or transfers to other financial institutions for the most recent year: None.

(II) Mergers and acquisitions with other financial institutions over the past five years

1. Yuanta FHC:None.

2. Subsidiaries of Yuanta FHC:

(1) Yuanta Securities

A. The First Securities Joint Stock Company

The Board of Directors of Yuanta Securities resolved on November 26, 2015 that the subsidiaries, Yuanta Securities Asia Financial Services and Yuanta Securities (HK), should jointly acquire the equity of First Securities Joint Stock Company in Vietnam in whole. Meanwhile, pursuant to FSC's letter under Jin-Guan-Zheng-Quan-Zi No. 1050000837 dated January 30, 2016 and upon approval of the competent authority in Vietnam, SSC, via its letter No. 7860/UBCK-PTTT dated November 20, 2017, the settlement was completed pursuant to the agreement signed on December 7, 2017. The common stock as acquired therefor totaled 16,581,900 shares. The total investment amount was about US\$15 million, equivalent to NT\$450 million, and Yuanta Securities held 99.95% of the equity of First Securities Joint Stock Company in Vietnam. First Securities Joint Stock Company in Vietnam was renamed Yuanta Securities Vietnam Joint Stock Company on February 13, 2018 officially. Upon approval of the competent authority in Vietnam, the State Securities Commission (SSC), Yuanta Securities Vietnam Joint Stock Company was officially renamed Yuanta Securities Vietnam Limited Company on June 14, 2019.

B. Global Securities Finance Corporation

The Board of Directors of Yuanta Securities resolved on April 24, 2019 that the subsidiary, Yuanta Securities Finance, should succeed to the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Global Securities Finance Corporation. Upon approval via FSC's Letter Jin-Guan-Zheng-Tou-Zi No. 1080360681 dated October 14, 2019, the final installment payment was made and the transaction was completed on November 20, 2019. The transaction price amounted to NT\$15 million and, plus the collateral and related rights valuing NT\$3.211 billion, totaled NT\$3.226 billion.

(III) Issuance of new shares for mergers and acquisitions with other financial institutions approved by the Board of Directors in 2022 and until January 31, 2023: None.

VIII.Implementation of Capital Utilization Plan

- (I) Any negotiable securities offering or private placement that has not yet been completed up to the last quarter before the publication of this annual report: None.**
- (II) Plan(s) completed within the most recent three (3) years but without significant benefits as yet: None.**

Five. Overview of Operations

I. Operations

(I) Yuanta FHC

1. Scope of business

(1) Main business services

Yuanta FHC is a financial holding company. According to Financial Holding Company Act, the business of a financial holding company is limited to investment in, and management of, the enterprises in which it has invested. A financial holding company may invest in the following businesses: financial holding companies, banking, bills finance, credit card, trust, insurance, securities, futures, venture capital, foreign financial organizations approved for investment by the competent authority, and other enterprises determined by the competent authority to be related to financial services.

(2) Revenue breakdown:

Unit: NT\$1,000; %

Item \ Year	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Investment income recognized under the equity method	36,575,675	99.94	22,907,800	99.44
Others	21,270	0.06	128,300	0.56
Total	36,596,945	100.00	23,036,100	100.00

2. Business plans for the year

Supported by excellent asset quality and risk management ability, Yuanta FHC will continue to solidify its core competitiveness - comprehensively driving its growth, strengthening overseas business performance and improving the efficiency from integration of group resources. The business highlights of Yuanta FHC for the year are summarized as follows:

- (1) Yuanta Securities: Yuanta Securities continues to improve the market share, protects customers' assets as the first priority amid the market volatility and helps customers with risk controls. For wealth management services, Yuanta Securities provides diversified wealth management products to expand the AUM and help customers accumulate wealth. For proprietary trading, Yuanta Securities strives to seize more stable and conservative investment opportunities and also make investments to construct positions, if necessary, in order to seek capital gains. For the stock warrants operations, Yuanta Securities continues improving its abilities to control various risks and costs to pursue maximization of profit. For the investment banking related businesses, Yuanta Securities continues to integrate the Group's resources to provide cross-industry and cross-border financial services. The overseas businesses, in addition to the Group's business integration, also develop the local niche markets and take firm steps to increase their earnings contribution.
- (2) Yuanta Bank: Given the economic downturn, Yuanta Bank will focus on adjustment and improvement of risk control and income composition. For the wholesale banking operations, Yuanta Bank tends to select large-scale group customers and potential industries, in order to expand the business in depth and

width. For retail banking services and wealth management operations, Yuanta Bank develops new customers and deepens the transactions with existing customers by providing differentiated financial products and developing diversified marketing channels primarily, and providing the digital and payment platform services secondarily. For financial transactions, Yuanta Bank maintains the resilience of investment operations, takes the liquidity risk, credit risk and income into consideration comprehensively, and selects investment portfolio carefully in order to keep the asset quality superior to the general industrial level.

- (3) Yuanta Life: Yuanta Life's development strategy focuses on stable growth, financial control, balance between businesses, and maintenance of high standard capital adequacy ratio and net worth, in principle. Yuanta Life's products focus on the issues, such as aging society and low birth, and retirement market. Yuanta Life develops the solutions for life, wealth management and medical treatment & care, strives to improve the competence and service quality of financial channels and insurance brokers and agents channels to build a perfect digital insurance policy platform. Given the financial outlook filled with uncertainties, Yuanta Life would manage assets and liabilities and investment operations with a cautious and stable approach.
- (4) Yuanta Securities Investment Trust: Yuanta Securities Investment Trust solidifies core competitive advantages and grows in both scale and profitability. The three growth drives for investment trust are focus funds, new funds and discretionary funds. Yuanta Securities Investment Trust promotes focus funds to expand market share as the first priority, and the new funds appealing "stable growth and fixed income," in order to provide investors with diversified solutions. Further, with the growth of discretionary investment services, Yuanta Securities Investment Trust works with Yuanta Life and channels proactively to launch new policies to achieve the resonance effect of discretionary policies and funds. Additionally, in terms of sustainable development, Yuanta Securities Investment Trust cooperates with the competent authorities to move towards the milestones and leads sustainable investment to achieve the impact of the funds. In the areas of financial inclusion and digital development, Yuanta Securities Investment Trust has been promoting fixed deposits for funds and ETFs, strengthening its digital platform and providing quality services, such as platform optimization and revamping, and expanding one-stop e-payment fund purchase services.
- (5) Yuanta Futures: Yuanta Futures continues to improve the core profit-seeking momentum, use the best effort to promote futures and options at home and abroad, combine excellent software equipment and innovative ability to provide differentiated services, and optimize the service charge structure by strengthening the marketing of foreign futures products and options, in order to improve the market share ratio and profit margin of the brokerage operations. Further, in response to Yuanta FHC's policy and in order to extend its business reach, Yuanta Futures will incorporate a new subsidiary wholly owned by it in Singapore, in order to develop B2B business internationally, and combine resources of Yuanta Futures (Taiwan and Hong Kong) and its subsidiaries to create the consolidated effects for the Group.

3. Industry overview

The inflation and accelerated lift rates resulted in the significant market volatility in 2022. The average daily turnover of TAIEX attained NT\$305.155 billion in 2022, declining by 36.13% annually. Investors' wait-and-see attitude also posed

impact to the securities broker service charges of Yuanta Securities. Notwithstanding, Yuanta Securities Investment Trust continued launching competitive products amid the market turmoil. In addition, due to the increasingly rampant effect produced by the premature termination of savings insurance and target maturity bond, the assets under management (AUM) of Yuanta Securities Investment Trust (including active and passive management funds and discretionary investment operations) broke NT\$990 billion at the end of the year, another historical high. Meanwhile, benefited from the strength in the lift rates and market share of the customers' deposit AUM ranking the first place, the profit sought by Yuanta Futures grew against the trend. The year-over-year (YoY) growth rate attained 33.14%, and the profit reached NT\$1,145 million. For the banking industry, the lift rates and increasing lending resulted in the stable growth of net interest income. Notwithstanding, the rebound in bond yield and market correction posed some impact to the performance of investment positions. The market turmoil also caused the wealth management customers to act more reluctantly to make investment. As a result, banks' service charge revenue declined, and the profit sought by Yuanta Bank declined by 9.14% from the same period of last year. Affected by the high base period, declining bonds and stocks, and COVID-19 insurance claims last year, the life insurance industry was generally underperforming. Nevertheless, no significant loss has been suffered by Yuanta Life for the COVID-19 insurance policy. The flexible asset and liability management and foreign exchange gains from appreciation of US dollars also helped Yuanta Life's profit amount to NT\$1.377 billion stably.

Given the sluggish global economic growth in 2023, Taiwan's export drive is suppressed and TAIEX's performance still needs to deal with challenges. Further, although lift rates may help improve banks' net interest spread, the economic downturn in domestic manufacturing and real estate industries might also pose some impact to the banking momentum and result in increase in the credit costs. For the life insurance industry, benefited from the lift rates, the recurring yield is expected to grow accordingly. Notwithstanding, the expanding interest spread between Taiwan and the US is likely to cause the hedging costs to keep growing. In conclusion, the financial market is still full of multiple uncertain factors in 2023. Yuanta FHC will consistently uphold its strict risk control policy, and assess the circumstances and seize market opportunities to continue to create record performance.

4. Research and development

(1) Project completed in 2022

A. Yuanta Group

- (A) Yuanta FHC data center (Main-Site) network equipment update and replacement
- (B) Yuanta FHC enhanced firewall equipment (office environment)
- (C) Yuanta FHC virtualized platform equipment replacement
- (D) Group information systems security officers' professional training
- (E) Security information and event management (SIEM) system
- (F) Endpoint detection and response enhancements (EDR)
- (G) Computer system information security health diagnostic project

B. Yuanta Securities

- (A) Customer asset management platform - addition of transaction details
- (B) Shareholders service system_code conversion
- (C) TAIEX systematic investment daily debit
- (D) Sub-brokerage systematic investment

- (E) Sub-brokerage trading for Japan stock market
 - (F) Cloud version_conditional order placement platform
 - (G) Implementation of XQ_Trade
 - (H) DMA low-latency trading system speed optimization
 - (I) Market maker for Pioneer Stock Board of emerging stock market
 - (J) Addition of securities lending sale balance in TAIEX market data
 - (K) TAIEX FIX new function: Lending Auction, Auction, Reverse Auction
 - (L) Addition of TAIEX warrant snapshot in TAIEX market data
 - (M) AI customer service
 - (N) Shareholders' Video Meeting
 - (O) Addition of floating interest rate for loans for indefinite purposes
 - (P) Subsidiaries' operational optimization_subscription
 - (Q) Proprietary trading bills management system
 - (R) Central depository bonds e-passbook operations, 2nd Phase
 - (S) Addition of electronic value-added services for derivatives
 - (T) ETN accounting management system
 - (U) Proprietary competitive auction accounting management system
 - (V) Advance payment of settlement system
 - (W) TAIEX/sub-brokerage/ fund systematic investment of fund
 - (X) Account opening APP_three-in-one account opening
 - (Y) Custom SMS platform
 - (Z) Brokerage backoffice system hardware equipment upgrade and replacement
 - (AA) Xinyi data center virtual machine upgrade and replacement
 - (BB) Xinyi data center e-trading system hardware equipment upgrade and replacement
 - (CC) E-trading system storage architecture optimization
 - (DD) GCB management platform construction
 - (EE) Conditional order high-frequency host procurement
 - (FF) Mr. Yuanta local backup framework construction
 - (GG) Firewall form digitization project
 - (HH) Market data speed improvement project
 - (II) Banqiao data center e-trading platform core switch upgrading
 - (JJ) Information security assessment and declaration service project
 - (KK) Mobile APP basic information security test
 - (LL) Mobile APP obfuscation protection
 - (MM) Endpoint detection and response enhancements (EDR)
 - (NN) Vulnerability Management System
 - (OO) AI information security monitoring and warning system
 - (PP) Red Team Attack and Defense exercise
 - (QQ) Security Operation Center (SOC)
 - (RR) ISO 27001 Expansion Verification
 - (SS) Information security governance maturity assessment
- C. Yuanta Bank
- (A) E-conference system (Teams) and remote virtualized office environment (WVD) construction project
 - (B) Microsoft Windows Server upgrading and database upgrading project
 - (C) IBM Host Upgrading Project
 - (D) Account management system conversion construction project
 - (E) Bank-wide intranet information management platform project

- (F) Emerging Technology Network-based Construction Project (1st stage)
 - (G) Financial acquiring platform construction project
 - (H) Mobile wealth management construction project (1st/2nd Stage)
 - (I) Retail banking AO mobile platform construction project (1st Stage)
 - (J) Mobile insurance enrollment construction project (2nd stage - investment-linked)
 - (K) Bills service integration and equipment update and replacement project
 - (L) RPA – implementation of the new procedure project (2022)
 - (M) Mobile payment service project
 - (N) Policy-based digital channel service projects
 - (O) Open banking service project
 - (P) Credit loan scorecard model development project
 - (Q) AML customer due diligence (CDD) e-signature integration platform project
 - (R) Enterprise Application Integration (EAI) system upgrading project
 - (S) The computer system information security assessment project (Class I, II, III)
 - (T) E-payment institution information system standards and security management assessment project
 - (U) Mobile APP basic information security test
 - (V) Endpoint detection and response (EDR) construction project
 - (W) Business Continuity Management System (ISO22301) Implementation project
 - (X) Global cybersecurity information analysis and defensive system implementation project
 - (Y) Blue and red teams' offensive and defensive exercise
 - (Z) Intrusion prevention system implementation project
 - (AA) Security Operation Center (SOC) Implementation
- D. Yuanta Life
- (A) eDDA&eACH licensing and debit
 - (B) Remote insurance enrollment system construction project
 - (C) AI customer service 1st-stage system construction project
 - (D) AI underwriting & claim system construction project
 - (E) Compliance technology management platform system construction project
 - (F) RPA Project – implementation of the new procedure
 - (G) Group insurance customer relationship-online changes of contract procedure reform
 - (H) Construction of the system for participation in medical benefit platform of Life Insurance Association
 - (I) Channel service platform procedure reform
 - (J) WEB proposal system construction
 - (K) Official website product introduction (Life Journey) service construction
 - (L) Life insurance core backup host replacement
 - (M) Firewall System Update
 - (N) Information infrastructure optimization
 - (O) Backup System Update
 - (P) System vulnerability integration and management platform
 - (Q) Intrusion prevention system replacement and upgrading

- (R) Security information and event management (SIEM) System
- (S) BCM environment - core host real-time backup
- E. Yuanta Securities Investment Trust
 - (A) Server Configuration Parameter Management System
 - (B) Work from home (WFH) improvement project
 - (C) Co-location Active-Active mode of the core system for External Services
 - (D) Endpoint detection and response enhancements(EDR)
- F. Yuanta Futures
 - (A) Domestic core accounting back-office clearing system replacement project
 - (B) TAIFEX 2022 IT Project
 - (C) Continued the new generation AI trading platform optimization
 - (D) Office automation and digital system construction
 - (E) Security Information and Event Management (SIEM) construction project
 - (F) Implements Endpoint detection and response (EDR) enhancements
 - (G) Construction of the host security protection system
 - (H) Construct a risk-based vulnerability management system
 - (I) Organize the information security diagnostic and risk evaluation
- (2) Future development plans
 - A. Financial Holding
 - (A) Yuanta FHC SAP ERP upgrading
 - (B) International Information Security Management Standard ISO27001:2022 Upgrade and Optimization Project
International Organization for Standardization (ISO) has announced the new standard ISO 27001:2022. In order to keep the ISMS certificate remain valid, Yuanta FHC will plan to modify management perspectives including prevention, monitoring and response to the event according to the new control measures, and control the effectiveness of risk management while continuing to improve the information security management system.
 - (C) Group's major information security incident reporting and response drill
In order to enhance the Group's joint defense, Yuanta FHC contracts a third-party institution to process the Group's major information security incident reporting and response drill, which might improve the operating mechanism and ability of horizontal reporting, response and supporting within the Group.
 - (D) The Group's blue and red teams' offensive and defensive exercise
In order to enhance the Group's information security defensive ability and detect the major information security risk that affect impact to the business, subject to the lean financial resilience of the financial security information action plan, Yuanta FHC contracts a professional third-party organization to execute the information security offensive and defensive exercise, agree on the objectives and scope of the exercise, and apply hackers' cogitation and pattern about attack to achieve the specifical mission within limited time period, insofar as the business operation shall remain unaffected.
 - (E) Outsourcing of SOC implementation and Group's SOC joint

defense In order to improve the information security joint defense of the Group's subsidiaries, Yuanta FHC implement the outsourcing of SOC implementation and Group's SOC joint defense. The 24/7 full-time operation provides the real-time monitoring service, warning for threats before the event, real-time warning during the event, and suggestion about analysis on threats after the event, hoping to respond to the information security incident immediately and minimize the damage.

B. Yuanta Securities

- (A) Continue new brokerage front-office core system
Restructure and develop the new core system for TAIEX brokerage and trading to upgrade the performance and respond to future needs.
- (B) Continue DMA rapid trading system customization
Customization of programs and extension of functions to satisfy the needs of high-frequency trading VIPs.
- (C) E-trading middle-office optimization
Providing more online service such as TAIEX maintenance ratio, designated trade offset, and integrate wealth management services.
- (D) Centralized branch operations
Certain accounting operations of the branch are processed centrally by the headquarters' dedicated personnel or system to streamline the branch's procedure and improve the operating efficiency.
- (E) Brokerage back-office transaction related fee calculation function optimization
In response to the market changes, such as intraday odd-lot trading and systematic investment services, Yuanta Securities improves the back-office's efficiency in calculation transaction related fee, in order to promptly provide confirmation to customers.
- (F) Anti-money laundering procedure automation
Accelerate the branch companies' anti-money laundering operations, and adopt e-paper to reduce carbon copies, and improve operational efficiency.
- (G) Beneficiary meeting platform
Help Yuanta Securities Investment Trust convene the beneficiary meeting to increase the width of service provided to customers.
- (H) Shareholders service schedule system
Help the issuer prepare the schedule for shareholders' meeting and ex-dividend/right operations online, in order to improve the operational efficiency.
- (I) Group FIDO and data sharing service on a trial basis
Provide the Group's integrated information service via safer and more convenient identity verification mechanism.
- (J) Mr. Yuanta APP business integration - (middle office)
Provide customers with the access to various online service provided by Yuanta Securities via a single channel (APP), and achieve the purpose of business promotion through Mr. Yuanta's vast customer base.
- (K) Mr. Yuanta APP AP version - (middle office)
Provide the e-channel customers with various functions needed by the new general AP trading system, in response to the business departments' planning orientation.
- (L) XQ-M Construction

- Work with a third-party service supplier to provide e-channel customers with more diversified trading and strategic application tools.
- (M) Branch companies' customer self-service section
Provide convenient e-channel value-added services to customers over the counter via the self-service process.
 - (N) TAIEX market data system backup
Construct the enhanced backup mechanism via different sources of market data.
 - (O) Open Yuanta Securities' OpenAPI
Complete the development work at various stages, in response to the competent authority's planning
 - (P) OTC derivatives e-platform function optimization
In order to upgrade the customer service growth, provide customers with the current ELN quotation, position and feedback on transactions available on APP.
 - (Q) Bills trading system function optimization
In order to expand the scale of bills trading, add the quotation disclosure, trading process, payment and clearing automation functions and related analysis reports.
 - (R) Subsidiary ledger deposit and remittance system application integration
Join eAch of Taiwan Clearing House to allow the addition of banks which agree to provide the e-debit authorization service, so as to increase customers' willingness to use the subsidiary ledger, as they may use their original accounts more flexibly.
 - (S) Customer centralized management platform
Establish customers' basic data sharing space maintenance across branch companies, interface with data synchronization in various business systems, and provide the query service about summarization of financial position, collateral, quota and maintenance ratio.
 - (T) Establish the mini branch (for wealth management and sub-brokerage)
Establish the branch companies which only engage in sub-brokerage and wealth management services, target private wealth management, and deal with visitors who make a reservation.
 - (U) Provide the service for the other interest oriented trust of securities
Provide customers with property inheritance and asset management services to have customers transfer the interest on stocks to their family members through the trust cross-generation wealth management planning.
 - (V) Continue wealth management quantitative system
Disclose the risks over wealth management, sub-brokerage and insurance products after executing the KYC on customers.
 - (W) Existing brokerage trading system storage equipment update and replacement
Complete the update and replacement to upgrade the system's performance and stability.
 - (X) New brokerage trading core system construction project
Execute the 3-year plan for the new brokerage trading core system, and construct the development test environment in advance.

- (Y) Mr. Yuanta and Action Golden Spirit system trading and accounting tangible host update and replacement
Plan to purchase new equipment for update and replacement to upgrade the system's performance and stability.
- (Z) E-conference system (Teams) construction
- (AA) Proprietary trading accounting database host update and replacement
Plan to complete the update and replacement to ensure the continuous upgrade of the host and database and also to upgrade the system's performance and stability.
- (BB) Mr. Yuanta local backup framework network equipment construction
Already complete the construction of load balancers and switches at the first stage, and procure firewall and IPS equipment subsequently.
- (CC) Xinyi data center e-trading platform quotation load balancer upgrading
Expected to be upgraded as the equipment with 40G interface to improve the efficiency of services.
- (DD) Banqiao remote backup control room backbone network upgrading
Expected to update and replace, and simultaneously change, the serial interface between switches as 100G interface equipment to upgrade the transaction data transmission speed.
- (EE) Centralized depository system equipment update and replacement.
Update and replace routers, switches and firewall to upgrade the system's performance and stability.
- (FF) Mobile APP basic information security test
In order to strengthen the basic security protection capabilities of the APP and meet the information security review standards, the mobile application APPs released by Yuanta Securities are included in the test (Yuanta Know-It-All/ Action Golden Spirit/Mr. Yuanta/Wealth Management/Account APP, iOS+Android), in order to pass the regular information security testing by a third party laboratory recognized by the TAF and obtain the APP information security mark from the laboratory.
- (GG) Security Operation Center (SOC)
Implement the Security Operation Center (SOC), and continue to improve the Information Security and Event Management System (SIEM), optimize the precision of its event alarms, event processing maturity and root cause database, and establish a reporting mechanism which may send a warning against any abnormal incident immediately for rapid detection and response.
- (HH) Emergency response management for information security incidents
Establish the SOPs for emergency response to various information security incidents, in order to ensure rapid recovery and critical business continuity in the case of any failure in the cyber security system or significant disasters, in order to keep the loss to the minimum.
- (II) Open source software management
Detect program security and mitigate the risk over vulnerability in software, in order to protect and manage open source components

- in its enterprises.
- (JJ) Mobile APP obfuscation protection
Prevent hackers from spying on the internal program code for the APP developed by the organization through the APP obfuscation protection mechanism, in order to avoid the leakage of business secrets.
 - (KK) Endpoint detection and response (EDR) enhancements
Enhance the real-time detection of malware and automatic block of any attack, deploy the EDR on all endpoint device, and strengthen the analysis on users' behavior to prevent the risk caused by malware through the internet, or the latent attack by hackers, so as to keep improving the information security protection capability of endpoints.
 - (LL) Supply Chain Risk Management
Strengthen the information service supply chain's information security management per the competent authority's requirement, in order to improve the entire information security protection capabilities of Yuanta.
 - (MM) Business Continuity Management System (ISO22301) certification project
In order to enhance Yuanta Securities' business continuity management strength and also in response to the competent authority's "Financial Information Security Action Plan 2.0," it implements the international business continuity management system and pass the ISO certification (ISO 22301) to protect its business from ceasing due to any potential destructive event and satisfy the internal rules, laws and regulations, and customers' needs.
 - (NN) Information security governance maturity assessment
Conduct the financial institution's information security governance maturity analysis according to the Financial Information Security Action Plan 2.0, in order to keep strengthening its information security governance.
 - (OO) CMDB Configuration Management
Practice the information asset management, establish the CMDB, and apply the IT logic model to identify, manage and confirm the single record source of all CMDB items in the environment, in order to own complete and correct data, upgrade the enterprise's overall security and improve the business continuity management to realize the promise for uninterrupted services and service level, shorten the downtime caused accidentally and improve the risk management.
 - (PP) MDR Managed Detection and Response
Rely on experienced experts in information security, world-renowned detection and response programs, and the latest local information security intelligence in Taiwan to analyze the monitored system, and investigate and respond to information security threats, so as to establish the real-time and uninterrupted information security expert detection and response defensive mechanism.
 - (QQ) Improvement of Vulnerability Management System

Practice vulnerability asset management, track historical vulnerability repair status precisely, and keep the complete audit track records, to improve the timeliness in responding to vulnerability and mitigate potential risks, and also apply it to the audit operations and finding correction management to improve the efficiency of operations and reduce manual operational errors.

C. Yuanta Bank

(A) Emerging Technology Network-based Construction Project (2nd stage)

In response to the branch's new network infrastructure planning, the center plans the automated management and allocation, construct the branch's network equipment to satisfy new services, improve the network performance and strengthen the branch's information security protection.

(B) Backup optimization project

Update server hardware and operating system to ensure the system's continuing operation, upgrade backup network speed, achieve the goal for no backup carried out during business hours, mitigate the server load, and improve AP service performance.

(C) Centralized file transmission construction project

Improve the stability of file transfer and strengthen the information security protection capabilities and the check operations set for account number and file transfer to improve Yuanta Bank's file transfer performance.

(D) Application performance monitoring management project

Monitor the coding operations comprehensively, identify and discover application performance problems actively, reduce abnormalities in online transactions, and find the problems for troubleshooting and correction.

(E) Active-active data center network equipment construction project

Improve the active-active data center network service and enhance uninterrupted services to ensure the operation and information security.

(F) NTD core system local active-active framework implementation project

In response to the competent authority's policy, construct the NTD core system (BaNCS) uninterrupted service. Implement the high-availability and high-reliability operating structure, improve the system's backup abilities, strengthen the system's stability, and mitigate the transaction risk for customers to help them better at responding to the continuing growth of future trading volume and improve customer experience.

(G) Non-discretionary money trust investment in stock system construction project

Construct the exclusive system to provide more diversified order-placing services and provide customers with more real-time services for 24 hours a day, thereby improving the customer service quality; implement the automated operating procedure into the system's back-office separately, in order to cut the operating costs and improve the efficiency.

(H) Mobile wealth management construction project (3rd Stage)

Apply new technology to provide customers with the latest market development from time to time, and the latest and professional consulting services. The wealth management specialists may help customers plan the allocation and adjustment of assets, seize investment opportunities, and complete the transactions via mobile vehicles, so as to further upgrade the customers' experience in wealth management online.

- (I) Retail banking AO mobile platform construction project (2nd Stage)
To cope with the digital development, the retail banking house loan mobile platform is established, which provides sales representatives with the mobile office scene and improve the business mobility.
- (J) Real Estate Mortgage Cancellation and Application Platform Construction Project
Accept the application for cancellation of mortgage on closed real estate loan online, in order to promote the paperless business operation; provide the online countersignature procedure to save the expenses to be spent in written correspondences and operations.
- (K) RPA – implementation of the new procedure project (2023)
To improve the Bank's business operation performance, continuously promote and develop the RPA project to make employees focus on more valuable business development and improve the entire competitiveness.
- (L) SWALLOW System Upgrading Project
In response to the imminent termination of relevant technical supports by Microsoft operating system and database version, and in order to strengthen the system's safety, the related version upgrading is carried out to seek the technical support from the OEM and improve the business continuity momentum.
- (M) Fund System Host Upgrading Project
In response to the imminent termination of relevant technical supports by the trust system hardware equipment, and in order to strengthen the system's safety, the related hardware equipment upgrading and system performance adjustment are carried out to seek the technical support from the OEM, optimize related maintenance services, and improve the business continuity momentum.
- (N) Insurance Agency System Host Upgrading Project
In response to the imminent termination of relevant technical supports by the insurance agency system hardware equipment, and in order to strengthen the system's safety, the related hardware equipment upgrading and system performance adjustment are carried out to seek the technical support from the OEM, optimize related maintenance services, and improve the business continuity momentum.
- (O) Customer Service Platform Upgrading Project
In response to the imminent termination of relevant technical supports by the customer service system and recording system, and the AES interfaced with switches, and in order to strengthen the system's safety, the related hardware equipment upgrading and construction of customer service backup mechanism in Taipei and Kaohsiung are carried out to seek the technical support from the

- OEM, optimize related maintenance services, and improve the business continuity momentum.
- (P) Credit loan operations platform construction
In response to the promotion of credit loan operations, build the credit loan operations mobile platform, enable sales representatives to operate the procedure via a tablet, accelerate the efficiency in processing of cases, improve the business mobility and improve customers' satisfaction with the service.
 - (Q) Interbank FEP database and local active-active framework upgrading project
In response to the discontinued EOS by the Oracle database version, upgrade the database to a subsequent version, in order to seek the supporting service from the OEM, upgrade the system as the local active-active framework and original factory support services, and improve the business continuity momentum.
 - (R) New wholesale banking review system construction project
In response to the financial digitization trend, apply the operating procedure automation, paperless operations, and reduction of manual work and working hours to improve the quality of management, follow-up and operations, fulfill ESG sustainable finance and carbon reduction trend, and improve the market competitiveness.
 - (S) Financial Trading System Upgrading Project (Calypso implemented into LIBOR Reforms module)
In response to the changes in the interest rate derivatives calculation and clearing mechanism caused by the LIBOR exit, construction the LIBOR Reform module and upgrade the system version.
 - (T) Funds Pricing and Asset & Liability Management System Upgrading Project (Oracle application system FTP/ALM-system upgrading)
In response to the imminent expiration of the ALM/FTP system host hardware, the package software, OFSAA, and discontinued EOS by the Oracle database version, Yuanta Bank carried out the system hardware and software update, replacement and upgrading to enhance the security and availability of the system.
 - (U) The computer system information security assessment project (Class I)
In order to check the integrity and adequacy of the Bank's entire computer information security control policies, Yuanta Bank has a third-party organization to execute the computer system information security assessment project (Class I) and execute various testing items to analyze the difference in the system and security requirements, and carry out the information security assessment operations to verify the potential threats and weakness of information security under the existing network security framework and to upgrade the network and information systems' security defensive capabilities.
 - (V) E-payment institution information system standards and security management assessment project
In order to check the information system via which the bank processes the e-payment operations, and the confidentiality and safety of security control measures, the CPAs are retained to assess

the e-payment institution's information system standards and security control operations, hoping to ensure the confidentiality and safety of the bank's e-trading data through various information security assessment operations, and compliance with the related laws and regulations governing e-payment.

- (W) International Information Security Management Standard ISO 27001:2022 Revision Consulting Service Assessment Project
In response to the promulgation of the latest international security information management standard ISO 27001:2022 version, it is necessary to revise the bank certificate. Therefore, it implements the consulting service to help the bank with the revision per the latest version requirements and also to keep the bank ISO 27001 certificate valid.
- (X) Global cybersecurity information analysis and defensive system implementation (2nd stage) project
In order to strengthen the defense against real-time information security threats, Yuanta Bank improves the protection capabilities on the internet. Through real-time collection and analysis of global malicious threat information, it blocks malicious source connections at the first time to reduce the success rate of malicious threats such as scanning, detection and intrusion by hackers.
- (Y) Optimization of intrusion prevention system
In order to strengthen the bank's entire network framework protection strength, the active intrusion detection and defensive system is installed to monitor network traffic via the system and also check whether there are any vulnerability and intrusion behaviors. Meanwhile, it carries out the active preventive operations to enhance the safety of internal and external network services.

D. Yuanta Life

- (A) Continued development of AI customer service
Utilize the AI technologies, such as NLU and ML, to streamline the customer service procedure, increase more text service procedures, and reduce the customer service workload by electronic means.
- (B) Data platform development project
Applied to multiple development standards: business quality management, customer AML management, business performance report, and installation of the Dashboard for management, etc., expected to make data derived more value, and make the manual data acquisition applied in the past more convenient for the requesting unit to acquire the data needed by its business via the data analysis tools, so as to help business promotion.
- (C) Middle office development
Construct the middle office to mitigate the burden for the core system development and enable the administrative unit's administrative operations for policies to be completed via the middle office, and rearrange the procedures, improve user experience and strengthen administrative efficiency.
- (D) 080 customer service system update and replacement
Establish the new generation 080 customer service system, integrate different customer service channels for acceptance of

cases, strengthen the efficiency of customer services, and provide better service quality to customers.

- (E) Extension of the compliance technology management platform system functions
Systematize self-assessment on compliance, strengthen administrative efficiency and management, and reduce paper print and manual work.
- (F) IFRS 17 system platform implementation
In response to the schedule for implementing the standards, establish the big database and cross-system operation platform in line with the statement disclosure, retention of data, and audit tracks.
- (G) New Investment Management System Construction
In response to the need for future investment management, implement and use the brand new system to improve trading operation efficiency, mitigate operational risk and strengthen the trading checking mechanism under internal/external rules.
- (H) Continue information infrastructure network equipment optimization
Update and replace EOS equipment in line with the requirements for equipment safety, reduce vulnerabilities and defects, and comply with the zero trust network framework.
- (I) Endpoint detection and response (EDR) implementation
In order to detect malware immediately and block any attack automatically, Yuanta Life will continue to complete the EDR system, in order to analyze computer behavior at each endpoint to prevent the risk caused by malicious programs through internet browsing, or the latent attack by hackers, so as to improve the information security protection capability of endpoints.
- (J) Construction of Abnormal Pattern Analysis Mechanism on Application System
In order to detect and discover abnormal events or behaviors in application programs and improve the service security, it plans to use the SIEM to establish a mechanism dedicated to collecting APP logs and analyzing abnormal patterns.
- (K) Implementation of Security Operation Center (SOC)
Outsourcing the monitoring and analyzing operations to the external SOC for the information security incident and abnormality in the network, system and information security equipment, and informing our relevant personnel for responding, in order to further strengthen the organization's information security protection abilities.
- (L) International Information Security Management Standard ISO 27001:2022 Update Project
International Organization for Standardization (ISO) has announced the new standard ISO 27001:2022. In order to keep the ISMS certificate remain valid, Yuanta Life will plan to modify management perspectives including prevention, monitoring and response to the event according to the new control measures, and control the effectiveness of risk management while continuing to improve the information security management system.

E. Yuanta Securities Investment Trust

- (A) Remote failover and backup data center construction

In response to the needs of business continuity management, establish the remote failover and backup data center to strengthen business continuity management.

- (B) Security information and event management (SIEM) system
In order to improve the security information and event analysis ability, the SIEM construction is continued to complete to collect and integrate the daily logs of the information equipment. By setting the alert indicator, tied with the system's data connection analysis ability, integrating the latest external information analysis and generating automated compliance reports, the system is able to shorten the working hours and reduce misjudgment about events and, therefore, detects and rapidly responds to the new types of attacks and threats.
- (C) Business Continuity Management System (ISO22301) Implementation project
In order to enhance the Yuanta Securities Investment Trust's business continuity management strength and also in response to the competent authority's "Financial Information Security Action Plan 2.0," it implements the international business continuity management system (ISO 22301) to protect its business from ceasing due to any potential destructive event.
- (D) System vulnerability integration and management platform
Practice vulnerability asset management, tracking historical vulnerability repair status precisely, and keep the complete audit track record, to improve the timeliness in responding to vulnerability and reduce potential risks.
- (E) Open source software management
Identify, track and patch security vulnerabilities via the automated testing management to improve the overall security and quality of software applications.

F. Yuanta Futures

- (A) Domestic core accounting back-office proprietary trading system replacement project
In order to follow the policy of upholding a fast market with no slow order matching, and to ensure smooth operations on the booming trading date subject to drastic fluctuation, Yuanta Futures optimizes and upgrades the core accounting system comprehensively and enhances more APP services to provide a stable and fine-quality trading environment. Following the major brokerage system conversion plan completed successfully in 2021 and the brokerage clearing accounting system conversion plan completed in 2022, it continues to proceed with the proprietary trading system replacement project this year.
- (B) TAIEX 2023 IT Project
In response to the TAIEX IT projects, Yuanta Futures modifies its internal system and extends the system's functions, completes the construction and development of various front-office trading systems and back-office accounting systems to satisfy the functions and features needed by the new systems, thus making investors' trading more efficient and trading information more transparent.
- (C) Enhanced remote backup data center construction project

In order to strengthen the entire business stability and mitigate the risk of information disasters, Yuanta Futures plans the location where the IDC remote control rooms shall be constructed and related system equipment is to be procured, in order to achieve the goal of uninterrupted business.

- (D) Big data center system construction project
Yuanta Futures continues to build the Big Data Center and integrates the same with the CRM to link and integrate various data channels, and applies the same to the analysis of customers' internet behaviors and transaction history, in order to save time and manpower, improve the data analysis abilities and respond to the market demand rapidly. Meanwhile, apply the advanced technologies, such as data visualization, AI and machine learning, etc., to build the optimized data analysis module to operationalize the data, help understand customer trading habits based on the data, and categorize the customers into groups, and drive strategies by data, in order to achieve the precision marketing, improve customer management and optimize customer experience.
- (E) Enhanced Security Information and Event Management (SIEM) Project
In order to strengthen the organization's information protection aspect, it plans to include the operating core cyber equipment and host into the SIEM system to integrate the collection of information equipment logs. By setting the alarm indicators and system data correlation analysis capabilities, it can greatly reduce the probability of manual operation time and reduce the probability of event misjudgment to achieve rapid detection and response to the new state threat of attack.
- (F) Endpoint detection and response (EDR) system optimization project
In order to expand the organization's information security protection aspect and block malicious viruses and attacks to vulnerabilities in a timely manner, it provides immediate prevention, plans to include the operating core system into the EDR, mitigate risks posed by malware, prevents hackers' attack, and improves the host's security control, threat detection performance and information security protection capabilities.
- (G) Network security detection and protection
In order to detect and discover potential abnormal incidents or behaviors, ML is used for the self-learning of innovative technologies, and to actively detect and automatically stand against online threats, in order to improve the overall defensive ability and protect information assets from online threats and attacks caused by information security vulnerability.
- (H) Open source software management system
Identify, follow up and repair the security vulnerability via the automated testing management to improve the enterprise's overall APP safety and quality.
- (I) External attack management system
Check and identify exposed known and unknown digital assets and related bugs from an external perspective, in order to manage the priority of the most critical and high-risk bugs to be fixed, and help

identify services, credentials and equipment setting errors that may be exploited by malicious users, and bugs in the third-party software.

- (J) Organize the information security diagnostic and risk evaluation
Execute various information security health checks pursuant to the Futures Merchant Information Security Protection Standards and the self-disciplined regulations published by the Chinese National Futures Association, including information security health checkups and compliance checks and discovery of vulnerabilities and information security threats, in order to achieve a sound information security framework within the organization.

(3) Expected important R&D expenditures, and R&D progress

Unit: NT\$1,000

R&D project	Estimated expenditure	Scheduled completion date	Expenditures spent in the most recent 2 years	Results generated in the most recent 2 years
Yuanta FHC International Information Security Management Standard ISO27001:2022 Revision and Optimization Project	2,500	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
The Group's major information security incident reporting and response drill	1,500	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
The Group's blue and red teams' offensive and defensive exercise	5,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta FHC outsourcing of SOC implementation and Group's SOC joint defense	3,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities brokerage backoffice system hardware equipment update and replacement project	11,400	March 2022 ~ October 2022	11,400	Already launched in October 2022
Yuanta Securities Xinyi equipment room virtual host update, replacement and procurement project	8,800	March 2022 ~ July 2022	8,800	Already launched in July 2022
Yuanta Securities Xinyi equipment room e-trading system hardware equipment update and replacement project	17,993	March 2022 ~ September 2022	17,993	Already launched in September 2022
Yuanta Securities E-trading system storage framework optimization project	3,900	April 2022 ~ January 2023	3,900	Already launched in January 2023
Yuanta Securities GCB management system implementation	9,670	July 2022 ~ March 2023	0	Underway
Yuanta Securities conditional order tangible high-frequency host procurement project	2,250	November 2022 ~ February 2023	0	Underway
Yuanta Securities existing brokerage trading system storage equipment update and replacement	11,160	January 2023 ~ June 2023	0	Underway
Yuanta Securities new brokerage trading core system construction project	1,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities Mr. Yuanta and Action Golden Spirit system trading and accounting tangible host update and replacement project	21,090	February 2023 ~ August 2023	0	Scheduled to be executed in 2023

R&D project	Estimated expenditure	Scheduled completion date	Expenditures spent in the most recent 2 years	Results generated in the most recent 2 years
Yuanta Securities E-conference system (Teams) construction	900	April 2023 ~ November 2023	0	Scheduled to be executed in 2023
Yuanta Securities proprietary trading accounting database host update and replacement project	18,550	January 2023 ~ October 2023	0	Scheduled to be executed in 2023
Yuanta Securities high-frequency trading network framework construction	10,000	January 2022 ~ December 2022	6,500	Already launched in 2022
Yuanta Securities Mr. Yuanta local backup framework construction	80,000	January 2022 ~ December 2024	19,800	Already complete the construction of load balancers and switches
Yuanta Securities Xinyi data center e-trading platform quotation load balancer upgrading	15,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities Banqiao remote backup control room backbone network upgrading	25,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities centralized depository system equipment update and replacement.	1,600	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities Mobile APP basic information security test	800	January 2023 ~ December 2023	0	The APPs available to users (Yuanta Know-It-All/Action Golden Spirit/Mr. Yuanta/Yuanta Wealth Management/Yuanta Account APP, iOS+Android) have passed the information security testing and certification by a third party laboratory recognized by the TAF.
Yuanta Securities Security Operation Center (SOC)	5,800	January 2023 ~ November 2023	0	Scheduled to be executed in 2023
Yuanta Securities Emergency response management for information security incidents	3,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities open source software management	1,500	January 2023 ~ June 2023	0	Underway
Yuanta Securities APP obfuscation protection	2,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities endpoint detection and response (EDR) enhancements	4,900	January 2023 ~ June 2023	0	Underway
Yuanta Securities Business Continuity Management System (ISO22301) certification project	4,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities information security governance maturity assessment	1,500	January 2023 ~ October 2023	0	Scheduled to be executed in 2023
Yuanta Securities Improvement of Vulnerability Management System	3,000	January 2023 ~ June 2023	0	Underway
Yuanta Securities CMDB Configuration Management	10,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Bank network module and network switch procurement project	1,800	August 2021 ~ August 2022	1,800	Already launched in 2022

R&D project	Estimated expenditure	Scheduled completion date	Expenditures spent in the most recent 2 years	Results generated in the most recent 2 years
Periodic maintenance project for Yuanta Bank network equipment maintenance and external communication equipment	7,300	August 2021 ~ December 2024	2,500	Underway
Yuanta Bank Emerging Technology Network-based Construction Project (2nd stage)	65,000	November 2021 ~ March 2024	0	Underway
Yuanta Bank backup optimization project	12,000	October 2022 ~ December 2023	0	Underway
Yuanta Bank centralized file transmission construction project	5,500	December 2022 ~ August 2023	0	Underway
Yuanta Bank application performance monitoring management project	6,500	December 2022 ~ November 2023	0	Underway
Yuanta Bank active-active data center network equipment construction project	40,000	December 2023 ~ December 2024	0	Scheduled to be executed in 2023
Yuanta Bank NTD core system local active-active framework implementation project	350,000	December 2022 ~ December 2024	0	Underway
Yuanta Bank Insurance Agency System Host Upgrading Project	8,000	September 2022 ~ June 2023	650	Underway
Yuanta Bank non-discretionary money trust investment in stock system construction project	20,000	July 2021 ~ June 2023	6,000	Underway
Yuanta Bank mobile wealth management construction project	23,000	November 2021 ~ December 2023	18,000	1. 1st-stage already launched in August 2022. 2. 2nd-stage already launched in December 2022. 3. 3rd stage underway.
Yuanta Bank retail banking AO mobile platform construction project	7,000	May 2022 ~ December 2023	5,000	1. 1st-stage already launched in July 2022. 2. 2nd stage underway.
Yuanta Bank RPA Project - new procedure implementation project	7,000	September 2020 ~ December 2023	4,000	Implement RPA automated platform throughout the Bank in 2020, and continue to promote the implementation of new procedures to various units.
Yuanta Bank SWALLOW System Upgrading Project	1,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Bank Fund System Host Upgrading Project	12,000	June 2023 ~ March 2024	0	Scheduled to be executed in 2023
Yuanta Bank Customer Service Platform Upgrading Project	20,000	April 2023 ~ October 2024	0	Scheduled to be executed in 2023
Yuanta Bank interbank FEP database and local active-active framework upgrading project	81,000	December 2022 ~ February 2024	0	1. 1st-stage database upgrading is expected to be launched in March 2023. 2. 2nd-stage local active-active framework upgrading is expected to be launched in February 2024.

R&D project	Estimated expenditure	Scheduled completion date	Expenditures spent in the most recent 2 years	Results generated in the most recent 2 years
Yuanta Bank new wholesale banking review system construction project	33,000	August 2022 ~ February 2024	0	Expected to be launched in February 2024.
Yuanta Bank Financial Trading System Upgrading Project (Calypso implemented into LIBOR Reforms module)	38,000	May 2022 ~ September 2023	13,200	Expected to be launched in May 2023.
Yuanta Bank Funds Pricing and Asset & Liability Management System Upgrading Project (Oracle application system FTP/ALM-system upgrading)	39,000	March 2022 ~ December 2023	24,000	Expected to be launched in July 2023.
Yuanta Bank computer system information security assessment project (Class I)	1,500	May 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Bank E-payment institution information system standards and security management assessment project	400	January 2023 ~ April 2023	0	Underway
Yuanta Bank International Information Security Management Standard ISO27001:2022 Revision Consulting Service Assessment Project	3,200	June 2023 ~ December 2024	0	Scheduled to be executed in 2023
Yuanta Bank Global cybersecurity information analysis and defensive system implementation (2nd stage) project	6,000	February 2023 ~ September 2023	0	Scheduled to be executed in 2023
Yuanta Bank optimization of intrusion prevention system	14,000	January 2023 ~ July 2023	0	Scheduled to be executed in 2023
Yuanta Life data platform construction project	11,096	January 2023 ~ March 2025	0	Underway
Yuanta Life AI customer service platform	8,990	December 2021 ~ December 2023	1,798	Scheduled to be executed in 2023
Yuanta Life middle office construction project	170,000	October 2022 ~ December 2024	0	Underway
Yuanta Life customer service system update, replacement and construction project	5,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Life compliance technology management platform	5,877	March 2022 ~ July 2023	4,860	Underway
Yuanta Life information infrastructure network equipment optimization	2,822	January 2023 ~ June 2023	2,822	Underway
Yuanta Life endpoint detection and response (EDR) implementation	1,700	January 2023 ~ March 2023	0	Underway
Yuanta Life construction of abnormal pattern analysis mechanism on application system	5,300	January 2023 ~ October 2023	0	Scheduled to be executed in 2023
Yuanta Life Implementation of Security Operation Center (SOC)	1,500	July 2023 ~ June 2024	0	Scheduled to be executed in 2023
Yuanta Life International Information Security Management Standard ISO27001:2022 Update Project	1,000	January 2023 ~ March 2024	0	Underway

R&D project	Estimated expenditure	Scheduled completion date	Expenditures spent in the most recent 2 years	Results generated in the most recent 2 years
Yuanta Securities Investment Trust Remote failover and backup data center	9,000	March 2022 ~ September 2023	0	Underway
Yuanta Securities Investment Trust Security information and event management (SIEM) system	9,000	August 2022 ~ August 2023	0	Underway
Yuanta Securities Investment Trust Business Continuity Management System (ISO22301) Implementation project	3,500	December 2022 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Securities Investment Trust System vulnerability integration and management platform	2,900	December 2022 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Futures domestic core accounting back-office proprietary trading system replacement project	19,998	August 2022 ~ July 2023	120,464	The major brokerage accounting system has already been replaced and then launched successfully in September 2021 The brokerage clearing accounting system has already been replaced and then launched successfully in August 2022
Yuanta Futures TAIFEX 2023 IT Project	5,000	January 2023 ~ December 2023	0	Underway
Yuanta Futures enhanced remote backup data center construction project	158,000	September 2022 ~ September 2025	33,700	The 3-year construction project is expected to be executed in two stages
Yuanta Futures big data center system construction project	14,000	September 2022 ~ December 2023	8,800	Underway
Yuanta Futures Security Information and Event Management (SIEM) System	5,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Futures endpoint detection and response (EDR) system project	5,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Futures network security detection and protection	5,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Futures open source software management system	3,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023
Yuanta Futures external attack management system	5,000	January 2023 ~ December 2023	0	Scheduled to be executed in 2023

5. Long and short-term business development plans

Yuanta FHC has kept developing the market in Taiwan more thoroughly in recent years. At the same time when Yuanta FHC is developing business overseas, the integration and voluntary growth, exercise of the consolidated effects of merger and acquisition (M&A) and consolidation, integration of the securities businesses overseas and efforts used in growing the business of various business entities, have driven the significant increase in Yuanta FHC's entire business scale. As a result, Yuanta FHC owning the five major profit engines, including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust, and Yuanta Futures, was incorporated. Meanwhile, the differentiated services and products drove the mutual growth of the Yuanta Group's five major business entities. In order to achieve more remarkable records in the future, Yuanta FHC will make every endeavor to practice the enterprise's core values, namely "seize opportunities and create client wealth," "enhance performance and promote employee welfare," and "create value and increase shareholders' return," and will follow its "2021–2025 Group Sustainable Development Strategy Roadmap" and FSC's "Corporate Governance 3.0 – Sustainable Development Roadmap" to include the spirit of ESG (Environmental, Social and Governance) into the enterprise's culture and business strategies, expecting to become a financial holding company responsible to shareholders, making customers rest assured, being friendly to the environment, and steadily progressing towards the two goals of "Best Financial Services Provider in Asia Pacific" and "International Benchmark Enterprise for Sustainability." The focus on the Company's future business development is stated as following:

(1) Yuanta Securities: Demonstration of Integration & Innovation and Overseas Deployment Effects

Yuanta Securities continues to improve its competitive strength in the Taiwan market and engages in balanced development of various operations. The key to operation resides in integration of resources and innovation of products and services. Further, it engages in the precision marketing and customer base management based on the analysis on data and provides diversified and differentiated products and services to deepen the relationship with customers.

In terms of overseas business management, Yuanta Securities focuses on the cross-border integration for its subsidiaries in the matured markets, such as Hong Kong and Korea, and builds a diversified business revenue structure. For its subsidiaries in developing markets, such as Thailand, Indonesia, and Vietnam, it stabilizes its core business and establishes a wealth management subsidiary in Singapore to expand its wealth management and private banking business to meet customer needs.

(2) Yuanta Bank: Expansion of Business Scale, Increase Sources of Income

The business development focuses on sprouting of fine-quality customers primarily, development of customers through competitive products and precision marketing, and extension of the scope and depth of transactions to provide institutional investors and individual customers with convenient and integrated financial services and make good use of digital financial tools to target cash flow and wealth management service to deepen the relationship with customers.

Continue to maintain excellent credit asset quality and capital adequacy ratio, improve the net interest income by increasing the loan-to-deposit ratio and interest spread, and strengthen the management of the income from various service charges to steadily improve the profit-seeking momentum.

(3) Yuanta Life: Accumulate Assets and Make Contribution to Profit Stably

Yuanta Life's development strategy maintains the stable growth, financial control, balancing of business, and maintenance of high standard capital adequacy ratio and net worth as the principles. In the trend of aging society and low birth rate, products focus on the niche market with the retirement needs. Accordingly, Yuanta Life becomes the expert in the solutions, such as retirement life, wealth management, medical treatment and care. In next three years, Yuanta Life will orient its business development toward digital transformation, stable earnings, diversity of channels and alignment with new rules. Its mid-term financial goal is to stabilize profits and support voluntary growth supported with its own profit.

(4) Yuanta Securities Investment Trust: Improve the performance of active operation, and expand the layout of channels and product lines toward international markets

Yuanta Securities Investment Trust aims to make its AUM and profitability grow stably. Meanwhile, it strengthens the customers' loyalty and expands product lines at home and abroad through improvement of operating performance. By arranging the layout of international products to increase competitiveness, it helps customers take the chance ahead of others to create wealth. Meanwhile, it continues to promote Taiwan Equities active and passive funds through the systematic investment policy to expand the AUM, in order to improve its product competitiveness and business efficiency.

(5) Yuanta Futures: Build an International Trading Platform

Yuanta Futures' business focuses on solidification of brokerage market share and increase in the gross profit, optimizes the risk control performance and information exchange system, improves the proprietary trading performance, and aims to become an international futures firm as its mid- and long-term strategic goals, expand its international market operations to stabilize its economic position in Asia Pacific, and develop overseas subsidiaries to become an international trading hub.

For the short-term business development plan, please refer to "Four. Overview of Operations/I. Operations" for the business plans of Yuanta FHC and its subsidiaries.

(II) Business services of subsidiaries

1. Yuanta Securities

(1) Main business services

- A. Brokerage of securities listed on Taiwan Stock Exchange (TWSE)
- B. Proprietary trading of TWSE-listed securities
- C. Brokerage of securities listed on Taipei Exchange (TPEX)

- D. Proprietary trading of TPEx-listed securities
- E. Margin trading and short sale for the trading of securities
- F. Underwriting of securities
- G. Securities transfer services
- H. Introducing brokerage for futures trading
- I. Proprietary trading of securities-related futures
- J. Consigned trading of foreign securities
- K. Short-term notes and bills
- L. Trust Businesses
- M. Other operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT\$1,000; %

Business	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Brokerage	31,364,042	67.44	21,074,823	70.30
Proprietary	12,881,664	27.70	7,158,215	23.88
Underwriting	2,258,532	4.86	1,743,429	5.82
Total	46,504,238	100.00	29,976,467	100.00

(3) New financial products and services in development

As a leading domestic brokerage firm, Yuanta Securities will continue to improve its existing products and services, and also keep expanding business to satisfy customers' diversified needs and boost its profitability, in response to the competent authority's new policies. Continue to perfect the "Mr. Yuanta" APP functions, provide customers with the mobile order placement tool operated easily and delivering abundant and complete information, and strengthen various digital services and integrate the mobile trading platforms for various operations; in response to the business development and investors' needs, continue to develop the functions for e-trading of Japanese stocks and popular overseas bonds, so that customers may trade Taiwan stocks, warrants, US stocks, Japanese stocks, Hong Kong stocks, Chinese stocks, overseas bonds, and domestic and foreign futures options via "Mr. Yuanta" APP to satisfy customers' need for the one-stop investment service.

For IB services, in response to the competent authority's promotion of the "Taiwan Innovation Board" and "Pioneer Stock Board," Yuanta Securities sets exclusive sections in various e-trading platforms to help investors grasp the information about fine-quality startup industries rapidly, and continues to strive for fine-quality startups to help them raise funds in a diversified manner. For the proprietary trading, it continues to optimize the existing strategies, uses the best effort to develop new business opportunities to achieve the diversity of profit, and provides the market-making service with respect to various new products in response to the competent authority's policy.

Meanwhile, in order to develop regional private wealth management and commodity and transaction centers, Yuanta Securities incorporated the subsidiary engaged in wealth management in Singapore, cooperating with the diversified commodity and transaction centers of Yuanta Hong Kong, it strengthens the entire wealth management and private banking services, integrates and links the resources among overseas subsidiaries, and move forward toward the objective for the “Best Financial Services Provider in the Asia Pacific Region.”

(4) Business plan for the year

A. Balanced business development:

(A) Brokerage services:

Yuanta Securities continues to solidify its core brokerage business and develop new business lines. In addition to adopting the stable channels, it also strongly promotes domestic and overseas wealth management products to create a dual engine of brokerage and wealth management profitability, thus driving the revenue from the trading and AUM of relevant business operations. It also uses the best effort to increase the market share of brokerage services, provides the institutional investors with the one-stop service business model through professional division of labor and integration of the Group’s and investment consulting research resources, and expects to further improve the institutional investors’ trading volume and contribution to profit. Meanwhile, it continues to develop young and retail investors by means of the systematic investment plan and intraday odd-lot trading policy to strengthen its entire customer structure, activate dormant accounts to improve the weight and turnover rate of transactions, and promote the loans for indefinite purposes.

Further, it provides different clients with the most adequate financial products and services based on the internal related data analysis and effective grouping, and aims to protect customers’ assets as the first priority. Continue to perform the sales representatives’ inheritance and channel talent recruitment plans, and train the talents and members needed by the business by recruiting and soliciting for the elite in the same trade.

Actively optimize the back-office operating systems of the headquarters and branch companies, strengthen the functions related to cash management account and e-counters, and provide customers with the convenient and effective one-stop online account opening services. Practices the fair dealing services proactively, including friendly to elderly customers, development of inclusive financing, and promotion of ESG practices, e.g. green power and green procurement applied to business locations, and promotion of the implementation of the carbon pricing management system internally.

(B) Wealth Management:

Yuanta Securities continues to sprout the wealth management services, expand the scale of wealth management operations, provide customers with all-round financial asset allocation, and launch products suitable for customers in a timely manner. Continue to expand the wealth management products covered by the wealth

management platform, introduce the funds and insurance products generating excellent performance proactively and design and develop self-made financial products proactively, and promote “Yuantization” of products, including sale of products of Yuanta Securities Investment Trust and Yuanta Life. Further, it expands the development of private wealth management services. In addition to expanding the private wealth management team and establishing a wealth management center for high-asset customers, it is expected to organize a wealth management flagship branch company in 1H of 2023, expecting to provide high-asset customers with comprehensive and customized wealth management services. In response to the aged society trend, it will continue to adjust the branch company’s structure and invest massive wealth management resources, subject to the retirement life planning, asset legacy and children education, in order to delve into customers’ family condition and strengthen retirement cash flows and long-term care planning. Additionally, in 2022, Yuanta Securities has received the approval from the competent authority with respect to the service for the “other interest oriented trust of securities.” Therefore, it is allowed to help customers plan the asset legacy.

For the sub-brokerage services, it perfects the overseas equity system and launches the products about US stocks and Japanese stocks primarily. It will focus on fine-quality overseas bonds, coupled with the e-trading platform for the popular overseas bonds developed by it independently, to engage in segmented and staggered customer management. Additionally, it organizes events and regional investment forums periodically to maintain the relationship with customers, link with overseas subsidiaries’ business and resources, and deepen Yuanta’s brand identity as the first choice financial institution in Asia. It is expected that securities houses may be allowed to engage in the sub-brokerage financing business at the end of 2023. Yuanta Securities will keep watching the development and prepare for the business. Notwithstanding, the financing portfolio covered in the initial planning will be limited to stocks and ETF only.

(C) International institutional business and securities borrowing and lending (SBL) business:

In 2023, Yuanta Securities will continue to enhance its institutional investor business. In response to the market changes and customers’ needs, Yuanta Securities keeps integrating resources, diversifies products and optimizes trading systems and services to maintain the high competitiveness in the same trade. With the strength in channels, it also makes every endeavor to improve the demand and weight of the two-way SBL business for natural persons proactively, in order to activate the general stocks held by investors, strengthen the related SBL businesses and maintain Yuanta Securities’ leadership in the SBL market.

International Institutional Business Dept. engages in sprouting the customers’ loyalty to Yuanta Securities through the cross-product sales and the department’s one-stop platform services, and satisfies foreign institutional investors’ demand in Taiwan’s capital market via the cooperation with brokerage and SBL businesses. By providing derivatives and activating capital and securities from the

primary market to the secondary market, it provides the customer bases with different trading behaviors with comprehensive expertise and services, and thereby creates the win-win situation showing improvement of the department's market share and profitability at the same time.

(D) Proprietary trading:

In response to changes in the global economic condition, it will adjust the proprietary trading-related operations and strategies in a timely manner. It will continue to adopt the stable securities investment policy, and also construct investment positions in a timely manner, hoping to seize the opportunity that may seek capital gains. Meanwhile, in order to improve the mid- and long-term operating performance stability, it continues to engage in the systematic investment management and diversified trading allocation.

For the quantitative trading services, it continues to maintain the market-making leadership with respect to the transactions of futures, options and ETF, and also participates in the market making for financial products listed on TAIEX and TWSE proactively. Adopt the smart evaluation model and strategic development to continue improving various trading technologies and investment strategies; increase the proportion of short swing transactions adequately, hoping to complement the original risk-neutral transactions so as to reduce the price risk over positions. Expand the applicable scope of related models and develop introducing brokerage signals (e.g. short swing price forecast indicators), which may be applied to the market making for futures, options and ETFs so as to improve the entire trading performance.

(E) Investment banking business:

For the customer-oriented purposes, solicit for various business opportunities proactively, e.g. TWSE (TPEX) listing, consolidation, split, acquisition and release of stocks, and also strive to participate in the market indicative or multinational projects. Utilize the Group's resources effectively, strengthen cross-border underwriting and international fund-raising services, and introduce more diversified and innovative financial services in the world. Continue to improve the integration with overseas channels, sprout valuable investors in line with the trend in the mainstream industry, create the complete name list of regional investors, enhance the diversity of channels, and delve into relevant overseas markets to develop the business opportunities for diversified projects.

The underwriting business tends to weigh quality and quantity equivalently, in order to raise the market share of related business. It also continues to improve the internal control mechanism about related underwritten cases, in order to mitigate the risk over underwritten cases effectively. In order to respond to the government's green financial policy, it focuses on the client's ESG performance when undertaking related cases, strictly follows the "Sustainable Finance Guidelines" when selecting cases, follows up and guides customers to enhance the ESG-related improvements, and practices corporate social responsibility (CSR) into the business planning and corporate business. Meanwhile, it continues to keep the

market share of market making and trading volume on the emerging stock market ranked in first place.

Considering that the competent authority has further lifted the qualifications of the professional investors on the “Taiwan Innovation Board” and “Pioneer Stock Board” in 2022, the requirement on financial position was adjusted downward from NT\$10 million to NT\$5 million. Yuanta Securities also uses the best effort to act in response to the competent authority’s policy to boost the Taiwan Innovation Board and Pioneer Stock Board, and continues to strive for fine-quality startups to help them raise fund in a diversified manner.

(F) Shareholders service agency:

Yuanta Securities continues to maintain its market position ranking 1st place in the securities industry, and replace the price competition with fine-quality differentiated services to increase the added value for customers. Meanwhile, it continues to increase the customer bases with high contribution steadily. In response to the amendments to laws and regulations, Yuanta Securities optimizes the shareholders’ meetings held by means of visual communication network, and continues to enhance the information equipment and systems to improve the operational performance.

(G) Bond business:

Yuanta Securities will continue to note various countries’ monetary policy and the effect posed by lift rates to the global financial market, adjust the related bond trading strategies from time to time, take chance to create interest spread positions and seek the opportunities for investment under band operations that may generate capital gains. It strives for corporate bonds and financial bonds underwritten projects to maintain its leadership in underwriting of bonds. In response to the competent authority’s policy, it continues to promote, and help enterprises with, offering of green bonds or sustainability bonds. It expands the development of short-term notes and bills operations, and increases positions and number and type of trading counterparts.

Foreign currency-denominated bonds are managed via proprietary trading primarily. Besides this, it is allowed to engage in the foreign currency-denominated bond RP/RS transactions pursuant to laws. Therefore, it will develop related trading counterparts proactively, and increase diversified foreign currency capital sources to reduce the foreign currency capital cost and liquidity risk. It continues to maintain its leading position in the bond-related derivatives trading market. Further, as Yuanta Securities holds the qualification as a foreign exchange securities house, it continues to provide customers with the services related to foreign exchanges, and also strives to reduce the covered costs and improve the price competitiveness.

(H) Derivatives service:

Yuanta Securities maintains the leadership in stock warrants and various financial derivatives transactions, and increases the active accounts, market value and product awareness of ETN products at the same time. Increase the issuance and market making of ESG-related warrants and ETN products, and add the ESG section on its warrant page. Develop the new version of the securities and warrant

hedging system, reduce the securities and warrant market making costs, continue to develop products and optimize related services. If the amendments to the “Securities Transaction Tax Act” are passed in 2023, it is expected that the transaction tax to be borne by securities and warrant issuers for hedging may be reduced in the future. Yuanta Securities will continue to provide investors with better securities and warrant quotation and market making quality, in order to facilitate the securities & warrant market’s development and increase the incentives for participation by the securities & warrant investors.

In the meantime, it continues to develop various financial derivatives and also improve its abilities in self-production, e.g. multi-purpose Fixed Coupon Note (FCN). It will also plan to construct the online derivatives account opening system and develop APPs for structured notes, in order to provide customers with more convenient OTC financial derivatives trading services.

(I) Digital finance and e-commerce:

In consideration of the ever-changing FinTech development, Yuanta Securities always uses the best effort to innovate the digital financial services, and, for the customer-oriented purposes, always act in response to the customer patterns and behaviors in the big data analysis to satisfy customers’ needs for online financial services. It will continue to improve the related e-platform’s trading functions and also plan to integrate various e-platforms. In the future, customers may identify “Mr. Yuanta” APP as the main portal site to enjoy more convenient online transactions and services, and the weight and turnover rate of transactions of its e-platform users may be increased so as to create the digital trading platform’s value at the same time. In order to strengthen the protection of transaction information about the customers, it continues to conduct the urgent response drills against the information security incidents to improve the defense, monitor momentum and enhance the information security protection.

The cooperation between the Group and its affiliates implements the FIDO (Fast Identity Online) into the CDD mechanism to improve the information security. Meanwhile, it also plans to expand the application to the Group’s data sharing and utilization, accelerate the completion of online accounting opening data and eliminate uploading of complicated documents, and use the overview of the Group’s assets to access the information about personal assets on a one-page web. Further, it improves customers’ satisfaction with the online service through AI customer service. Continue to engage in the industry-academia cooperation projects with major colleges and universities, organize various simulated trading competitions and investment seminars, etc., to help train students’ professional knowledge about various financial products and help Yuanta Securities accumulate potential young customer bases.

B. Expand the market in Asia:

(A) Korea:

The securities market in Korea is considered relatively matured. Besides this, Yuanta Securities (Korea), as a mid-scale securities house now, will continue to construct the diversified operating

revenue structure and aim to maintain the stable ROE growth. In order to shorten the distance in competition with large-scale securities houses and improve the competitiveness, Yuanta Securities will continue to improve the related order placement system's functions (tRadar Pro and tRadar Battle, etc.), and, based on the Group's market survey report and concept, and cross-departmental cooperation and exchanges, provide customers with differentiated and customized services to increase customers' loyalty and continue attracting new customers, increase the channels' value and replace the price competition. It continues to improve the overseas stock trading services and enable investors to engage in investment overseas more conveniently, so as to activate the overseas sub-brokerage trading.

Meanwhile, it works with the brokerage service to promote related bond investment products. At the same time as continuing to strengthen the investment banking operations, it carefully selects the participated cases via strict internal review and risk management mechanism, hoping to enable the related business to be developed continuously under effective risk controls.

(B) Hong Kong:

At the same time when developing various business lines, Yuanta Securities (HK) also controls related exposure positions carefully and, under the existing stable business development, continues to launch various business lines, deepens the cross-border cooperation and constructs convenient order placement platforms, in order to develop toward the Group's offshore trading center. It continues to develop the private wealth management services, expand the diversified customer bases in Asia, and serve customers with diversified products. It will work with Yuanta Singapore to improve the Group's core competitiveness in wealth management services.

Further, it builds the overseas bond platform and develops various self-made financial products. In addition to foreign currency-denominated bond transactions, it will develop offering and agency of foreign currency-denominated bonds and expand the scale of self-made structured notes. Among other things, the subsidiary of Yuanta Securities (HK), Yuanta International Investment (HK) (YII), plans to issue the products including ELN (Equity Link Note), FCN (Fixed Coupon Note) and LBN (Leverage Bond Note). The headquarters in Taipei serves as the domestic agent of YII, expected to provide high-net-worth customers and institutional investors with more diversified products.

(C) Thailand:

In addition to the core brokerage and financing services, Yuanta Securities (Thailand) will continue to develop the warrants, new financial products, stock futures, fixed income, investment bank and wealth management services. It expects to create more new growth drivers for operating revenue, in addition to the core businesses, enabling its overall operating revenue structure to become more diversified and balanced.

(D) Vietnam:

Yuanta Securities Vietnam continues to develop the brokerage and financing services, and also launches the online trading APP

(overseas version of Mr. Yuanta) to increase new accounts and business growth momentum, expected to develop related effects step by step. It develops the investment banking services step by step, seeks the opportunities to work with local companies, provides financial consulting and underwriting services, and increases diversified operating revenue sources.

(E) Indonesia:

PT Yuanta Sekuritas Indonesia continues to engage in the brokerage and T+0 (Early Settlement) financing operations, and plans to launch the online trading APP (overseas version of Mr. Yuanta) to expand retail customer bases. In the future, it will develop the investment banking services step by step, develop institutional investor customer bases and move toward the goal of business diversification.

(F) Singapore:

Yuanta Securities incorporated the subsidiary engaged in wealth management in Singapore on April 29, 2022. After receiving the asset management-related financial license issued by the local competent authority and running business officially, it is expected to become a regional private wealth management platform that may develop wealth management and private banking services more thoroughly and deepen the integration of overseas business resources.

(G) Mainland China:

Yuanta Securities and its subsidiary have set up three representative offices in Beijing, Shanghai and Shenzhen in China so far, in addition to Yuanta Investment Consulting (Beijing) and the branch company in Shanghai, primarily engaged in the related business and collection of information. In the future, it will continue to note the legal environment of the entire capital market in China and the development in the same trade, and also follow up the cross-strait competent authorities' schedules for lifting of related laws and evaluation thereon.

(5) Industry overview

A. Industry status and development:

Recalling 2022, the global economy and financial market had to deal with bigger challenges. The geopolitical tensions, persistent inflationary pressures and sluggish economic growth caused both of the international stock and bond markets to decline. According to the forecast by the international institutions, IMF, WTO and OECD, the global economic growth in 2022 became sluggish from the previous year. The economic growth rates were estimated as 3.4%, 2.8% and 3.1%. The sluggish global economic growth produced pressure to Taiwan's economy and affected domestic export sales and investment momentum. According to the statistics gathered by the DGBAS and Central Bank, the economic growth rates in Taiwan were 2.43% and 2.91% in 2022, obviously declining from 6.53% and 6.45% in the previous year.

Given the impact posed by the international trends, market correction started after TAIEX hit the highest closing index, 18,526.4 points, on January 4. It reached the lowest record in October and closed at 14,137.7 points at the end of the year. Compared with the record in the

previous year, 18,218.8 points, the index declined by 4,081.2 points for the whole year, the second highest record in history, declining by 22.4%. The average daily turnover in the centralized exchange market and OTC market amounted to NT\$305.2 billion, a decrease by NT\$172.7 billion or 36.1% over 2021. According to the statistics gathered by TWSE, the profit sought by the whole securities houses was NT\$38.8 billion in 2022, decreasing by NT\$66.7 billion from 2021, i.e. 63.3%. Yuanta Securities' net profit after tax was NT\$12.1 billion, i.e. 31.1% of the profit sought by the whole securities industry.

Looking forward to 2023, the external environment remains uncertain and the tight monetary policy under the inflation trend increases the risk over economic downturn. Besides this, the changes in China's epidemic prevention policies might affect the global supply chain. The international institutions forecast that the global economic will need to deal with the pressure continuously. According to the forecast by IMF, WTO and OECD, the economic growth rates in 2023 are 2.9%, 2.3% and 2.2%. The domestic market import/export and investment performance became sluggish due to the international condition. The industry continues to adjust inventories. Notwithstanding, as the people's life is recovered to normal condition and the border is opened, the recovering private consumption still may benefit the economy. According to the forecast by the DGBAS and Central Bank, the economic growth rates in Taiwan are 2.75% and 2.53% in 2023.

For the policies related to securities market, the "Capital Market Blueprint" established by FSC in 2020 helps the securities industry's development, aiming to complete the five major strategies within three years, including enhancement of the market issue functions, activation of transactions, upgrading of international fame, improvement of financial intermediary institutions' market functions and encouragement of financial innovation and diversified financial product development. In 2022, it continued to boost the lifting of certain laws and regulations, including permission for the customers of securities houses to utilize funds via cash management accounts to improve the income from funds in the cash management accounts and resilience of the fund utilization and increase such customers' willingness to conduct delivery via the cash management account. Meanwhile, securities houses were allowed to provide the money trust investment and securities trust investment services concurrently, so that they could provide customers with diversified trust products. FSC also keeps noting the issues on sustainable development in the securities industry. In recent years, FSC has successively promulgated the "Securities & Futures Industry's Sustainable Development Transformation Execution Strategy," "Corporate Governance 3.0 – Sustainable Development Roadmap," and the "Green Finance Action Plan 2.0." Meanwhile, it encourages the fair dealing policy, creates the

environment benefiting the entire securities market and relevant suppliers' development, and enables financial consumers and suppliers to achieve a win-win situation jointly.

B. Business development trends and competitiveness:

(A) Brokerage services

The impact posed by inflation and lift rates resulted in the global financial market volatility. The daily turnover of TAIEX attained NT\$305.2 billion in 2022, a decrease by 36.1% from NT\$477.8 billion in 2021. TAIEX dropped from the highest record accordingly. Though it has bottomed up since October, the decrease attained 22.4% in a single year.

Yuanta Securities is very good at making use of its resources to satisfy customers' needs as its first priority. It reviews customers' structure carefully and distinguishes customer bases. Meanwhile, it engages in the stratified management subject to customers' investment habits. Meanwhile, Yuanta Securities proactively promotes the real and virtual integration services from online to offline, tied with various online marketing activities and aided by innovative mobile order placement platforms. It also promotes the long-term and stable systematic investment services to train young customers about the correct investment concept and financial knowledge.

Yuanta Securities also uses the best effort to develop and solicit new customers, sends the push notice for business marketing activities via various channels including the official website, Mr. Yuanta APP and social network, from time to time, and integrates the Group's resources to organize the presentation and investment seminars periodically. It would communicate to the customers the latest information about products and services promptly, help investors know about the investment trend and movement in domestic and overseas stock markets, and continue to develop retail investors, promote the simple and low-threshold wealth management tools including intraday odd-lot trading and systematic investment service to strengthen its customer structure.

Considering that the stock market suffered larger volatility this year, Yuanta Securities aims to protect customers' assets as the first priority, interacts with customers proactively and extends care to customers. Meanwhile, it practices the KYC, integrate the Group's resources to help customers disperse risks and allocate assets, and provide the sound comprehensive services.

(B) Proprietary Trading business

In 2022, the outbreak of Russia-Ukraine War has affected the world. Fed adopted the tight monetary policy to deal with the soaring inflation. Many countries' central banks followed the step for lift rates. As a result, the interest rate increased, USD became stronger and fund tightened, thus disadvantageous to the stock market. Besides this, as the competition in the high-tech industry between China and the USA become more intensified, the weighted index of TAIEX dropped by more than 4,000 points throughout the year, a decrease by more than 20%.

Looking forward to 2023, the inflation slows down in the USA. The

global international stock, currency and bond markets have already responded to the expectations, such as interest rate reaching the top, suspension of tight monetary policy and shift of policy, in 1H of this year in the USA. According to the observation, the semiconductor industry tends to decline after reaching the top in Q3 of last year. The market expects that the adjustment might take few quarters. Notwithstanding, due to the growing demand for AI, high-speed computing transmission and 5G communications, TSMC is leading Taiwan's semiconductor industry based on its unique position in the industry and expected to drive the prosperity of the entire upstream and downstream industry chain.

Proprietary Trading Dept. closely works with research resources, in hopes of creating new and more excellent investment portfolio. Proprietary Trading Dept. owns the best stock investment team, insists on pursuing absolute rate of return under strict risk control, grasps the investment trend and opportunity precisely, continues developing toward diversified layout and investment in the world's markets, and constructs the investment team with forward-looking global view and excellent ability in investment.

(C) Quantitative trading services

Quantitative Trading Dept. is primarily engaged in various ETFs, futures and options market making services at TWSE and TAIEX and is dedicated to providing the market with reasonable quotations and trading liquidities. In the meantime, it upholds the service spirit as a market maker. It uses the best efforts to provide quotations about TAIEX, stocks, raw materials & supplies, foreign exchange rate and overseas ETNs, etc., becoming the market maker providing quotations about the most product lines. In 2021, the market share of its market-making businesses made it remain the market leader stably.

In 2022, given the impact posed by Russia-Ukraine War, the global central banks have initiated the lift rate policy to respond to the inflation. As a result, the economic development became sluggish, significant market correction was made, and TAIEX index declined by 22% throughout the whole year. The daily turnover of stocks declined from about NT\$300 billion at the beginning of the year to below NT\$200 billion at the end of the year. Though the need for hedging caused the daily turnover of futures and options to decline by 2.8% from 2021, the stock price gap emerging from time to time increased the difficulty in provision of market making services. Under such circumstance, Quantitative Trading Dept. adopted the stable management as the first priority, and adjusted various risk and position limits adequately in response to the changes in market and also controlled them strictly. As a result, the profit sought by it came out top among the peer companies in 2022.

Looking forward to 2023, Quantitative Trading Dept. has adjusted its strategic model in response to the changes in the financial market's structure, and re-checked and consolidated resources to the most advantageous trading strategies. In addition to continuing to provide sufficient market liquidity, it also continues to create new business scopes to maintain its remarkable performance in profitability.

(D) Investment banking business

The investment banking business of Yuanta Securities is oriented toward customers' needs and assists in providing long-term development strategies and financial consulting services. The business strategies (including IPO, SPO and FA) insist on every case consistently and provide customers comprehensive financial services as a Sector Banker. It actively searches for various financial advisory business opportunities, such as listing (TWSE and TPEX), mergers, splits, acquisitions, and private placement, to help customers get abundant aids from the capital market. It not only provides customized services but also develops diversified businesses. Meanwhile, it combines the Group's resources to provide customers with other business opportunities, enhance the customers' loyalty, continue to enhance the OSU platform, and engage in cross-border underwriting and international fundraising activities actively. Under the "Investment Banking Platform" framework, it provides one-stop services, refers the Group's resources to provide comprehensive and fine-quality corporate financing, asset management and brokerage services, and combines the wealth management platform to introduce more diversified and innovative financial products in the world. Further, it implements the life insurance, venture capital and investment trust fund operations to the bank via the "Investment Banking Platform," enhances customers' loyalty, moves towards the Group-level "Wholesale Banking Platform" and strives to become a professional partner of issuers.

It responds to the government's green financial policy. The investment banking business focuses on customers' ESG performance (Environmental, Social and Governance), hoping to encourage listed companies to value their ESG development via the market mechanism. When selecting customers, Yuanta Securities Investment Banking Department will strictly comply with the "Sustainable Finance Guidelines," consider the customers' business outlook more thoroughly, and take into account the degree of customers' valuation on ESG practices during the inspection carried out under the responsibility checklist. Whenever accepting cases, in the case counseling process, it fulfills the CDD, periodically reports the status of customers to whom it provides the counseling service, and follows up and guides customers to strengthen the ESG-related improvements, in order to practice the spirit of corporate social responsibility into business planning and corporate operations. It also manages the environmental and social risks proactively, and takes them into account when making trading decisions, in order to urge both parties to create the ESG value jointly in line with the international sustainable development trend.

Also, the Investment Banking Department will uphold Yuanta Securities' principle claiming "Honest-Based Hospitality" to promote its fair dealing policy and practice the core value. Improve the employees' awareness toward financial consumers' protection and compliance with financial consumers' protection-related laws and regulations, and enhance consumers' confidence in the financial service industry. Adhering to the professional finance and ethical

service principles, it provides customers with fair financial service experience and also complies with the fair dealing policy to enable the whole colleagues to understand the importance of thinking from the customers' position to ensure the customers' interests and rights. In 2022, it underwrote a total of 230 cases in IPO/SOP markets, amounting to NT\$135.23 billion in total. Yuanta Securities has participated in the bookrunner and joint bookrunner with a total of 44 cases, with a market share of 10.84% and a total underwriting amount of NT\$14.7 billion. As the leading brand in the IPO market, Yuanta Securities values quality and characteristics when selecting cases, and communication with investors when underwriting cases. It refers fine-quality cases to the capital market, so that investors may access fine-quality investment portfolio via the IPO platform and thereby seek profit. Issuers may also raise the fund needed by their business development. A lot of enterprises has grown and expanded rapidly in the most recent two years. Yuanta Securities applies the diversified and efficient fund-raising methods to plan the best fund-raising portfolio for the SPO, and introduces long-term strategic and financial investors to enable it to improve the quality of equity structure while raising fund. In 2022, Yuanta Securities Investment Banking Department assisted with multiple IPO and SPO cases, as the IPO leading securities house during this period, such as CFPREC (6829), M3TEK (6799), VisEra (6789), PlayNitride-KY (6854), VISCO (6782) and XAVi (3447). Yuanta Securities has underwritten a total of nine SPO cases, including Value Valves (4580)CB+CI, EMC (2383) CB, CCI Yilan (1342) CB, Eurocharm-KY (5288) CB, TMT (3645) CB, TSEC (6443) CI, PEC (6446) CI and TTC (3388) CB.

As a leading securities house in the industry and also a major driver of the competent authority's policies, Yuanta Securities worked with TWSE to launch the stocks from the first company listed on Taiwan's Innovation Board, namely PlayNitride Display Co., Ltd. – KY (6854) in August 2022. Different from the traditional IPO carried out through auctions, the Innovation Board adopted the book building system instead. The Investment Banking Department of Yuanta Securities assisted the company to plan the most suitable arrangement for investors, including institutional investors, strategic investors, financial investors, and general investors, which balanced the stability and liquidity of equity at the same time.

Yuanta Securities investment banking business insists on selecting fine-quality cases. With its innovation and diversity in investment banking business, in 2022, it received again the special honor as triple champion awarded by TWSE, all in the first place of the "Marketable Securities Award – Securities Underwriter, 1st Place" "Economic Stimulation Award – IPO Fund-Raising, 1st Place" and "Economic Stimulation Award – IPO Market Value, 1st Place."

For the financial consulting service, Yuanta Securities has achieved abundant achievements in underwriting cases, including M&A cases in Taiwan, or multinational/cross-border cases. It will continue to look for companies with potential in the international market, hoping to utilize the depth and width of investment banking products to improve the cross-border international financial consulting services,

and keep deepening the comprehensive investment banking services and increase the added value.

For the private placement (PP), Yuanta Securities exercises its experience in private placement and extensive investor network to provide private placement and investment solicitation and block trade services and designs the corrective action plan of equity structure for its corporate customers. It also introduces diversified financial and strategic investors by taking into account the timeliness and valuation.

Whether Yuanta Securities partook in IPO, SPO or FA cases, it upheld the principles of risk control, carefully selected cases, and deepened the integration of resources within as well as our competitive advantage. Meanwhile, it combines the other subsidiaries of the Group, and also works with the overseas locations in Hong Kong, Korea, Vietnam, Thailand and Indonesia to provide customers with the needs at various development stages, ranging from investment consulting service, private placement, and planning and suggestion about stock exchange market/OTC market listing in the capital markets everywhere at the very beginning of incorporation, to the fund-raising planning, investment and consolidation & acquisition strategies at the stage of growth. Meanwhile, it integrates the Group's resources to provide the cross-industry and cross-border complete financial services to customers, in order to satisfy customers' comprehensive financial needs for investment & wealth management, fund-raising/financing planning and integration of cash flows. As it considers developing business opportunities overseas to disperse risks, it will try to understand the trading markets in the USA, Luxembourg and Singapore, in order to develop the business opportunities for diversified cases.

Yuanta Securities Investment Banking Department aims to become the "Best Financial Services Provider in the Asia Pacific Region." Work with the investment channels in different regions to increase the width of placement and investment solicitation. By cultivating overseas markets and expanding synergies, Yuanta is providing customers with a full range of capital resources and strategic planning options. Yuanta Securities Investment Banking Department will maintain the leading position in the underwriting market and link the core business with cross-selling and cross-border corporate banking business, in hopes of further deepening and broadening the investment banking products. Yuanta Securities expects to deepen the development in Taiwan's capital market and, therefore, extend the business overseas as a pioneer on the global investment banking product platform.

(E) Bond business

In 2022, the global economy has suffered multiple challenges. As driven by the outbreak of Russia-Ukraine War, the raw material and supplies price was increasing. Besides this, the issue about shortage of workers made the inflation problem become worse. Various countries' central banks tightened the monetary policy significantly, in order to prevent the inflation from spreading comprehensively, and re-activated the lift rate pace applied in 1970 to suppress the rapid growth of inflation. As a result, the government bond interest

rate was growing rapidly. Notwithstanding, the economic growth became sluggish gradually following the rise in interest rate and inflation. Therefore, how to seek balance between economic growth and inflation becomes the first priority for various countries' central banks. Taking the USA as an example, Fed has accumulated the lift rates by 4.25% in total. The target interest rate range of the federal funds was adjusted upward as 4.25~4.5% significantly. Under the circumstance in which the interest rate is significantly higher than the neutral level, the financial market conditions are tightened and risk-based assets are suppressed accordingly. The economy in the manufacturing industry and service industry has declined since the end of the year and fallen below the PMI. The market sentiment has shifted from worrying about out of control over the inflation to focusing on economic recession. In 2022, Fed accelerated the pace of lift rates. As a result, the US bond interest rate grew significantly and disbenefited the bond market performance. In 2022, in terms of trading, Yuanta Securities Bond Division adopted the defensive strategy and adjust the NTD and foreign currency bond trading positions in response to the market conditions. In terms of offering, Yuanta Securities, as a leader in the NTD bond market exceeding the underwriter ranking 2nd place in the total underwriting amount by NT\$20 billion, underwrote a total of 106 cases. Also, Yuanta Securities continues to innovate business in the NTD-denominated bond market. In response to the sustainable development bond policy promoted by the competent authority, it led the offering of the bonds listed on the Sustainability Board, including Far Eastern New Century 111-2, TSMC 111-6, Yuanta Bank 111-1, E-Sun 111-3 and Land Bank 111-3. Further, TPEx published the new Sustainability Board bond product, SLB, in July 2022. Among the first batch of SLB issued successfully, Yuanta Securities was the only one underwriter participating in both projects, as it served as the joint bookrunner of CHIMEI SLB and also bookrunner of Far Eastern New Century SLB. It referred such new product to investors successfully, provided the underwriting and consulting services for the bonds, deepened participants' respect toward the sustainability-related issues and practiced the sustainability and common good, and relied on its position as the bond underwriter ranking 1st place and high-level understanding about enterprises and investors to play the role as a matchmaker on the capital market platform satisfactorily, in order to allow the fund-raising channels of enterprises which are committed to promoting the environmental improvement to operate more successfully, promote the government's green finance policy, and provide investors with innovative products to give the investors more choices and also create a win-win-win situation. As affected by the strong lift rates in the USA, the issuance and cases of foreign currency-denominated International Board bonds decreased at the same time. Notwithstanding, Yuanta Securities continues to develop the underwriting opportunities in NTD and foreign currency primary markets. Its entire underwriting market share ranked 1st place in 2022.

Looking forward to 2023, the bond market will have to deal with the challenges including the global central banks' termination of lift

rates, economic recession and geopolitical risk. There is a likelihood of interest rate downward. Yuanta Securities will keep noting related issues to seek profit in transactions. The Bond Division will strive to seek profit in the environment of high capital cost, and also use the best effort to develop new business lines or new products to create more business opportunities.

(F) Derivatives service

Yuanta Securities is a leading securities house in the stock warrant market of Taiwan. In 2022, Yuanta Securities has issued a total of 12,958 stock warrants, i.e. the market share of 23.7%, at the issue amount of NT\$124.5 billion, i.e. the market share of 25.5%, both in the first place in the market ahead of the others in the same trade. Yuanta Securities has developed the stock warrant market for many years. Its business scale outperforms the others in the same trade. Meanwhile, it keeps improving itself and uses the best effort to provide investors with better service quality, including provision of diversified stock warrant products to enable each stock warrant investor to find Yuanta stock warrant in line with his needs. Further, ahead of the others in the same trade, it provides the Line@ stimulated trading platform to new players, so that they may accumulate their investment experience in securities and warrants via the platform. At the same time, veterans may also improve their methods to invest warrants via the platform. Yuanta Securities helps investors at different stages to enable them to get familiar with the investment in securities and warrants in a trading environment free from risk and almost realistic. Finally, Yuanta Securities uses the best effort to protect investors' interests and rights. It also discloses on its securities and warrant official website the "market making commissioned selling volatility" of each Yuanta Securities' warrant since it is listed, so that investors may access the reasonable price of Yuanta Securities' warrant at any time via the trial calculator and then make the most correct investment decision to upgrade the investors' recognition of Yuanta Securities' warrant brand and maintain the leadership of Yuanta Securities' warrant in the market. In 2022, under the circumstance that Yuanta Securities continued to promote the business of structured notes, the outstanding balance of the equity-linked and structured notes still accounts for about 33% market share in the same trade. In recent years, structured notes have been known and accepted by domestic investors gradually. From the wealth management platform, the investors may choose an adequate asset allocation among the diversified financial instruments, subject to their risk tolerance. Looking forward to 2023, Yuanta Securities will continue to research and develop the new structured notes to satisfy the market. It is expected to bring the chance of development for the structured notes market.

Asset swap services derive from convertible bonds. In 2022, Yuanta Securities still remained the first place in the market share of the outstanding balance of asset swap services. In 2022, Taiwan stock market was under correction. Besides this, the high inflation caused the central banks of various countries led by Fed have consecutively adopted the tight monetary policy, such as lift rates, as the responsive action. The asset swap valuation interest rate and offered rate also

rose sharply. The entire market's turnover at the option end declined, from NT\$185.4 billion to NT\$132.2 billion. Notwithstanding, the convertible bond market remained booming due to the expectation toward lift rates. Therefore, the AUM at the option end in the entire market kept hitting records, from NT\$114.8 billion to NT\$147.3 billion. Looking forward to 2023, the asset swap market is still full of challenges and opportunities. Yuanta Securities continues to seek the stable market position by virtue of the competitive strengths, such as brand, capital cost, business scale, APP order placement, increase of e-trading convenience, and fair dealing policy, and also pursue the growth of scale and profitability by insisting on effective control over the quality of asset risk.

Yuanta Securities continued to develop the ETN product lines and issued a total of 4 ETNs in 2022. Among the other things, two of them were related to ESG, namely, Yuanta Green Energy ETN and Yuanta TPEx ESG HD ETN. Yuanta Securities also engaged in innovating the offering of the ETN product lines, and issued the first fixed coupon ETN on the market to satisfy investors' need to receive interest regularly. The Yuanta Taiwan Covered Call OTM 5% ETN issued in December 2022 was the first strategic ETN throughout the market, which introduced the covered call strategy commonly applied in the futures and options market into the securities market, provide investors with different financial tools and make Yuanta ETN product lines more complete.

(G) Wealth management services

In order to deepen the customer services, provide complete products, Yuanta Securities sought the approval from the competent authority in March 2011 to run the wealth management business under the trust framework, and played the important role as a pioneer in the market of wealth management run by securities firms.

Yuanta Securities' wealth management business has matured after several years of development. The customers' needs became more and more diversified, while the depth and width of services needed by the clientele were high. In order to deal with more and more special and professional customers' needs, Wealth Management Dept. continued to include various wealth management products. Meanwhile, in order to meet customers' needs more and serve high-asset customers, it integrated internal resources to design and develop self-made products so that any different customers may enjoy financial services.

Since Yuanta Securities offered the securities wealth management trust business, it has led the others in sale and management of funds. Therefore, since 2012, the total assets of customers under its non-discretionary money trust business has ranked 1st place in the market, far ahead of the others in the same trade. This primarily resulted from mass business locations of Yuanta Securities' channels and intensive relationship between it and customers, as well as the quality of its study report ranking 1st place in the same trade. Meanwhile, its fund platform has selected 31 domestic trust investment companies and 22 overseas fund companies so far, offered more than 2,000 products, and owned the most complete network interface and order placing system in the same trade. For customers, they may deserve such

strengths as professionalism, completeness of portfolio and convenience, if they choose Yuanta Securities to manage wealth on behalf of them.

Statistics of the money trust balance managed by the wealth management department until the end of December 2022(NT\$ million)

AUM	2020	2021	2022
Yuanta	47,507	46,758	64,088
Sino Pac Securities	24,875	29,739	32,779
KGI	21,140	26,330	30,029
Mega	11,936	13,754	13,520
Capital Securities Corp	12,981	12,124	13,277
Total Amount	118,439	128,705	153,694

Source of data: Taiwan Securities Association

Statistics of the accumulated accounts opened for money trust managed by the wealth management department until the end of December 2022

Number of opened accounts	2020	2021	2022
Yuanta	250,559	391,228	453,284
Sino Pac Securities	80,199	90,701	99,844
KGI	56,024	72,414	95,221
Fubon	20,465	45,561	60,292
Capital Securities Corp	48,636	51,261	55,195
Total	455,883	651,165	763,836

Source of data: Taiwan Securities Association

Since Yuanta Securities offered the wealth management trust lending operations in May 2013, Yuanta Securities has built the asset pool for the stock which was most likely to be lent and pursued the efficiency of lending as its business development policy. Notwithstanding, in response to the lifting of laws and regulations, since Yuanta Securities started the retails two-way lending in February 2016, it has focused on the two-way lending operations for natural persons primarily and the trust lending operations secondarily. The asset pool for the trust lending operations was based on the customers' permanent idle stocks which were lent frequently, in order to generate the maximum income for customers and Yuanta Securities together with the two-way lending operations for natural persons.

Statistics of the securities trust balance managed by the wealth management department until the end of December 2022 (NT\$ million)

AUM	2020	2021	2022
KGI	13,924	10,661	10,360
Fubon	5,024	5,979	5,765
Yuanta	3,826	3,094	3,260
Master Link	2,377	3,447	3,064
Mega	1,892	1,716	1,833
Total of securities	27,043	24,897	24,283

Source of data: Taiwan Securities Association

(H) Consigned trading of foreign securities operations

To pursue extensive development and innovation of financial services, expand the scope of business and upgrade customers' service quality, given that domestic financial products cannot satisfy consumers' need for diversified investment in new products, the investment service for foreign securities demanded by the market was expanded; and, to participate in various business seminars and open policy-making procedures organized by the competent authority.

In November 2014, the competent authority approved the Shanghai-Hong Kong Stock Connect and approved professional investors to participate in foreign securities IPO at the beginning of 2015. In 2020, it applied for providing services to high-asset customers and the application was approved later. In 2021, it provided customers with the real-time quotation for the US stocks and offered the systematic investment services for overseas stocks. In 2022, it provided customers with the real-time quotation for the Japanese stocks and overseas bonds e-trading services on APP. Meanwhile, it researched the important policies, such as the allowance of foreign currency financing business. Yuanta Securities will always seize the opportunities as the first one in the same trade and continue providing customers with the services beyond the standard applicable in the same trade in response to the government policy.

Since 2017, Yuanta Securities has recruited the sales representatives to deal with high-net-worth customers to engage in direct marketing. It set up the market and product team, and also offices in North, Central and South Taiwan dedicated to developing the private wealth management services for exclusive clientele and planning the tailor-made service needed by the exclusive clientele, in hopes of creating a new age for itself in the securities private wealth management market.

Market share of sub-brokerage services in 2022	
Cathay Securities Corporation	25.57%
Sino Pac Securities	16.53%
Yuanta Securities	10.48%
Fubon Securities	9.24%
KGI Securities	9.62%

Source of data: Taiwan Securities Association

- (I) Securities borrowing and lending
At the end of 2022, a total of 20 Securities & Securities Finance Companies offered products & services of Securities Borrowing & Lending (SBL), a highly competitive OTC marketplace. Lending balance from above-mentioned companies decreased slightly from NT\$348.6 billion at the end of 2021 to NT\$331.9 billion at the end of 2022, a 4.8% change, reflecting changes in stock prices & number of shares on loan. With its excellent and savvy business conducts, Yuanta Securities concluded its SBL market share at close to 30%, putting a huge gap from followers of the industry. Furthermore, in order to more efficiently utilize resources, the securities borrowing and lending services provided by Yuanta Securities in the past seven years also expanded to general domestic customers and inter-broker trading. These expanding practices not only increased participants revenue and trading flexibility, but also enhanced Yuanta Securities' income and created remarkable synergies. At said resources-developing side of business, Yuanta Securities has secured about 30% market share, ranking the first place among peers in the same category.
- (J) International institutional business
Foreign investors accounted for 28.97% of the market turnover in 2022, while the proportion of e-trading kept growing, and the demand from market participants became more diversified as well. Yuanta Securities' international institutional business put the best effort to strengthen the differentiation among local securities firms by integrating its resources and products in order to provide a broader and more convenient platforms. It has achieved a remarkable record in 2022.
Looking forward to 2023, International Institutional Business Dept. engages in sprouting the customers' loyalty to Yuanta Securities through the cross-product sales and the department's one-stop platform services, and satisfies foreign institutional investors' demand in Taiwan's capital market via the cooperation with brokerage and SBL businesses. By providing derivatives and activating capital and securities from the primary market to the secondary market, it provides the customer bases with different trading behaviors with comprehensive expertise and services, and thereby creates the win-win situation showing improvement of the department's market share and profitability at the same time.
- (K) Shareholders service agency
Given the market competition, Yuanta Securities Shareholders Service Dept. adjusted the expansion strategy. It gave up the policy to solicit for customers through the price war. Still, it strove to grasp the opportunities for cooperation with new customers based on its own resources and experience. Meanwhile, it enhanced the relationship with customers, integrated customers' resources and exerted the Group's consolidated effects by providing differentiated services and financial holding resource services.
- (L) International services
For the time being, Yuanta Securities is the leader in the securities market of Taiwan. Notwithstanding, it is not only satisfied with its leadership in the domestic securities market but also highly values

the internationalized business development, in order to pursue the diversification of profit-making sources and structural upgrading of profit-making model while based in Taiwan and aiming at the international markets. Yuanta Securities used the best efforts to expand its overseas business locations. Its overseas layout has been extended from Korea in North East Asia to South East Asia, including Thailand, Indonesia and Vietnam, by integrating its strength in funding sources and product niche in Mainland China, Hong Kong, and Taiwan. It deepened the local business of various subsidiaries and utilized the market characteristics and funding strengths everywhere to form characteristic products and link the synergies of various overseas subsidiaries to build a Pan-Asian trading platform. This was done in hopes of providing customers with more diversified options in investment, more complete product lines and more diversified investment visions, so as to maximize the value of Yuanta Securities, which will ultimately be rooted in Taiwan, and complete the multi-national and global layout of Yuanta Securities.

(6) Research and development

In 2022, Yuanta Securities continued to research and develop multiple design patents about FinTech, developed AI stock selection and automated program transactions to provide customers with diversified investment tools. It launched the sub-brokerage systematic investment service to provide customers with diversified overseas investment modes, and also the systematic investment daily debit for TAIEX, US stocks, and funds. It also added the functions including debit journals and statement of profit and loss, in order to practice the inclusive finance services. In order to improve the customer service quality, Yuanta Securities implemented the AI technology and launched the “Smart Robot,” and also analyzed customers’ behaviors and preference based on the big data to provide customized services subject to characteristics of the customer base.

In 2023, Yuanta Securities will continue to improve the “Mr. Yuanta” APP functions and integrate various mobile trading platforms. Yuanta Securities will start new business lines to satisfy investors’ need, according to the competent authority’s policy, regulations and license to the securities industry. Meanwhile, Yuanta Securities will keep providing the competent authority with suggestions about policies to seek the approval to offer more securities business lines and new products and the opportunity for underwriting business proactively. Additionally, it will promote the proposals and trial projects related to new financial products proactively, in order to satisfy customers’ need for innovative financial products create a win-win-win situation for the government, customers and company, improve the risk management and periodically inspect the information security protection of APPs and systems.

For the protection of intellectual property management, Yuanta Securities has implemented the TIPS, received Class-A receritification in December 2021, and completed Class-A certification under the TIPS in November 2022. It will

continue to enhance the effectiveness of the management mechanism, integrate inter-departmental R&D drives, promote innovation strength, and achieve the IPR management plan-related objectives.

(7) Long and short-term business development plans

Yuanta Securities uses the best effort to solidify the core business competitiveness and position. By improving regional integration and products and extending the development of diversified and differentiated products and services, it develops customer relations more thoroughly and expands the young customers the chance for digital FinTech development. Meanwhile, it develops various innovative businesses to promote the growth momentum, expands sources of diversified income and upgrades the contributions made by overseas subsidiaries step by step to secure stable returns and move forward toward a regional securities institution in the Asia Region.

In consideration of the booming FinTech development and increasingly serious information security threats, in response to the “Financial Information Security Action Plan” of the competent authority, Yuanta Securities strengthens the information security defense, appoints the Chief Information Security Officer and dedicated information security department, and also establishes the Security Operation Center (SOC) to respond to various information security threats in a timely manner and to ensure the safety of transactions and maintenance of operations.

In consideration of the financial liberalization and FinTech developed rapidly and the increasing e-trading proportions, Yuanta Securities continues to invest the R&D in related areas. It will grasp related business opportunities to provide investors with diversified products and increase Yuanta Securities’ diversified business revenue under the government financial policy to open new business lines and products. Yuanta Securities’ business development plans are explained as follows:

A. Short-term business development plans:

- (A) Yuanta Securities continues to solidify the core brokerage services and sprout the development of wealth management services, promote the systematic investment plan for stocks, develop the young and retail investors, provide elderly customers with adequate services, solicit for new customers, activate dormant accounts and utilize data analysis to execute the digital financial business strategies and customer base management, integrate related business units to better perfect the products available on the wealth management product platform in width, and promote the wealth management services drives.
- (B) It continues to improve the functions of “Mr. Yuanta,” integrate various mobile trading platforms, satisfy customers’ need for one-stop investment, optimize the one-stop online account opening service, integrate E-counters, improve the digital financial service quality and strengthen its competitiveness among peer companies.
- (C) Continue to implement the diversified marketing model integrating loaning, develop different customer structures, optimize customer

service experience and satisfaction, and improve the efficiency of service via digitalized procedures, in order to complement its loaning and financing operations effectively. Enhance the securities lending operations, develop the two-way lending operations for natural persons, utilize the sources of securities effectively, and increase the revenue from the related commission.

- (D) Continue to perfect the wealth management products and services, promote overseas sub-brokerage services, improve trading momentum, continue to add compliance trading markets and products, improve the cooperation with Yuanta Securities Investment Trust, Yuanta Life and other financial institutions, and also increase the wealth management products in depth and width, in order to satisfy customers' need for diversified asset allocation.
- (E) "Yuantalize" the products, improve the design and sale of self-made products, and upgrade the AUM of Yuanta Securities; organize various marketing campaigns aiming at raising customers' brand recognition toward Yuanta Securities to secure market leadership; promote the ETN, ELN and FCN business development, expand product lines and increase market value and market share. Develop derivatives online account opening system.
- (F) Participate in the underwriting of related bonds, and maintain the leadership in the market; participate in overseas subsidiaries' fixed income market, and build the Group's institutional investor platform for international cases; expand the underwriting of sustainability bonds and international bonds board, develop bills and notes operations, and increase the contents and channels of products.
- (G) Continue to develop the investment banking business and, for the customer-oriented purposes, continue to integrate related business resources via the Group's corporate banking business platform; provide customers with the complete solutions, balance the quality of cases and business development, and conduct the business by weighing quality and quantity equivalently. The counseling service for case selection will take into account customers' ESG practices and guide customers to improve their ESG practices and replace EPS with ESG.
- (H) Continue to expand the scope of market making, participate in the market making of various products; expand the ETN operations, and develop various financial products that satisfy the market condition and customers' needs.
- (I) Continue to expand the recruitment, link the online and tangible recruitment channels to select talents precisely, train the securities industry talents proactively, and expand the recruitment of financial elite experienced in banking, insurance and securities.
- (J) Continue to strengthen fund liquidity, large-sum exposure to financing position, proprietary trading and product issuance risk management mechanism, an early warning system for risk and mechanism for reporting material contingencies; practice overseas subsidiaries' compliance with internal and external laws and regulations; execute transparent corporate governance policies.
- (K) Proceed with the information security protection, establish the SOC, train the personnel dedicated to analyzing and handling information security incidents, conduct the information security offensive and

defensive drills, and strengthen the defense against hackers; also improve the information security governance to ensure compliance with the information security management standards and effectiveness of the information security protection; implement the international business continuity management standards (ISO 22301), request a third party's certification; construct the third-party supply chain information security management mechanism to mitigate the information security risk arising from the third-party supply chain.

- (L) Continue to promote the ESG development, increase the proportion of ESG-related products; establish the “commercial office building green power model,” promote the adoption of green power at business locations to achieve the Group's green power target; boost the internal carbon pricing management system to achieve the Group's carbon reduction target.

B. Long-term business development plans:

- (A) Have the channels develop wealth management services comprehensively, exert the brokerage and wealth management double engines completely, and stabilize customers' and sales representatives' revenue related to flow (trading) and inventory (AUM). Fulfill customers' group service and position management, provide customers with premium wealth management services, and deepen customers' loyalty.
- (B) Continue the recruitment of and guidance to, and cooperative education, of excellent midlife talents, optimize the entire sales representatives' age structure, reserve excellent talents, in order to achieve the goal for the talent cultivation, alternation of generation, and quality succession.
- (C) Utilize FinTech, big data analysis and AI, and engage in precision marketing subject to customer groups, in order to elaborate the account management; sprout the development of customer assets, fulfill the asset legacy and continue the relationship between Yuanta Securities and customers.
- (D) Expand related financial products proactively at home and abroad, innovate and diversify products, strengthen the R&D of self-made products, and promote “Yuantization” of products. Upgrade the omnibus mobile financial service and FinTech innovation and application, and provide customers with the one-stop service. Integrate resources of the Group's domestic and overseas subsidiaries, upgrade the consolidated effects of domestic and overseas operations, create diversified business cooperation models and solidify its market leadership.
- (E) Promote the wealth management 2.0 proactively, provide high-asset customers with more comprehensive wealth management services, and continue to enhance the convenience and completeness of the information platform, in order to satisfy customers' comprehensive investment and wealth management needs. With Yuanta Singapore as the regional private wealth management platform, and Yuanta Hong Kong as the commodity and transaction center, the dual-core model improves the principal competitiveness of wealth management operations.

- (F) Solidify the wholesale banking operations and provide the one-stop service by developing customized needs and with the strengths in business, product, and teamwork to build Yuanta Securities's position in the brokerage services for institutional investors in the territories of Asia.
- (G) Train the professional talents for regional investment banks in Asia; enhance the cross-border regional cooperation and integration of resources, develop new markets overseas, develop multinational platforms, and provide customers with omnibus financial consulting services needed by customers at various stages of operation, in order to become the top regional international investment bank in Asia.
- (H) Maintain the market leadership in futures, options and ETF market making, expand the scope of countries for overseas investment, construct the secondary trading platform in foreign currency and increase the revenue from related overseas transactions. Develop foreign exchange derivatives, increase the trading volume of spot foreign exchange and trade in Taipei Foreign Exchange Market.
- (I) All overseas subsidiaries' earnings to the whole earnings gained by Yuanta Securities attained the specific target. Utilize the business platforms effectively, line business development opportunities, and expand the operating scale. Enhance overseas subsidiaries' standard information security protection to ensure the safety of connection with multinational network systems. Keep concerning the opportunities for the layout of investment overseas and choose the optimal market to reproduce a successful experience.
- (J) Construct Yuanta Securities (HK) to be the international trading platform center to link the markets of Taiwan, Hong Kong, Korea, Thailand, Indonesia, Vietnam and Singapore; utilize the strength and characteristics of the cross-border financial trading to provide customers with more diversified investment visions and professional financial services; develop the Group's foreign currency bonds marketing platform and work with overseas subsidiaries to issue and sell the bonds; participate in overseas subsidiaries' fixed income market and engage in secondary transactions of bonds with its overseas subsidiaries.
- (K) Promote the ESG practices, establish related dedicated taskforces to promote related operations at different levels, develop ESG-related products, build green financing business locations in steps, and practice the internal carbon pricing management system.
- (L) Cultivate a professional and active defensive information security team, introduce AI self-monitoring, and improve the ability of urgent response; train information security talents qualified as hackers, and strengthen the information security based on the hacker's thinking instead.

2. Yuanta Bank

- (1) Main business services
 - A. Deposit and remittance services
 - B. Wholesale banking services
 - C. Retail banking services
 - D. Wealth management services

- E. Trusts services
- F. Foreign exchange services
- G. Financial operation and financial trading services
- H. Digital financial services
- I. Overseas services

(2) Revenue breakdown

Unit: NT\$1,000; %

Item \ Year	2021		2022	
	Net profit	Percentage (%)	Net profit	Percentage (%)
Net interest income	13,068,647	61.92	14,280,352	68.82
Net service fee income	5,058,513	23.97	4,086,589	19.69
Income from financial assets and liabilities at fair value through profit or loss	744,337	3.53	1,473,318	7.10
Realized gain or loss on financial assets at fair value through other comprehensive income	2,038,565	9.66	991,773	4.78
Exclude financial asset gains and losses measured at amortized cost	19,805	0.09	5,985	0.03
Exchange gain or loss	189,999	0.90	(233,028)	(1.12)
Loss on asset impairment	(310,206)	(1.47)	(2,625)	(0.01)
Net profit or loss other than other interests	295,237	1.40	148,109	0.71
Total	21,104,897	100.00	20,750,473	100.00

(3) New financial products and services in development

A. Wholesale banking services:

It provides digital trading financing service. Customers may apply for electronic issuance service via Yuanta Prestige Corporate Banking and thereby may digitize tangible documents and implement the foreign exchange application platform automatically, streamline operating procedures and improve efficiency. Meanwhile, customers may follow up the case progress and status on the system, and print related trading documents online, so as to achieve the effects, such as paperless work and acceleration of delivery time.

B. Digital financial services:

- (A) According to the FSC's "Guideline for Data Sharing between Financial Institutions," the parent company, Yuanta FHC, gathered the five major subsidiaries including Yuanta Bank, Yuanta Securities, Yuanta Life, Yuanta Futures and Yuanta Securities Investment Trust to propose the "digital identity authentication and authorization" theme-based regulatory sandbox and new business trial planning jointly. Given this, Yuanta Bank played the core role

and established the Group's identification mechanism, "Yuanta FIDO Identity Authentication," which, under the strict information security control mechanism, followed the FIDO standards to build the cross-subsidiary FIDO authentication services, in order to reduce the operating procedures and steps to be taken by customers for opening of accounts, improve service efficiency, and provide interdisciplinary asset integration services upon receipt of customers' consent.

- (B) In response to the digital development trend and in order to improve customers' experience in Yuanta Bank's digital platform service, it will implement the "AI customer service system" into the Bank's digital platforms including the official website, network bank and mobile bank, in order to process the repetitive and general questions raised by customers frequently, thus shortening the time spent in response and improving the operating efficiency significantly. Meanwhile, it may process customers' questions for 24 hours a day, so as to reduce the human resource and working hours spent by the front-office in processing customers' questions effectively.

(4) Business plan for the year

In 2023, Yuanta Bank will focus on adjustment and upgrading of income structure, and adequately plan the business volume to improve the capital utilization efficiency, insofar as the risk is under control. The primary development strategies are:

- A. Corporate banking services: The lending grows stably while risk controls are taken into consideration. The Bank continues to develop existing customers more thoroughly to increase customers' drawdown of facilities, targets excellent customers with better credit ratings as new customers to be developed, seizes the opportunities for reorganization of syndicated loans of excellent enterprises with stable financial performance and positive industry development or provide them with suggestions on integration of liabilities and syndicated loans used to enrich the mid-term working capital, and continues to follow up the opportunities for financing of the projects such as industrial consolidation. Meanwhile, Yuanta FHC will also fulfill its commitment to become the "Sustainable Finance Pioneers Alliance" and set the ESG financing target with respect to the investment, financing and engagement related to corporate banking services, in order to fulfill the sustainable financial liability of the financial industry.
- B. Consumer banking services: Taking the credit card services as the stepping stone to success, the Bank establishes the best business model in quality and quantity delivering a win-win situation for cross sales. The house loan services continue to target the self-occupied customers' need for purchase of house and also transform to primarily launch wealth management-type house loan instead. Notwithstanding, it will still focus on the collaterals situated in metropolitan areas and with better liquidity primarily. For the car loan services, the Bank continues to develop the existing new car brand channels more thoroughly and strengthen the

original car financing operations. Meanwhile, it will develop the loan services for the foreign cars other than those supplied by original manufacturers and contracted distributors proactively, and also promote the new energy car preferential programs for the original car loan brand customers. The credit loan services will be improved from the three aspects firstly, namely, enhancement of the tangible channels' momentum, expansion of the telemarketing team and continued management of digital marketing channels, and target customer bases with capital needs, launch competitive credit loan products, upgrade the brand awareness and attract active customer bases, in order to develop the credit loan services taking into account both risk and income.

- C. Wealth management services: The Bank verifies changes in the market, selects excellent financial investment products, helps customers with adequate asset allocation, and works with the icash card member promotion mechanism and promote the marketing programs for various target customer bases to expand the wealth management customer base's management abilities, upgrade the AUM, and also continue improving the emerging tech digital platform's functions, upgrading the trading efficiency and customer services, and increasing the sources of revenue from service charges.
 - D. Financial trading services: Improve capital allocation and management, stabilize investment-related income, and strengthen expansion of the seller's business operations including TMU and proprietary trading of bond, in order to expand the sources of income.
 - E. Digital financial services: By focusing on customers, the Bank continues to improve the digital channel service experience, build the one-stop financial product service on the digital financial platform, and move toward the goals for "convenience," "friendliness" and "Yuantalization." In order to develop the digital cash flow services, the Bank has worked with multiple e-payment service suppliers to create the cash flow service ecosystem, hoping to improve the customer loyalty and activate accounts, and deepen the bond with customers.
- (5) Industry overview

In 2022, due to the impact posed by the drastic changes in the overall economy, the local banks' business environment presented the situation full of long and short trading intermeshed with each other most of time. The COVID-19 epidemic spread rapidly at the very beginning and then was put under control at home and abroad. The Russia-Ukraine War and supply chain problems caused the global inflation pressure. Major economies adopted lift rates to suppress the inflation. In order to suppress the expectations toward inflation and keep the commodity price stable domestically, the Central Bank of Taiwan has escalated the interest for the first time in the past one decade. In 2022, the range of lift rates adopted by the US Fed has attained 4.25% cumulatively, while it attained 0.625% by the Central Bank of Taiwan

cumulatively. Notwithstanding, both the interest rates on the demand deposits and term deposits denominated in NTD completely reflect the range of lift rates. As a result, the range of increase in the cost of deposits denominated in NTD in the banking industry appears to be large enough to narrow the range of expansion of interest spread under the lift rates in the banking industry. However, the rapid interest rate growth in the bond market and the declining capital market resulted in losses on valuation of the banking industry's own investment positions. The wealth management business also declined as investors kept riding on the fence.

In 2023, major research and survey institutions all expect that global inflation pressure shall remain high, and the economic growth momentum will become sluggish. Besides this, the persistent geopolitical tension still poses challenges to the international financial market's stability. The banking industry's investment and loan risks might increase at home and abroad. Notwithstanding, under the impact posed by the lift rate, the net interest spread is expected to grow step by step. In the post-epidemic era, the border controls are lifted, and the global economic and trading exchange is expected to recover to the normal condition. Generally, the political and economic environment still appears to benefit the banking industry's business development.

For FinTech and digital financial development, driven by the change in the behavior of the public resulting from the epidemic in recent years, the local banks have established the integrated digital financial platforms and optimized online services proactively, and engaged in the horizontal alliance to build a financial ecosystem to improve the entire digital financial service quality. Though no differentiated competitiveness is created therefor, it still benefits the precision marketing of various business lines, deepens the business operations and reduces the local banks' operating costs effectively in the long run.

In terms of the sustainable development issue, given that the global climate changes have posed significant impacts, such issue has been valued by governments and the public increasingly. In response to the international trend and the "Pathway to Net-Zero Emissions in 2050" boosted by the government, Yuanta Bank will also, per the direction by Yuanta FHC's sustainable development roadmap, engage in reducing the carbon emissions systematically and scientifically. The scope of carbon reduction ranges from its own operations to the most critical investment and financing positions of the financial industry, for which the complete carbon emission reduction strategy has been in place. Yuanta Bank practices the sustainable finance in its business and guides customers and partners to join the carbon reduction movement proactively, in order to demonstrate its determination to fight climate changes. In the meantime, Yuanta FHC was invited by FSC to become one of the "Sustainable Finance Pioneers Alliance" members in September 2022, as it declared that it would take initiative actions on the issues including "Green Procurement," "Investment, Financing and Engagement," "Information

Disclosure,” “Assistance and Promotion” and “Connection to the World.” Yuanta Bank will also follow Yuanta FHC’s policy, practice the planning and take physical actions, in order to realize the core value of the financial industry’s sustainable development.

(6) Research and development

A. Business R&D:

- (A) In order to improve the service and sales quality, Yuanta Bank has proposed to establish the “Customer Service Risk Early Warning System” since 2022, in order to include the suspected unfair sales into the database for analysis and mitigate unfair sales. The System’s commissioning is scheduled in 2023, to help Yuanta Bank understand the wealth management specialists’ sales behavior and model and confirm whether the customers have full knowledge of the related investment risk, through data analysis and personnel management and customer care operations, in order to detect and avoid the concerns about unfair sales, and also mitigate the risk over customer complaints.
- (B) It builds the global bond network and implements Bondline resources, in order to enable customers to search for the information about bonds circulating on market and real-time quotes via its network bank, and to place orders via the network bank directly, so as to streamline the original procedure requiring that customers shall place the order via phone and with the Sales & Trading for each transaction.
- (C) Improve the functions of the SBS system, add foreign exchange rate futures, foreign futures and spot stock goods, and establish the functions, such as SBL, paperless query and online review.
- (D) Research TAIFEX’s quotation strategy for product contracts, coupled with the high-frequency trading system to make the market for multiple futures products, so as to earn TAIFEX’s incentives and discount of service charges.
- (E) Optimize the Fund+performance stimulation module and functions, and also plan to develop Yuanta smart regular variable investment strategy and establish the one-click quick investment portfolio setting, in order to provide customers with more perfect investment and wealth management system services.

B. Risk management:

- (A) Establish the default loss rate and default exposure model in line with IFRS 9 and Basel quantitative and qualitative requirements, and plan the wholesale banking credit rating adjustment model or risk rating and analysis projects, improve the wholesale banking credit risk mechanism through continued follow-up and control over the changes of the wholesale banking assets, and continue strengthening and adjusting the same. For the retail banking, continue to follow up and adjust the house loan, car loan, credit loan, credit card and ATM card risk rating and credit extension analysis, scorecard model and risk analysis statement to manage the changes of credit asset risk. In response to the business development, activate the establishment of bank credit loan and behavior score model and related strategic applications in November 2021, in order to expand the business and

increase income under controllable risks.

- (B) In response to the business development, complete the credit loan application scorecard model construction in Q2 of 2022 and activate the model in August officially, and expect to complete the credit loan behavior scorecard model and related strategic applications in Q1 of 2023, in order to expand the business and increase income under controllable risks.
- (C) Continue to improve the stress test calculation method and frequency, e.g. Stimulation of the quantitative model, setting of pressure scenario, and selection and forecast of risk-linked factors.
- (D) In response to the derivatives SIMM construction project, establish the initial margin calculation system and collateral management system.
- (E) Continue to improve the risk control over trading counterpart's credit risk, establish OTC financial derivatives SIMM management mechanism and development platform, and CCP trading procedure for foreign currency OTC financial derivatives.
- (F) According to the Guide on Climate-related Financial Disclosures by Banks as promulgated by the competent authority, continue to improve and upgrade the climate transformation risk management mechanism.
- (G) For the wealth management operations, it researches the political environment risk indicators, strengthens the concentration risk management mechanism, and also strengthens the wealth management database, in order to continue improving the control over various dimensional risks over product position, income and customers.
- (H) Strengthen the risk control over wealth management business, continue to optimize the fair dealing policy, and improve investment protection measures for elderly customers and disadvantaged customers.
- (I) Improve the wealth management service specialist's behavioral risk quantitative indicators, continue to optimize and quantify the depth and width of scoring parameters, and improve the effectiveness of control.
- (J) Continue to develop and establish the database about financial product risk management, in order to expand the scope of application of the data stored in the database.

C. Information R&D:

In response to the business continuity and business development, and to practice the information security management, the Bank plans to execute the following:

- (A) Information system R&D and upgrading: Emerging Technology Network-based Construction Project (2nd stage), Backup Optimization Project, Centralized File Transmission Construction Project, Application Performance Monitoring Management Project, Active-Active Data Center Network Equipment Construction Project, NTD Core System Local Active-Active Framework Implementation Project, Non-discretionary Money Trust Investment in Stock System Construction Project, Mobile Wealth Management Construction Project (3rd Stage), Retail Banking AO Mobile

Platform Construction Project (2nd Stage), Real Estate Mortgage Cancellation and Application Platform Construction Project, RPA—Implementation of the New Procedure Project (2023), SWALLOW System Upgrading Project, Fund System Host Upgrading Project, Insurance Agency System Host Upgrading Project, Customer Service Platform Upgrading Project, Credit Loan Operations Platform Construction, Interbank FEP Database and Local Active-Active Framework Upgrading Project, New Wholesale Banking Review System Construction Project, Financial Trading System Upgrading Project (Calypso implemented into LIBOR Reforms module), Funds Pricing and Asset & Liability Management System Upgrading Project (Oracle application system FTP/ALM-system upgrading), Cloud Native Transformation Plan & Gold Diamond Action APP Construction Project, Finance FIDO Trial Project, and AI Customer Service 2nd-Stage system Construction Project.

- (B) Information security protection and information security management: The important information security projects including information security scanning, computer system information security assessment (Class 1), e-payment institution information system standards and security management assessment project, International Information Security Management Standard ISO 27001:2022 Revision Consulting Service Assessment Project, Global Information Analysis and Defensive System Implementation (2nd stage) Project, and Intrusion Defensive System Implementation Projec.

(7) Long and short-term business development plans

A. Short-term business development plans:

- (A) Improve the loaning drives and structural adjustment, expand the spread interest, and maintain the stable growth of net interest income.
 - a. For the corporate banking operations, it maintains the momentum for development and sprouting of fine-quality customers, and also strengthens the development of foreign currency loans and fine-quality syndicated loan services to improve the interest spread for deposits and loans.
 - b. For the consumer banking operations, it promotes the house loan and car loan business growth steadily, and invests resources to enhance the underwriting of the wealth management-type house loan and credit loan operations with better yield rate.
 - c. In consideration of the asset and liability management throughout the Bank, deposit-taking strategy will be mainly in New Taiwan Dollars, supplemented by foreign currencies, and deposit structure and period adjustment will be made to control deposit costs.
- (B) It solicits for customers via the credit card operations and connects the bank-wide new cross-selling model.
 - a. For the deposit operations, it provides cardholders with NTD/foreign currency preferential interest rate projects, in order to increase the average balance of deposits in the accounts, and charges certain foreign currency debits for overseas consumption back to customers to attract the customers to open accounts denominated in foreign currency additionally.

- b. The salary transfer service is coupled with the credit card application plus chargeback program, in order to increase the application rate of salary transfer accounts for credit cards.
 - c. It plans to integrate the Fu Ju bonus points received from the wealth management service into icash card, in order to keep persuading customers to use Yuan Meng bonus of the icash card and systematic fund investment policy using credit card debit service, and increase customers' AUM through the membership system.
 - d. For the credit card customers' need for loans, it will continue to upgrade the product cross-selling rate through development of telemarketing and digital platforms.
- (C) Improve the functions of digital financial platforms, and engage in the FinTech emerging technology application project.
- a. For the customer-oriented purposes, continue to develop the online services and availability and diversity thereof on the platforms, including mobile banking, online banking, online corporate banking, Yuanta e-counter, mobile insurance enrollment and remote insurance enrollment.
 - b. Promote the addition of the mobile payment tools including "Line Pay Money," "Taiwan Pay," "iCash Pay," "Pluspay," "EasyCard," "Pxpayplus" and "O'Pay" into Yuanta Bank's accounts or credit cards to link the scenario in the customers' daily life and also perfect the cash flow services by integration of multiple payment tools.
 - c. The digital services are based on the identity authentication. In order to improve the security and convenience of digital financial services, Yuanta Bank has started to plan and construct the FIDO system since 2022, in order to apply it to device binding and identity authentication in mobile banks. It also applied for the FIDO trial project with the competent authority, scheduled to apply the FIDO to the identity authentication and data query in the mobile services provided by Yuanta FHC's subsidiaries.
- (D) Fulfill compliance with laws, and maintain the Bank's robust management.
- a. Strengthen the execution of the fair dealing principles: The fair dealing will be practiced by the specific policies dedicated to strengthening the first-line personnel, including adoption of related systems and regulations, and execute training program, care for customers, prevention of fraud and anti-money laundering, optimization of operating procedures, upgrading of customer service satisfaction and processing of customers' complaints, and convening of the fair dealing commission meeting periodically to have the second-line and third-line personnel conduct the review, discussion and follow-up, and report to the Board of Directors regularly, in order to fulfill the promotion of the fair dealing culture.
 - b. For compliance with the AML/CTF system, continue to adjust the system's functions and transaction monitoring mechanism per the need for integration of practices and implement the data comparison and search operations into the automated procedure to upgrade the operational efficiency.

- c. 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, corporate governance, consumer protection, and finance friendly culture and service measures, 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.
 - d. 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.
 - e. 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 improve the profitability stably.
 - a. Promote the branches' sprouting plan, provide the branches with tools and resources to expand the point and line to plane for peripheral customers, screen the name list of potential customers to be developed precisely, and combine credit cards, loans and wealth management services into package products, in order to increase the branches' tools to develop customers and enhance customers' loyalty.
 - b. Establish the integrated marketing and referral mechanism and integrate the real and virtual channels to enable the real 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 satisfy customers' needs for various financial services.
 - c. Target the name list of fine-quality group companies, develop and increase the number of subsidiaries and dimension of traded products step by step, and strengthen the stability of long-term profit and risk controllability at the same time of increase in income.
 - d. Strengthen cross-selling to and sprout management of the existing customers through marketing activities and customer base analysis.
 - (B) Strengthen the practical application and development of FinTech, and improve the core competitiveness.
 - a. Control the market trend, and develop the customer segment marketing and increase the horizontal cooperation in creation of various scene financial services under the personalized service application scenario, in order to deepen the bond with customers and increase the frequency of active transactions with customers.
 - b. Continue to expand the application of empowerment technology under the information security management system framework, e.g. RPA procedure automation, AI, and big data, in order to combine emerging technologies with ESG digital applications and create efficient green financial products and services.

- c. Execute the 3-year plan for digital empowerment development strategy, in order to establish Yuanta's core competitiveness in digital innovation and rapid delivery; use a cloud native seed team capable of agile development to build the integrated mobile services that may enhance customer experience, and upgrade the information infrastructure to ensure the stability and safety of the system and accelerate the digital transformation.
- (C) Fulfill the promotion of green finance and sustainable development
 - a. Connect with the international trends and improve the abilities to respond to climate changes and ESG-related risks in response to the FSC's Green Finance Action Plan 3.0; prepare the sustainable management strategies and action plans per the policies and regulations promoted by the government, in order to improve the sustainable management development and financial service quality.
 - b. Yuanta FHC was invited to join the "Sustainable Finance Pioneers Alliance" in September 2022. It committed to take initiative actions on the issues including "Green Procurement," "Investment, Financing and Engagement," "Information Disclosure," "Assistance and Promotion" and "Connection to the World" more proactively, in order to increase the momentum for the country's and industry's transformation to net-zero carbon emission. Yuanta Bank will exercise the financial business' influence over the industry, guide the industry to continue promoting carbon reduction and transformation to sustainability, and combine green financing and the Equator Principles with syndicated loan operations, in order to guide customers to practice the goal for sustainable management jointly.
 - c. Yuanta Bank will continue to promote the offering of various product projects, such as green/sustainable development bonds, credit card carbon footprint reduction, house loan for green building and eco-friendly energy car loan, fulfill the responsible investment and the responsibility to be borne by the financial business, and demonstrate its determination to develop sustainable finance

3. Yuanta Life

- (1) Main business services: life insurance agency underwriting life insurance, health reinsurance, accident insurance and investment-linked products.
- (2) Revenue breakdown

Unit: NT\$1,000; %

Business	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Life Insurance	32,249,543	60.56	33,570,016	65.33
Personal Accident insurance	186,116	0.35	189,738	0.37
Health insurance	4,576,197	8.59	4,647,795	9.04
Annuity insurance	3,471	0.01	737	0.00
Group insurance	170,379	0.32	183,408	0.36
Premium revenue	37,185,706	69.83	38,591,694	75.10

Business	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Less: Reinsurance premium ceded	(843,137)	(1.58)	(822,461)	(1.60)
Less: Net changes of premium ceded reserve	(273,593)	(0.51)	(96,047)	(0.19)
Commission reinsurance allowance	138,358	0.26	137,298	0.27
Revenue from service charges	912,372	1.71	853,848	1.66
Net income from investments	11,385,579	21.38	11,491,030	22.36
Other operating revenue	48,415	0.09	46,911	0.09
Separate Account on Investment-linked Insurance Products income	4,696,905	8.82	1,187,333	2.31
Total	53,250,605	100.00	51,389,606	100.00

(3) New financial products and services in development

- A. In terms of products: In response to the interest rate environment that changes rapidly and aged society, based on the core product strategy for protection-type and long-term insurance, it tends to satisfy various customer bases' needs for retirement planning and asset inheritance. With respect to the high-end customer base, it provides customized USD-denominated product series, and also combines exclusive VIP services as the focus of the planning. As to the general customer bases, it provides multiple long-term high-protection products available to customers subject to their individual financial budget.

In terms of the protection-type products, it has developed diversified medical insurance contracts/riders, and also combined the Group's channel resources to promote the house loan life insurance and group insurance products. In the future, it will continue to extend the product layout, and promote the inclusive finance and fair dealing policies, per the specific groups' needs (e.g. Seniors, health promotion market and combination of digital development to manage young customer base).

- B. In terms of the channels:
- (A) Focus on the management of channel customer base: Subject to the customer base market demand, distinguish the characteristics of channels and attributes of customers, provide the products and services exclusive for the channel customer bases, and improve Yuanta Life's market penetration rate.
 - (B) Enhancement of digital services: Combine the application of emerging technology to develop business, e.g. interface with channel bank investment, remote insurance application, and Web proposals, in order to optimize the insurance application operating procedure and expand Yuanta Life's business service momentum; also construct the online insurance service platform to strengthen the

visualization of the contents of insurance products and online digital insurance services, so as to enhance the relationship with customers.

(4) Business plan for the year

Yuanta Life's entire business strategy in the year:

- A. Channel strategy: Focus on the management of core channels, aim at the target market demand, analyze and communicate the needs of channel customer bases, develop customized and differentiated products & services, develop the cooperative channels and customers' loyalty, subject to the main channel development strategies specified as following:
 - (A) Expand the Group's consolidated effects:
 - a. Combine the Group's professional strengths and channel resources, and work with Yuanta Securities Investment Trust, Yuanta Bank and Yuanta Securities to develop and promote investment-lined products.
 - b. Work with the Group's institutional investor business channel to promote the group insurance services and sprout the relationship with the group customers.
 - (B) Improve the management of channels in depth and width:
 - a. Bank & Securities Insurance Channels: Arrange diversified products based on customer groups and purposes, maintain the internal channels' business momentum (Yuanta Bank/Yuanta Securities), and expand the cooperation with other financial broker and agent channels based on differentiated products and services.
 - b. Broker and agent channels: Managed subject to the characteristics of insurance broker and agency companies and scale grading, combining with the characteristics of channel demand to develop marketing plans for customized products and differentiated value-added services, sprouting key broker and agency companies, focusing on high-production capacity units and salespersons, to improve the penetration rate.
 - c. Agency sales channels: Improve the business service quality through the orientation training programs and revitalization of the name list of policyholders, and assist the development of localized organizations to increase the business production capacity.
 - (C) Promotion of the channel's digital marketing and service:
 - a. Strengthen and guide the channel sales team's marketing ability to exercise digital tools, in order to improve the sales performance.
 - b. Continue to promote the channel's digital services, integrate digital tools and platforms, optimize the channel's data service and insurance application procedure, and improve the business competitiveness.
 - (D) Train the core sales representatives:
 - a. Internally, continue to promote the talent recruitment project to train young life insurance advisors with potential.
 - b. Externally, plan the segment training certification program and insurance tax professional marketing program, solidify the sales representatives' expertise in insurance, and upgrade the channels' service value.
 - (E) Enhanced channel management:

- a. Strengthen the channel's supervision and management and business quality management, in order to practice the fair dealing policy.
 - b. Conduct the insurance product training and promotion as required, and also share and research the information about changes in laws and regulations and sanctioned cases related to partner channels from time to time, in order to improve the compliance awareness of the partner channels.
- (F) Enhanced risk management ability:
Subject to the characteristics of the sales channel's customer base, coupled with sales of various products, increase the proportion of long-term products to help the stable accumulation and growth of assets and also mitigate the risk over liability management.
- B. Product strategy: In response to the corporate core values for "Insurance Protection, Sustainability and Society's Well-being," it focuses on the USD-denominated traditional products and investment-linked products at the same time, orients the development toward the customers' needs, and provide fine-quality and omnibus product solutions:
 - (A) It plans the USD-denominated traditional products for the customer-oriented purposes. USD-denominated legacy and long-term wealth management commodities, and retirement planning products, focus on the competitiveness in the commodity conditions. Meanwhile, it also develops NTD-denominated standby commodities. For the high-asset customer base, it adds differentiated medical insurance protection products and exclusive value-added services to satisfy customers' need for asset legacy and health protection; meanwhile, in response to the trend of lift rates in the financial market, it enhances the conditions of regular-payment commodities in a timely manner to help customers prepare their long-term savings planning after retirement.
 - (B) Given the uncertain factors, such as increasingly drastic market risk volatility, inflation pressure, lift rates and drastic stock market volatility, it continues to promote investment-linked commodities to provide the policyholders with another retirement option based on the dual effects produced by insurance protection and long-term stable investment.
 - (C) In response to the segment marketing strategy, it provides customized products per the target customers' needs. In addition to the USD-denominated legacy and retirement planning products, it will continue to extend the layout of commodities subject to the specific group's needs, in order to promote the inclusive finance and fair dealing policy.
- (5) Industry overview

According to the statistics of the Life Insurance Association, the insurance premium revenue based on new business in the life insurance business was NT\$0.77 trillion in 2022, decrease of 26.2% over the same period in 2021.

Statistics of insurance premium under new business in the life insurance
business in 2022 (insurance premium revenue + liabilities)

Unit: million dollar

Item	2021	2022	Growth rate (%)
First Year Premium	1,048,040	772,995	(26.2)

Source of data: Life Insurance Association

According to the analysis of insurance premium under new business by type of insurance, it is NT\$460.1 billion for life insurance, i.e. 59.5% of the revenue from insurance premium under new business, NT\$264.8 billion for annuity insurance, i.e. 34.3% of said revenue, NT\$36.6 billion for health insurance, i.e. 4.7% of said revenue, and NT\$10.5 billion for accident insurance, i.e. 1.5% of said revenue.

There are two things to be clarified about Yuanta Life's sales performance in 2022:

- A. For the traditional insurance products: The competent authority's enhancement of regulatory measures and sharp lift rates, in addition to the depreciation of NTD, disbenefit the sales of USD-denominated interest rate sensitivity life insurance policies. As a result, the sales growth of such products become sluggish. The revenue from traditional insurance premium at the beginning of this year declined by 9.4% from the same period of last year.
- B. For investment-linked insurance products: In consideration of the capital market volatility and correction, and depreciation of NTD, policyholders tend to be conservative toward investment. Further, as the new system about the elderly clauses of the investment-linked insurance policies have taken effective since October 1, the channel's sales were affected accordingly. The revenue from investment-linked insurance premium at the beginning of this year declined by 40.4% from the same period of last year.

Statistics of insurance premium by insurance type in the life insurance business
(insurance premium + liabilities)

Unit: million dollar

Insurance type		2021	2022	Growth rate (%)
Life insurance	Traditional	367,523	360,624	(1.9)
	Investment-linked	127,158	99,503	(21.7)
	Subtotal	494,681	460,127	(7.0)
Accident insurance	Traditional	10,513	11,448	8.9
Health insurance	Traditional	37,944	36,572	(3.6)
Annuity insurance	Traditional	54,606	17,926	(67.2)
	Investment-linked	450,296	246,922	(45.2)
	Subtotal	504,902	264,848	(47.5)
Total	Traditional	470,586	426,570	(9.4)
	Investment-linked	577,454	346,425	(40.4)
	Total	1,048,040	772,995	(26.2)

Source of data: Life Insurance Association

According to the analysis of the percentage of insurance premium by channel, the bank & securities insurance channel accounted for 49.0% of the insurance premium based on new business from 2022, Yuanta Life's own marketing channels 39.3% thereof, and traditional broker channel 11.7%. Personal life insurance and investment-linked insurance are primarily sold via the bank & securities Insurance channel. About 60.0% of the revenue from the personal life insurance premium and 45.1% of the revenue from the investment-linked insurance premium were gained from the Bancassurance channel. Traditional accident insurance and health insurance are still primarily sold via Yuanta Life's own marketing channels.

Statistics from insurance premium in the life insurance business by source in 2022 (insurance premium revenue + liabilities)

Unit: million dollar

By source	Life insurance	Bank broker	Traditional broker	Total
Insurance premium	303,625	378,984	90,386	772,995
Rate (%)	39.3	49.0	11.7	100.00
Individual life insurance	111,514	215,340	29,846	356,700
Individual annuity	10,155	6,880	688	17,723
Investment-linked	140,110	156,101	50,214	346,425
Personal Accident insurance/health	29,477	346	4,834	34,657

Source of data: Life Insurance Association

In 2022, given the rapid changes in interest rates and capital market volatility, the stock and bond markets underperformed compared to last year. As a result, the traditional and investment-linked insurance premium declined. Looking forward to 2023, the increase in the policy liability reserve rate and declared interest rate, and recovering capital market, should help to boost the sales of traditional and investment-linked insurance policies. Yuanta Life will provide to the policyholders with different risk appetites the diversified interest rate sensitive life insurance for different terms, investment-linked insurance policy allowing customers to call back fixed assets and grow capital stably, and satisfy the policyholders' needs with customized services.

(6) Research and development

A. R&D of products:

Yuanta Life has kept researching and developing products that meet various customers' needs, focus the USD-denominated traditional products and investment-linked products at the same time in response to the population structure of aged society and interest rate environment. Meanwhile, it continues to develop the insurance products that satisfy the needs for retirement life, retirement medical treatment and retirement care.

The investment-linked products, USD-denominated legacy products and retirement planning insurance policies launched this year all satisfy the needs from channels and customers. For the protection-type products,

it will develop the products including major injury and sickness insurance, full expense reimbursement insurance, and daily hospitalization insurance exclusive for the elderly people this year, in order to satisfy various policyholders' needs. The house loan life insurance developed for retail investors exclusively in 2021 was awarded the National First Prize in the National Brand Yushan Award – Best Product category.

The future product R&D will start from the attributes of channels and customers' needs and provide optimal solutions to achieve the effect of business development and customer group management, create the win-win-win niche for Yuanta Life, channels and customers, and continue to improve Yuanta Life's long-term value.

B. Service technology:

- (A) Continue the mobile insurance system to provide various business channels with the mobile operating platforms to deal with the digitalization and business promotion. Additionally, the innovative application model of the mobile insurance application combining with the biometric assisted identity authentication policy and audio/video recording technology delivers the remote insurance application service, providing customers with zero-contact, convenient and safe insurance application channels, so as to improve the sales or services further and practice the paperless and energy conservation & carbon reduction policies.
- (B) Build the business quality smart management platform system to replace manual paperwork via the management platform, reduce the costs in communication and investigation, and keep digital case track record for audit and access.
- (C) Implement integrated payment service – the diversified mobile payment services free from restrictions on time and locations may satisfy customers' needs for diversified payment methods in various scenarios.
- (D) Continue APP-iCare mobile phone interface optimization and update, and combine FIDO certification to provide policyholders with the asset overview function, so that they may control the contents of insurance policies and assets from time to time and customers' after-sales satisfaction may be raised.
- (E) Continue the claims alliance chain re-evolution functions and promote the digital identity authentication service to allow policyholders to apply for identity authentication of insurance passbook via biometrics and link multiple insurance companies to claim benefits. Yuanta Life joined the trial project for the Life Insurance Association Alliance Chain 2.0 in December 2022. It is expected to be launched officially in the middle of 2023 to help customers with the one-stop application and practice the inclusive finance.
- (F) Construct the AML customer management system, engage in checking various money laundering patterns and streamline the operating procedures to improve the administrative processing efficiency.
- (G) In order to provide diversified and 24h uninterrupted customer services, it constructed the AI customer service system at the end of

2021 to promote the comprehensive digital financial services, and opened it to customers officially on November 1, 2022. In 2023, it continues to optimize the “AI customer service,” adds the service portal, FAW and service procedure and implements AI smart robot into the service procedure to expand the service momentum, provide customers with fast and real-time query services, maintain fair relationship with customers through the interaction with customers on the platform, and increase customers’ satisfaction.

- (H) Continue the optimization and update of WEB proposal system and back-office management system functions, in order to improve the efficiency of information development and accelerate the performance of business promotion.
- (I) Continue to implement and construct the RPA system and SOP automation from underwriting to customer service, then Yuanta Life’s internal financial and accounting operating procedures: in order to carry out the automated and digital optimization and adjustment, and help simplify the complicated life insurance administrative work to improve the administrative processing efficiency.
- (J) Implement IFRS 17 system platform in response to the schedule for implementing the standards; establish the big database and cross-system operation platform in line with the statement disclosure, retention of data, and audit tracks.
- (K) Establish the data platform and develop the applications including AML, anti-corruption, business early warning indicators, channel transmission services, big data and AI to maximize the effective use of the information generated from daily maintenance and provide the basis of analysis on decisions.

C. Business promotion:

- (A) Sprout the relationship with partner channels, work with the partner channels to develop products, strengthen products’ value-added services, and work together to develop digital insurance application services, e.g. high-end customer base’s legacy products, professional products, VIP services for specific products, mobile insurance application, remote insurance application, and cooperation with enterprises’ group insurance business units, so as to deepen the relationship with customers.
- (B) In response to the financial digitization era, it continues to promote the channel’s mobile insurance application referral services, build the mobile Web proposal system and offer remote insurance application services, etc., in order to enhance the efficiency of the channel insurance application, and improve service quality and customer experience.
- (C) Plan the channel insurance certification and professional marketing training system, optimize the channel service information platform, create the channels’ brand value, and improve the partner channels’ and sales representatives’ loyalty.
- (D) Plan the channel’s management and quality control measures, improve the channel’s service quality and quantity, and value customers’ interests and rights to practice the fair dealing policy.

D. Risk management:

In order to improve Yuanta Life's asset and liability management, Yuanta Life has established the Asset and Liability Management Committee, in order to follow up the development trend for interest rate, foreign interest rate and other overall financial environment at home and abroad, and conduct the pressure test against major risk factors to assess the impact posed to Yuanta Life's solvency, and manage and supervise the impact posed by asset and liability currency type, duration and cash flows to the asset and liability structure, and the matching level of assets and liabilities under the circumstance that the financial budget target is met, so as to achieve the best fitting identified by IFRS17 and ICS.

With respect to the risk over climate changes, Yuanta Life has followed Yuanta FHC's sustainable management guidelines to assess and identify the climate-related risk and opportunity, subject to the business characteristics. Further, in line with the disclosure framework of the Task Force on Climate-Related Financial Disclosures (TCFD), Yuanta Life has included climate changes into the considerations of risk management. Meanwhile, in accordance with the "Taiwan's Insurance Industry Climate-Related Financial Disclosure Practical Handbook," it needs to establish the climate risk governance framework and also continue improving the qualitative or quantitative risk management mechanism of climate changes, and set forth the climate risk limit controls to improve the climate risk controls and perfect the disclosures, strategies & indicators and information about suggestions on target.

(7) Long and short-term business development plans

In response to the changes in the domestic financial market and the competent authority's regulatory policies, and in order to secure a competitive advantage in the insurance market, Yuanta Life will focus on the following key services and development items in the future:

A. Short-term development plans:

- (A) Expansion of the consolidated effects of Yuanta Financial Holding Co., Ltd.: Continue to work with the Group's subsidiaries to develop and promote characteristic products and services, exert the Group's strengths and maximize the Group's contribution.
- (B) Focus on customer base management: Utilize the segment marketing model to develop the products and services correspondent to the needs from different channels' customer bases and become the insurance partner in the channels' customer base management.
- (C) Enhancement of channel management: Manage the cooperative channels by grade, deepen the high-production capacity channels with differentiated services, strengthen the channel business quality management, improve compliance operations, and practice the fair dealing policy.
- (D) Develop the work-site marketing: Penetrate the work site deeply through the group insurance business management, and build the work-site exclusive products for specific enterprises' employees and

payroll employees to expand the customer bases.

- (E) Improve the channels' competence in insurance operations: Continue to promote the insurance protection certification program, and work with channels to plan the certification training course series to improve the sales representatives' competence in sales.

B. Long-term development plans:

- (A) Combine the fair dealing policy and Yuanta Life's core values to continue promoting the professional insurance certification, communicate the insurance sustainability value, and improve Yuanta Life's influence over the channels.
- (B) Continue to promote the channel digital services, optimize the channel service information platform, strengthen the technology ability, and improve the business competitiveness.
- (C) Plan the channel business management model, integrate business resources and improve the data analysis ability to promote the business model with data and improve the effect and value of business development.

4. Yuanta Securities Investment Trust

(1) Main business services

- A. Securities investment trust
- B. Discretionary investment
- C. Securities investment consulting
- D. Futures Trust
- E. Other relevant operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT\$1,000; %

Item \ Year	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Revenue from Management fees	3,558,060	95.34	3,802,485	95.18
Revenue from transaction fees	54,531	1.46	73,804	1.85
Revenue from sale	101,662	2.72	102,984	2.58
Revenue from marketing reimbursement	13,178	0.35	10,262	0.26
Other operating revenue	4,733	0.13	5,597	0.13
Total	3,732,164	100.00	3,995,132	100.00

(3) New financial products and services in development

- A. The new product line focuses on steady growth and fixed-income products:

Given the uncertain factors, such as global stock and bond fluctuations, in 2022, it launched the first domestic fund focusing on fine-quality enterprises' stock and bond assets and allocated under dynamic

balancing method, the Yuanta Global Leaders Balanced Fund. Meanwhile, when the Fed's lift rates were coming to an end, it offered the fine-quality fixed-income product, Yuanta Global Investors Series Bond Umbrella Fund. This year, the market changes are driven by the factors, such as global inflation data reaching the top, Fed's lift rate slowing down, stalled USD appreciation, and corporate profit correction and bottom. Yuanta Securities Investment Trust is expected to launch regional stock funds (including ETFs) with investment potential and bond funds to cater to investors' needs.

B. Coordination with the FIDO data sharing service:

In response to Yuanta FHC's FIDO project, and upon execution of the Group's cross-subsidiary data sharing, the subsidiaries' customers may open an account online via Yuanta Fund & Wealth Management. Through the cross-subsidiary FIDO verification, the procedure for completion of investment trust account personal data will import certain personal data already retained by the subsidiaries, so as to mitigate the complicated procedures for online account opening. Besides this, upon opening an account successfully, the customer may access his/her data retained in any other subsidiary of the Group via Mr. Yuanta, after going through the FIDO identity authentication and authorization. In other words, the customer may inquire the information about his/her assets recorded by the Group's five major subsidiaries via Mr. Yuanta or any other subsidiary's APP, in one-stop procedure, at the same time, so as to help him/her control his/her total personal assets.

C. Yuanta Bank and Yuanta Securities Investment Trust work with each other in account opening service:

To improve the convenience for customers to open accounts online, Yuanta Securities Investment Trust will work with Yuanta Bank to plan the simultaneous account opening with Yuanta Bank and Yuanta Securities Investment Trust. Specifically, when a customer opens an account online with Yuanta Securities Investment Trust but no bank working with Yuanta Securities Investment Trust agrees to provide the debit authorization service, the customer may open an account with Yuanta Bank immediately to complete the account opening procedure with Yuanta Securities Investment Trust.

(4) Business plan for the year

Despite the factors, such as inflation, lift rates and balance sheet shrinkage, this year, which caused the stock, foreign exchange and bond market volatility, the bond market will be stimulated as the lift rate cycle is expected to stop. Meanwhile, some uncertain factors also exist in Taiwan Equities, but many institutions forecast that the inventory adjustment of the high-tech industry is expected to be completed in Q2 or Q3. This year, the advantages and opportunities of investment in Taiwan Equities are expected to continue. Yuanta Securities Investment Trust will maintain the promotion of ETF and also focus on the five major development strategies:

A. Offering of new funds:

It plans to develop the regional active fund product line and target the ETFs with future prospective as the two major new fund to be issued. The active product line is subject to the Top-down and Bottom-up investment strategies at the same time. The Top-down investment strategy is intended to grab the big opportunities brought by moderate inflation, while the Bottom-up investment strategy assesses a company's financial physique, technical capabilities, management capabilities and liquidity in quantitative and qualitative manners and tends to select fine-quality companies tending to trend up as the first priority. The passive product line, by selecting the fine-quality indexes, complements the optionality for addition of ETF into customers' asset allocation. Meanwhile, Yuanta Securities Investment Trust will continue the fine-quality fixed-income product line adopted last year and also launch fine-quality bond funds separately, in order to satisfy investors' needs.

In consideration of the nationals' strong demand for the U.S. stocks, capital inflows are expected to continue at this moment when lift rates end, destocking is expected to end and earnings turn to positive. It will build the all-weather value investment portfolio for investors from three major aspects, namely upgrading of the stock selection scope, upgrading of layout strategies and upgrading of investment income, and issue the leading and unique ETF products ahead of the others on the market, in order to help generation of operating revenue and increase profit.

B. The promotion of issued funds focuses on the following two indicators:

(A) Expansion of market share of Taiwan focus fund: The largest Taiwan Equities active fund refers to Yuanta high-yield Leading Company fund (*the source of dividends on the fund might be the equalization reserve for income*), which targets Taiwan's leading and fine-quality companies listed on TWSE with long-term competitive advantages and ability to pay high dividends and is expected to deliver remarkable performance 2H of this year when the industry bottoms out and the economy is recovering. Therefore, it will work with focus channels to continue promoting the fund.

Market value and high-dividend ETFs are identified as the investment portfolios well received by Taiwan Equities ETF investors mostly. 0050 and 0056 are the popularity among the ETFs. It will continue to improve the management quality of 0050 and 0056, and enhance investors' recognition and improve long-term investment ratio through optimized management performance and index returns. Meanwhile, it will continue the promotion of 00713, make good use of the product characteristics, such as quarterly dividends, high dividends and low volatility, and strive for the recognition from the high-dividend investors who receive stable dividends and show lower risk tolerance. Therefore, it will also evaluate whether it is necessary to add the Taiwan Equities ETF distributing dividends on a quarterly basis. Further, if the fund is coupled with Yuanta Daily Taiwan 50 Bull 2X ETF and Yuanta

Daily Taiwan 50 Bear -1X ETF, it may generate gains and produce hedging effect, so as to expand the market share of Yuanta ETFs.

- (B) Provide bond investment solutions: In 2023, the inflationary pressure still remains high. Notwithstanding, as the economic growth is expected to become sluggish, the room for central banks to escalate interest rate again might be limited in the future. Given the uncertain factors in the stock market, the bond market appears to bottom out gradually. Yuanta Global Leaders Balanced Fund characterized by the flexible allocation of stocks and bonds, and Yuanta Global Investors Series Bond Umbrella Fund specifically dividend into short-term, mid-term and long-term funds (Yuanta 0–2 Year Investment Grade Corporate Bond Fund, Yuanta 2–10 Year Investment Grade Corporate Bond Fund, and Yuanta 10 plus Year Investment Grade Corporate Bond Fund) are all the focus fund to be promoted this year.

Yuanta Securities Investment Trust is the first investment trust company engaged in developing ETFs in Taiwan. In 2022, the number of beneficiaries of Yuanta ETFs grew by 381%. Apparently, investors recognize the bond products offered by Yuanta Securities Investment Trust. The fine-quality bond products, e.g. US Treasuries bond ETF and Investment Grade ETF, are considered as the suitable underlying asset for investor's financial management and asset allocation; therefore, it will build a system based on bond fund/ETF ecosystem.

- C. Deepen the promotion of systematic investment services:

In response to the promotion of inclusive finance, it identifies Yuanta high-dividend fine-quality leading funds (*the source of dividends on the fund might be the equalization reserve for income*) and Yuanta Global Leaders Balanced Fund as the core of the promotion. It engages in strong exposure of such funds when they generated remarkable performance, builds the brand awareness, and works with key channels to promote them, both internally and externally, to strengthen the nationals' willingness to apply for the debit authorization service, hoping to facilitate the inclusive financial investment by promoting the small systematic investment services. Meanwhile, coupled with the digital services, such as LINE BC optimization project, combination of high-frequency and multi-form marketing discounts to drive the online account opening applications, e-trading, and subscription for funds via e-payment account, it may increase the number of banks accepting the online account opening application, launch the small-investment services, and provide discounts for the service charges, in order to lower the investment threshold and solicit for the capital invested by retail investors.

- D. Develop own digital channels:

In order to continue developing the convenience of online account opening and e-trading services, it implements the mechanism for identity authentication in e-payment accounts and authorized debit, to increase the number of banks offering account opening services, enhance investors'

willingness to open accounts, and solicit vast e-payment service users and take the lead in deploying the service among the young generation customer base, making “Mr. Yuanta Fund” become the main channel for e-trading and also its third own channel.

Meanwhile, to optimize the online service quality and practice inclusive finance, Yuanta Securities Investment Trust revises its official website in steps to provide customers with a consistent digital financial experience. In addition to optimizing the personalized accounts valued by customers most, it also streamlines the execution steps of the fund transaction. In the future, customers who engage in transactions via the official website only need to complete the transaction details. Then, the transaction may be completed in three steps after the transaction is confirmed.

E. Expand the discretionary insurance policy development:

In order to meet the needs of investors who are retired or ready to retire in pursuit of stable cash flow products, the quasi-discretionary insurance policy become a popular retirement scheme for the investors, in consideration of its low capital threshold, fixed dividends and management of a professional investment institutions as the agent. Notwithstanding, in response to the enforcement of the new regulations governing the investment-linked insurance policy in 2023, which poses certain restrictions to the dividends distributed from the existing similar products. In consideration of the customers’ high demand for the products, it will develop the opportunity to work with the other life insurance companies to boost the scale. Meanwhile, it will continue to negotiate for the opportunity to launch fine-quality funds to expand the new ecosystem for the quasi-discretionary insurance policy.

(5) Industry overview

In 2022, countries all over the world have gotten away from the trouble caused by the pandemic, and major economies also lifted their lockdown policies. The global economy improves accordingly. However, the Russia–Ukraine War and the Zero-COVID policy continued in China disrupted the existing order of import and export trades and the pace of supply chain reorganization. The central banks of various countries also adjusted their monetary policies in response to the increasing inflation. Despite the market volatility and shifting of funds caused therefor, it has also created many investment opportunities. At the end of 2022, the domestic public fund scale amounted to NT\$4.88 trillion, i.e. the YoY 2%. Among the other things, the Taiwan Equities ETF growth momentum was strong. The scale of market value and high-dividend ETF (exclusive of leveraged and inverse products) increased by 61%, i.e. NT\$789.9 billion from the beginning of the year. Further, the scale of the Taiwan ETF Feeder Fund designed for different channel investors also grew by 30% annually.

In consideration of the significant lift rate policy adopted by the major

central banks in the world, the interest rate of government bonds has bottomed up. The cross-border bond ETFs were affected by price factors adversely, while the price and yields of fine-quality bonds also solicited for the capital invested by investors. In 2022, the cumulative subscription amount attained NT\$485 billion, and the scale thereof amounted to NT\$1.21 trillion.

Yuanta Securities Investment Trust will keep noting the monetary policies adopted by the leading central banks in the world, global political and economic development, the emerging technology trend, and drives and whereabouts of capital, and make dynamic adjustment on the product development, marketing and market education to respond to the latest market claim and satisfy customers' needs for investment return and added value of assets under the circumstance that the customers need to bear adequate risk.

(6) Research and development

A. Optimization of risk management mechanism:

In response to the competent authority's sustainable development policy, it continues to perfect the ESG risk management system. At the end of 2022, it set forth the ESG Risk Management Regulations independently, in order to improve and enhance the ESG risk management mechanism. In the meantime, in response to the TEJ and MSCI databases procured by it, it completed the trial calculation of the impact posed by climate change transformation risks and carbon reduction quantification to equity products. Subsequently, it will research the definitions and scopes of Yuanta Securities Investment Trust's high climate change risk and discuss with the research team about the management framework and indicators for climate change and transformation risks. By adopting the Climate Change Risk Management Regulations and information disclosure on the official website, it research the methodology for quantifying, assessing and calculating the climate transformation risk over the fixed-income products, in order to optimize and perfect Yuanta Securities Investment Trust's climate change risk management mechanism.

B. Practice low-carbon business management and sustainable & responsible investment:

Yuanta Securities Investment Trust adopts the requirements and guidelines under the ISO 14046 water footprint inspection standards as its guide to calculate water footprint, in order to reduce the consumption of water resources and cut Yuanta Securities Investment Trust's operating cost. Also, Yuanta Securities Investment Trust practices the digitalized management and target settings as the comprehensive evaluation indicators used to measure the consumption of water resource internally. In order to mitigate the effect posed to the forest by Yuanta Securities Investment Trust's use of paper in its business management, and massive carbon emission in the process of paper making, Yuanta Securities Investment Trust proactively promotes paperless operations and

encourages the adoption of online meetings, in an attempt to mitigate the consumption of paper, streamline operating procedures and improve the operating efficiency, aiming to practice the sustainable development and deepen due diligence.

Yuanta Securities Investment Trust upholds the ISO 20400 Sustainable Procurement Guidance as the guidelines for Yuanta Securities Investment Trust's procurement department personnel, and also identifies the green procurement as the first priority procurement target, continues to increase the green mark and green energy-conservation mark procurement projects. It enables the suppliers to understand its ethical management principles, corporate social responsibility strategies and practices, and also demands that the suppliers should comply with the ethical management clauses and "Procurement Guidelines."

It implements various ESG and energy management systems, execute the GHG inspection, promote energy conservation and carbon reduction proactively, import internal carbon pricing mechanism, continue to promote the green energy procurement, and improve the energy utilization efficiency actively, thus mitigating the carbon emission effectively, managing the energy and resources perfectly, and mitigating the harm to the earth through the practical actions. From 2023 to 2027, it procured the green power amounting to 150,000 kWh and thereby reduced the carbon emission by 75.3 tons each year. It practices the standards in the investment procedure, in response to the global net zero emission investment philosophy, in order to achieve the mid- and long-term goals for net zero carbon emission and transformation.

- C. Enhanced information security action program:
 - (A) Construct the business continuity management system:
In response to the competent authority's "Financial Information Security Action Plan" and enhancement of the financial resilience of its business continuity management, it plans to implement ISO 22301 business continuity management system to protect its business from the business impact posed by any potential destructive event.
 - (B) Enhanced information security control:
Establish the SIEM, and continue to optimize the precision of its triggers, event processing maturity and event processing knowledge base, and establish a reporting mechanism which may send a trigger notice against any abnormal incident immediately for rapid detection and response, in order to defend the malicious attacks voluntarily.
- (7) Long and short-term business development plans
 - A. Short-term plans:
 - (A) Upgrading of active fund performance
In order to improve the fund performance, its Taiwan Equities research team will regularly select stock pools and core gains to provide the operating procedure for stock selection. Meanwhile, it

will apply the strict error prevention mechanism, performance follow-up and review, and the selection standards for market value & scale, liquidity and financial structure, etc., to execute, operate and manage the relevant investment.

Given the lift rate environment and trend in 2023, the inflation problem is expected to make the market volatility more obvious. Therefore, capitals will be more concentrated on excellent leading enterprises. For the overseas fund operations, it will continue to aim to beat the benchmark return as its target and focus more on enhancing fund characteristics and control over changes in the market, hoping to upgrade and stabilize the fund performance stably.

(B) Develop product lines and external channels

Yuanta Securities Investment Trust's new products are always driven by investors' needs, which will consider the changes in political, economic and market conditions, and provide investors with products that grow stably. Meanwhile, it will continue to eliminate the weak ones of the existing funds and retain the strong ones, and research new products based on investors' needs. Besides this, it will expand the promotion of multiple focus funds this year, work with the Group's two major channels, expand external channels and develop the life insurance resources thoroughly. It will also deepen the promotion of systematic investment services and strengthen active core products to increase the stability of the scale. Under the digital financial transformation, Yuanta Securities Investment Trust commits to providing one-stop convenient digital financial services. The "Mr. Yuanta Fund APP" developed in 2021 and the "E-Paid Fund" services provided through its cooperation with e-payment service suppliers this year are expected to drive the own digital channel's growth.

(C) Improve service quality and enhance business performance

In response to the competent authority's "Financial Information Security Action Plan" and enhancement of the financial resilience of Yuanta Securities Investment Trust's business continuity management, it plans to implement ISO 22301 business continuity management system to protect its business from the business impact posed by any potential destructive event. Further, in order to improve customer service quality, it plans to implement the ISO 10002 customer complaint quality management certification, set the commitment for customer complaint processing services, procedure planning and design, actual operation and continuous improvement, to help turn customers who feel unsatisfied into satisfied customers or even the loyal customers and to optimize customers' experience.

B. Long-term and mid-term business development plans:

(A) International layout

Yuanta Securities Investment Trust has been involved in the field of ETF asset management more thoroughly. It not only introduces good products to the Taiwan's ETF market, but also sells Yuanta ETFs to the countries, such as Singapore, Hong Kong, and Malaysia. In response to the sluggish epidemic, various countries in the world are lifting their policies successively, and develop international business following Yuanta FHC's footstep. It will continue to solicit for the capital for investment in Taiwan.

(B) Scholarship for Talent Cultivation in Rural Areas

Yuanta Securities Investment Trust's People Development Roadmap adjusts the comprehensive growth operation strategy of "stabilizing the core and driving growth" as needed by the Group's talent development and company's business strategy, in order to reserve integrated management talents, multi-functional talents and asset management talents. At the same time, the prevention and publicity of the risk over employment of personnel should be the important issues to be cared, which may mitigate the occurrence of moral hazards. Product innovation, business development, talents management and customer service are all of part Yuanta Securities Investment Trust's future development plans along with delivering stable performance to our investors.

5. Yuanta Futures

(1) Main business services

- A. Futures brokerage services
- B. Futures proprietary trading
- C. Futures consulting services
- D. Futures Settlement and Commissioned Settlement
- E. Concurrent engaging in proprietary trading of securities
- F. Concurrent engaging in securities trading supporting services
- G. Leverage transaction merchant trading system
- H. Other relevant operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT\$1,000; %

Item \ Year	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Brokerage revenue	3,743,909	96.28	3,900,499	97.52
Proprietary trading revenue	125,458	3.23	80,995	2.02
Counseling service revenue	16,142	0.41	8,352	0.21
Other revenue	3,182	0.08	9,952	0.25
Total	3,888,691	100.00	3,999,798	100.00

(3) New financial products and services in development

- A. Continue to optimize digital service and improve information security protection system:

The futures e-trading has developed rapidly. Upon launch of the new generation e-trading platform, "iTRADER," in October 2021, it continues to optimize the platform's functions and support the access by external securities houses to the platform, and plans to integrate and converge the existing e-platform's functions. In 2023, it plans to combine the big data computation, provides diversified analysis interfaces and improve the depth of transactions with digital users step by step, in order to lay the foundation for customer bases. Meanwhile, it focuses on optimization of

the operational performance of the front-office and back-office, proceeds with the hardware equipment update, mitigate the manual work and risk, plans more perfect platform services and information security prevention system, in order to bring higher quality service experience to customers.

B. Expand leverage transaction merchant trading system:

Focus on the leveraged traders' growth potential, continue to recruit and train the talents for the leveraged business team, and optimize the digital service for the leveraged transactions, streamline the online account opening procedure and research & develop the program trading aided tools. In 2023, it plans to develop the e-trading platform for contracts for difference and expand the middle office and back-office system scale, in order to improve its ability to accept orders, satisfy customers' diversified trading needs, and continue expanding the leveraged traders' profitability.

C. Develop brokerage business in the Asia-Pacific region:

Plan to set up new overseas business locations, develop potential customers in the Asia-Pacific region, and strengthen the resource integration and consolidated effects of opening of any business locations, involved in overseas brokerage services and B2B brokerage business more thoroughly, in order to build a cross-market international trading platform dedicated to providing the traders in Taiwan and Asian region with the most complete asset allocation and hedging services.

(4) Business plan for the year

Looking forward to 2023, Yuanta Futures bases its business strategy on the "Integrity in Governance, Wealth Creation and Sustainability," and builds the sustainable business model, in order to practice the cultures of integrity and fair dealing into its core philosophy, continue improving the profit sought by core business lines based on the model taking compliance and risk controls into account equally, and enhance the business resilience proactively, optimize the back-office's operating performance comprehensively, focus on the sound digital financial innovation and optimize customer service experience. This year, it keeps making every endeavor to develop overseas business, layout the service domain in the Asia-Pacific region and develop the overseas clearing brokerage business. Meanwhile, in response to the headquarters' sustainable development policy, the overseas subsidiaries will perform the carbon footprint verification of the business location in Hong Kong for the first time in 2023, in order to achieve the corporate sustainability and realize the vision to become an international large-sized futures house.

The business plan to be boosted by Yuanta Futures in 2023 is highlighted as follows:

A. Brokerage services:

Expand the business team's scale, accelerate the promotion of business innovation and upgrading of software and hardware equipment, and work with the professional research team to provide customers with differentiated value-added services and solidify the market share and

gross profit of the brokerage services; insist on ethical management to deepen the team's compliance and risk control awareness, establish a good risk control mechanism for customers' assets, and practice the fair dealing policy and care for customers.

B. Leverage transaction merchant trading system:

Improve the leveraged business team's profitability, activate the middle office and back-office expansion plan, recruit the middle office and back-office talents, build a new generation CFD trading platform and research & develop the leveraged trading aided tools, perfect the experience in trading contracts for difference, and ensure customers' trading risk control and stability; with the professional service team and excellent digital experience, boost the business development and diversified profit drivers.

C. Investment business:

In response to the international layout of Yuanta FHC, it proactively expands the cross-border business scale, develops the overseas business locations as the global product trading platform, improves the B2B operations, continues to cooperate with the overseas subsidiaries of Yuanta Securities to establish the brokerage service order placing channel to help the Group's investees, develop new market futures operations and improve the business diversification.

D. Proprietary trading:

The proprietary trading team layouts and dynamically adjusts trading strategies carefully, and pursues the stable growth of return under strict risk controls. In order to expand the sources of gains, it continues to improve the information system, develops diversified trading strategy modules, moves toward a global layout based on the strategy of diversification, and focuses on improving the organization's performance and stabilizing the operating revenue from proprietary trading.

E. Recruitment and training of talents:

Aiming to train the international and interdisciplinary professional financial talents, in 2023, Yuanta Futures activated the "International Broker" recruitment plan themed on "All Together to Look Towards Asia Pacific." Through the innovative recruitment procedure, it combines the four indicators including screening, selection, training, employment and retention, to train new employees' financial core functions, and focus on employees' education, training and development from the point of view of sustainable management to cultivate successor candidates, and deploy talent pools based on talent planning and adjustment of personnel structure to improve its competitiveness comprehensively.

F. Sustainable Development:

Include the sustainable management philosophy into the entire business policy, practice the ESG actions specifically, enhance the Board

of Directors' participation in the supervision of sustainable development, set the quantitative targets and check various operating procedures comprehensively to make its services in line with the ESG age, improve the corporate governance, green environment, social responsibility, ethical management and fair dealing; continue to seek business opportunities in the market full of changes, upgrade Yuanta Futures' brand value, bring the fine-quality financial service experience to customers, and become a role model for ESG practices among domestic futures houses.

(5) Industry overview

In 2022, the financial market volatility continued. The outbreak of military conflicts between Russia and Ukraine resulted in the soaring price of the global energy and raw materials & supplies. China adopted the strict lockdown policy upon recurrence of the epidemic. As a result, the global supply chain was attacked again and the global inflation stayed high. The central banks all over the world have successively adopted the tight monetary policy and implemented the measures, such as lift rates and reduction of bond purchase. Considering that various economies are still suffering from the impact posed by geopolitics and financial volatility, the demand for hedging and transactions in the futures market increases accordingly. The trading volume of the global futures and options has reached a new high in 2022. The annual trading volume reached 83.85 billion lots, increasing by 34% from last year.

In terms of the overview of global futures and options trading, according to the FIA's statistics, the trading volume of futures grew by only 0.1% from last year, while that of options grew by 63.7% significantly from last year. As far as the product types are concerned, the trading volume of stocks and ETFs accounted for the largest proportion, i.e. 73.7%, with a YoY 47.7%, followed by the foreign exchange rate trading volume, accounting for 9.2%, with a YoY 38.8%. The trading volume of interest rate transactions accounted for 6.1%, with a YoY 12.4%. The trading volume of other contracts about agricultural products, energy and metal declined from the same period of last year.

Domestically, affected by the inflation and lift rates, the substantial economic growth became sluggish. The daily trading volume on TWSE amounted to NT\$242.1 billion, declining by 38.1% annually, in 2022, and the demand for hedging on TAIEX declined therefor. In 2022, the trading volume of futures and options amounted to 384 million lots, decreasing by 2% from 392 million in 2021. Among the other things, the day trading volume declined by 16.7%, while the night trading volume grew by 59.3% from last year. Apparently, investors may make use of the night trading to connect with the US stock trading hours flexibly, thus creating a diversified trading trend on TAIEX. The hot trading products in 2022 were still concentrated on FITX, MTX, stock futures and TXO. Notwithstanding, according to the observation, a trend of micro-commodity trading has been emerging in recent years. The

daily trading volume of MIT grows by 10.8% from last year. The daily trading volume of ZEF grows by 25.2% from last year. The daily trading volume of ZFF grows by 120% from last year. Meanwhile, the daily trading volume of standard contract specifications appears to decline, showing the flexible application and low entry threshold for the mini contracts, as the potential commodities in the futures market.

(6) Research and development

- A. In response to the launch of TAIFEX's new products and systems, it constructs and develops various front-office trading system and back-office accounting system, in order to improve the system functions and satisfy the competent authority's regulatory requirements. Meanwhile, as the information security protection awareness has been growing in the recent years, Yuanta Futures establishes the SIEM, implements EDR, and also applies for ISO 27001 certification, in order to protect the safety of the trading environment for customers.
- B. Continue to perfect its research report, improve the accessibility to and diversification of the reports, and expand the channels on social network platforms and provide traders with more real-time research information via the network society or in the form of video or audio. With respect to the institutional customer service, combine the industrial trends, customize the project presentation for industrial institutional investors, provide strategic hedging and forward-looking analysis, in order to develop the entity economy service for industrial institutional investors.
- C. It launches various trading platforms to fulfill the diversified orders placed by customers via PC or mobile device. It launched the e-trading platform, iTRADER, developed by Yuanta Futures independently in 2021. Now, it still keeps optimizing the platform's functions. In order to provide customers with more successful service performance, it also implements the emerging technologies, such as RPA and digital reporting system, into the back-office operating procedure, in order to improve the operational efficiency comprehensively. In 2022, Yuanta Futures worked with the Group to implement the FIDO. In the future, it will provide customers with more convenient and comprehensive financial service experience, in order to improve the convenience and safety of financial transactions.

(7) Long and short-term business development plans

- A. Short-term business development plans:
 - (A) Continue to improve the core profit-seeking momentum, speed up the development of customers to create a niche; deepen the brokerage business and IB channels, expand the business team's momentum, continue to solidify the main profit-seeking engine, and focus on the post-epidemic business development, enhance sales representatives' risk and compliance awareness, fulfill the risk management and fair dealing, and improve the brokerage-related service quality.

- (B) Improve digital financial services and optimize customer's trading experience: optimize the mobile trading APP platform's functions, integrate the resources of futures research reports, and provide customers with more complete services; and construct the big data analysis platform to manage customers by group and engage in the precision marketing based on the business strategies driven by the digital analysis, in order to build a trading platform that focuses on satisfying customers' needs.
 - (C) Build the Asian trading platform and exercise overseas domain's strategic consolidated effects: solidify the futures economic position in the Asia-Pacific region, build the international trading hub, develop B2B business internationally, integrate the resources of domestic/overseas business locations of Yuanta Futures and the other subsidiaries of Yuanta FHC to create the consolidated effects for the Group, find out the opportunities to complement the cross-market businesses and thereby narrow the gap in the competition with international futures houses.
 - (D) Focus on the leveraged business growth opportunities and construct the new generation trading system: construct the business team's drives, promote diversified contracts for difference, develop diversified contracts for difference and optimize the middle office and back-office system in response to the competent authority's policy, satisfy customers' needs for diversified operations and hedges, and create diversified sources of income.
 - (E) Solidify the proprietary trading performance for the layout based on the strategy of diversification: aim to seek stable profit, enhance the spot futures strategic allocation and exposure level controls, and expand the fixed income to increase sources of income and optimize the entire proprietary trading performance.
- B. Long-term business development plans:
- (A) Transform and upgrade channels to increase diversified income: The brokerage service team engages in improving the organizational quality, and builds the team dedicated to integrating physical and virtue channels by virtue of new products, new thoughts and new models, and uses the best effort to achieve innovation and optimization through the new platforms and inter-departmental marketing.
 - (B) Develop the international market to join international securities houses: Develop customers for overseas locations actively in response to the international layout by the Group to practice consolidated effects. Cultivate Yuanta Futures' overseas locations as the global commodity and trading platform to build the complete futures product lines.
 - (C) Enhance risk controls and guard customers' assets: Utilize the risk management technologies and expertise accumulated by Yuanta Futures in R&D of FinTech products and services, and combine resources intensively to develop new business lines actively.
 - (D) Protect shareholders' equity and pursue ESG development: Uphold the highest ethical management principle and use the best to protect shareholders' equity. Integrate the corporate and social mutual prosperity into its business purposes and service management model, and promote ESG practices and goals through corporate governance,

fair dealing, green finance, social participation, and healthy workplace.

6. Yuanta Venture Capital

(1) Main business services

- A. Provide capital to invested enterprises
- B. Provide corporate operation, management, and consulting services to investee enterprises
- C. Commissioned consultation on business administration
- D. Other relevant operations approved by the competent authority

(2) Revenue breakdown

Unit: NT\$1,000; %

Item \ Year	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Equity in investee income recognized under the equity method	374,140	31.74	58,399	46.24
Net gain or loss on financial assets at fair value through profit or loss	780,924	66.27	(218,742)	(173.20)
Dividends revenue	23,484	1.99	34,050	26.96
Total	1,178,548	100.00	(126,293)	100.00

(3) Business plans for the year

A. Achieve the annual budget objective:

Yuanta Venture Capital has successively disposed of the investees of Yuanta Venture Capital and Yuanta I Venture Capital in 2023 to achieve the objective of budget.

B. Weigh core business and growing business equivalently:

Subject to the conditions, such as markets and industries for the target portfolio, Yuanta Venture Capital's investment business may be divided into two types, namely "Core Business" and "Growing Business." The "Core Business" primarily aims at the industries known better by the investment, or more matured markets, with low risk but stable income. The "Growing Business" aims at pre-matured markets, with higher investment risk but a good chance to seek better returns.

In 2022, the factors, such as Russia-Ukraine War, lift rate policy adopted to suppress the inflation, China's Zero-Covid 19 policy, and the increasingly intensified conflict between the two powers, China and the USA, in recent years have caused the bilateral economic and trade exchanges to slow down, thus resulting in the drastic market and industrial volatility. Yuanta Venture Capital's investment strategies in 2023 will continue to solidify the "Core Business" and also increase the proportion of the "Growing Business"; notwithstanding, Yuanta Venture Capital Co., Ltd. will select the investment portfolio about leading

technology which are also certified as the first priority and also select investment portfolio cautiously, in order to balance risks and returns. The investment strategies are stated as follows:

Investment strategy	Selection strategy	Selected industry	2023 Percentage (%)	2024 Percentage (%)	2025 Percentage (%)
Core business (Existing technology / pre-matured market)	1. Lower P/E ratio 2. Reasonable dividend yield 3. High liquidity (in the case of open trading market) 4. Familiar with the company and the team	<u>Internal</u> Electronic industry (software and hardware), manufacturing, IC design, traditional manufacturing, ship and aviation industry, automotive industry, chain store industry (e.g. catering, pharmacy and store, et al.), and agricultural technology <u>Overseas</u> Traditional industry: e.g. manufacturing (light assets primarily); Domestic demand: e.g. chain restaurant, consumer goods, recreational industry	65%	60%	55%
Growing business (Existing technology / pre-matured market)	1. Leader in the field or scale of the technology 2. Products or services have already been authenticated by the market. 3. Lower risk	e.g. AR/VR, FINTECH (e.g. Blockchain application), e-commerce, Big Data, AI, edge computing, Internet of Vehicles, Smart Factory, Smart Family, high-rank medical devices, medical services, digital contents and management, advanced materials, and 5G etc.	35%	40%	45%

C. In line with the major changes in the industry, take the local business opportunities:

As the production capacity was limited by the impact posed by the pandemic, the supply chain was stuck accordingly. Notwithstanding, considering that various countries have lifted their lockdown policies successively and epidemic became stable increasingly, the global economic, trading and consumption activities were changed again. Suppliers were not required to prepare excessive stocks, as the end users' need declined. Consequently, the manufacturing industry suffered the economic recession. However, the service industry tends to be recovering

stably. Given the global economy remaining uncertain, Yuanta Venture Capital will act more cautious in assessing overseas investment projects. Particularly, the information about Mainland China is not transparent, it is necessary to keep alerted in response to the huge crisis and the assessment shall be conducted more conservatively. The ecological chain in the semiconductor industry is considered complete in Taiwan. The business opportunities for Silicon Shield are moved from Taiwan to overseas. In the post-pandemic era, medical biotechnology and smart medical care have been valued increasingly. Under the 5G, self-driving cars and the IoT trends, Taiwan's information and communication industry has held a place in the world, and is expected to focus on the investment opportunities in Taiwan. Based on the cautious assessment result on regional risks and investment conditions, it is planning the following investment areas to be targeted within next three years:

Scope		2023(F) (Add)	2024(F) (Add)	2025(F) (Add)
Internal	Taiwan	90%	85%	85%
Oversea	Mainland China	0%	0%	0%
	Korea	0%	5%	6%
	South East Asia / others	10%	10%	9%
Total		100%	100%	100%
Projected total investment amount		NT\$300 million	NT\$350 million	NT\$400 million

(4) Industry overview

According to the 2021 questionnaire survey performed by Taiwan Venture Capital Association on the venture capitals in 2022, the overview of venture capital market in Taiwan is discussed in terms of domestic venture capital's financing status, investment status, invested industry, investment stages and invested territories:

A. Financing Status:

In terms of the venture capital's financing status, 27 new venture capitals were founded in 2021, with the total capital amounted to NT\$1.755 billion. The number of new venture capitals increased by 7 from 20 in 2020, and the total capital also decrease by NT\$2.511 billion from NT\$4.266 billion in 2020.

B. Investment status:

In terms of investment status, there were a total of 260 investment projects by venture capital in Taiwan in 2021, decreasing by 155 cases from 415 cases in the previous year (2020). The total investment capital was NT\$4.58 billion in 2021, decreasing by NT\$57.29 billion from the total investment capital, NT\$61.87 billion, in the previous year (2020). As a whole, the number of investment projects and total investment capital in 2021 both decreased from 2020.

C. Invested industry:

According to the statistics, in 2021, the total invested value in the green energy and environmental protection (NT\$8.591 billion) became the largest, IT industry (NT\$3.010 billion), bio-tech (including new drug and medical device)(NT\$1.077 billion), manufacturing industry (NT\$0.712 billion), service industry (NT\$0.282 billion), venture capital industry (NT\$0.266 billion), national defense/aerospace industry (NT\$0.223 billion)and others industry (NT\$0.094 billion).

Compared with the invested industries in 2021 and 2020, the investment capital in the IT industry decreased by NT\$6.170 billion (NT\$9.180 billion in 2020). The investment capital in the manufacturing industry slightly reduced by NT\$1.262 billion (NT\$1.974 billion in 2020). The investment capital in the biotech industry, including new drugs and medical devices, decreased as NT\$1.077 billion from NT\$32.528 billion in 2020. The investment capital in the green energy and environmental protection industry increased as NT\$8.591 billion in 2021 from NT\$6.065 billion in 2020. The investment capital in the service industry decreased as NT\$0.282 billion (NT\$11.010 billion in 2020). The investment capital in the national defense/aerospace industry was NT\$0.223 billion (NT\$0.088 billion in 2020).

D. Investment stage:

In terms of the number of cases at various investment stages, in 2021, the proportion of investment by the venture capital business in Taiwan at the following various stages is stated as follows: Expansion (51.54%), Maturity (30.00%), Foundation (16.92%), Seed (1.54%), and Reorganization (0.00%). The proportion of investment amount at the following various stages is stated as follows: Expansion (73.93%), Maturity (16.78%), Foundation (8.81%), Seed (0.47%), and Reorganization (0.00%). In the past years, the proportion of investment by domestic venture capital business at the earlier stages (Seed and Foundation) was about 30%. Such consequence shall result from the Government's policy dedicated to promoting the industrial innovation and creativity that caused massive emerging businesses or startups to be founded and become the focus of the venture capitals. In 2021, the domestic venture capitals' investments were centralized in at the middle and late stages. The total number of projects or total investment capital would attain 70% or more at the same stages.

E. Invested territories:

According to said statistics, the investment behavior by territory in 2021 showed that the domestic investment was still the first priority, accounting for about 83.46%, increasing by 4.42% from the proportion of investment in domestic business, 79.04%, in 2020. For the territories outside Taiwan, the other territories (e.g. Middle East and Africa) ranked the second place, i.e. 5.00%, decreasing by 1.99% from 6.99% in 2020;

the territories of Europe increased from 2021 and became 1.15% (0.96% in 2020); The Silicon Valley region of the United States increased from 1.45% in 2020 to 3.46% in 2021, a increase of 2.01%.

(5) Research and development

A. Actively seek out and identify quality investment targets:

In the post-pandemic era, Yuanta Venture Capital will focus on the investment portfolio in the territories of Taiwan primarily, followed the semiconductor, biotech and information and communication industries, and control the business opportunities arising locally, and develop overseas markets secondarily.

B. Strengthen employee training:

Yuanta Venture Capital will improve employee training and continue to refine its operational competence.

(6) Long and short-term business development plans

Yuanta Venture Capital's short-term business development plans consist of the following: 1. Review the investment portfolio, control risks, and upgrade profitability; 2. Deploy mid-term and long-term investment projects; 3. Focus on the investment in industries that are likely to be booming in the future, including 5G, information communications, high-end medical equipment and AI applications, etc. Permanently, Yuanta Venture Capital will work hard to upgrade profit and achieve the objective for ROE more than 9.37%.

7. Yuanta Asset Management

(1) Main business services

- A. Acquisition and disposition of secured NPL by financial institutions
- B. Acquisition and disposition of non-secured NPL by financial institutions
- C. Succession to and auction of real property
- D. Real estate management and maintenance
- E. Urban renewal and dangerous old services
- F. Other relevant operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT\$1,000; %

Item \ Year	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Disposition of NPL	268,546	70.06	277,890	69.48
Disposition and lease of real property	44,167	11.52	48,524	12.13
Real estate management and maintenance	70,616	18.42	72,149	18.04
Urban renewal and dangerous old services	0	0.00	1,390	0.35
Total	383,329	100.00	399,953	100.00

(3) New financial products and services in development

Considering that the competent authority has approved and adjusted some business lines that may be undertaken by AMC in 2019, Yuanta Asset Management has started to research the relevant operating model. For the time being, Yuanta Asset Management still values the acquisition and integration of creditor's right and right of things, and inter-group real estate management and maintenance:

A. Acquisition and integration of creditor's rights:

With Yuanta Asset Management's professional core competency, it will primarily proceed with the integration relying on the completeness of debt and single large debt to create the potential value of integration of credit and debit. For NPL management practical operations, debtors are frequently troubled and restricted by tremendous and complicated debts. If Yuanta Asset Management will, with its expertise and practical attitude, move in the direction of debt integration, under well-founded plan, professional negotiation, and sufficient funding.

B. Acquisition and integration of right of things:

Yuanta Asset Management will start from the integration of creditors' rights secured by real estate valuable for development and make improvements on real estate where appropriate to create gains. Most of the collaterals required by financial organizations refer to real estate. However, it is frequently impossible to dispose of the same amicably subject to different banks or creditors and, therefore, the potential value cannot be exerted or the realized price depreciates drastically. Therefore, if by integrating creditor's rights and then integrating real estate, added value of the real property will be increased accordingly.

(4) Business plans for the year

A. NPL plan:

(A) Sprout and refine secured cases

Improve the existing traditional method, and flexibly utilize diversified approaches to seek income, and seek the most advantageous models after reviewing each case carefully. By means of court auction, sale of creditor's rights, bid and debt clearance negotiation.

(B) Fulfill the management of non-secured cases

Given the current status of the NPL market and restrictions imposed by the competent authority on NPL released by financial organizations, there is almost no NPL bids offered in the market now. Yuanta Asset Management will move forward to delicate management and diversified collection methods to achieve the annual objective. Operate in coordination with objective management, warehousing management, performance management, and audit operation.

(C) Bidding and disposition of real estate

Yuanta Asset Management Co., Ltd. will select the projects likely to derive remarkable rate of return and added value subject to the real

estate market condition, product types and regional difference for evaluation, and take part in the bidding for real property in the auction market in a timely manner. Yuanta Asset Management Co., Ltd. will evaluate any marketing projects subject to the target price and profitability of the object.

B. Inter-group real estate management and maintenance:

According to said AMC principles, Yuanta Asset Management may be contracted by Yuanta Financial Holdings (Bank) and its subsidiaries to manage and maintain real estate. Therefore, Yuanta Asset Management engages in the inter-group real estate management and maintenance in order to exercise the Group's consolidated effects, keep consistent management and satisfy the financial institution's need for strict supervision.

C. Urban renewal and dangerous old cases:

Amend the extend part in accordance with the AMC principles, evaluate the relevant urban renewal ordinance, urban hazard and accelerated reconstruction of old buildings or the reconstruction or reconstruction of real estate such as dilapidated buildings, sea sand houses, etc., choose a shorter integration time, reconstruction or remodeling with high willingness and investment-linked or management service property to evaluate, and the cases, such as urban renewal, reconstruction of urban unsafe and old buildings or management services, that can be participated in are reported in a timely manner.

D. Diversified business models:

Yuanta Asset Management's plan will be oriented toward multiple developments, transform the traditional one internally and turn to the model of diversified income. Externally, it will contact the competent authority voluntarily, strive to offer domestic and foreign asset management services and research the operating model for new business lines.

(5) Industry overview

Due to the fact that the competent authority requires various banks that unless in the case of NPL more than 3%, sale of NPL will be forbidden. If it is the case, AMC will reduce the sources of acquisition of NPL sharply and the room for profitability will be reduced accordingly. Given this, the competent authority has approved the amendments to business lines (e.g. Expressly define the "government entities," and expressly define the "disbursements," and "invested capital") and adjusted (the invested capital and acquisition of real estate when being allowed to act as the enforcer of urban renewal) the business lines, in part, for the future operation of AMC invested by Yuanta FHC and Yuanta Bank on May 24, 2019.

For the time being, the domestic leading AMCs are primarily engaged in the bidding for real property in the auction market. To deal with the yearly shrinkage of NPL release in the financial market as a whole, AMC will move

in the direction of greater diversification in terms of business development in the future.

(6) Research and development

A. Research and evaluation of court-auctioned real estate:

Yuanta Asset Management shall participate in the bid for court-auctioned properties and acquire collateral secured under NPLs and real property auctioned by governmental entities in a timely manner, subject to the real property market trend. It bid the investment-linked real property with investment potential.

B. Research and assessment on bond trading by non-financial institutions:

Assess the validity, recovery rate and quality of the bonds of non-financial institutions (e.g. Telecommunication bonds and corporate receivable accounts), and select to subscribe for or submit tender for the bonds of non-financial institutions which may render return of investment.

C. Debt and collateral consolidation:

Yuanta Asset Management will start from the integration of creditors' rights. It will expand into the improvement of right of thing and create potential value for creditors' rights and property rights so as to generate the best possible profits for the group.

D. Future plans:

Yuanta Asset Management will continue developing bids for court-auctioned properties, public tender invited by government entities, urban renewal cases (including unsafe and old buildings) and NPL market, keep in touch and communicate with the competent authority fairly, and research any potential products and services as Yuanta Asset Management's long-term and mid-term business development.

For the time being, Yuanta Asset Management is researching extension of peripheral business based on NPL, court-auctioned properties and public tender invited by government entities in hopes of enhancing the drive for new products and services with its existing experience, technology and human resource and by integrating the Group's plentiful resources.

(7) Long and short-term business development plans

A. Short-term business development plans:

- (A) Achieve the annual financial budget objective
- (B) Deepen disposition of existing assets
- (C) Fulfill management of NPLs
- (D) Lean assessment on auctioned real property
- (E) Inter-group real estate management and maintenance
- (F) Urban renewal and unsafe and old buildings cases

B. Long-term business development plans:

- (A) Support the financial holding group's need, provide the assessment on real estate and select the best assessment report on real estate:

Yuanta Asset Management has engaged in processing secured NPLs primarily. Therefore, it is very experienced concerning assessment of real estate collateral and disposal of the collateral. With its experience in real estate, it expects to provide various subsidiaries of Yuanta FHC with a consultation platform for bidding, assessment and planning of real estate and activation and management of property, and then participate in development, improvement and addition of value of real estate together.

- (B) Communicate with the competent authority to develop new business lines:

In the future, Yuanta Asset Management will continue to communicate with the competent authority to seek the new business lines, which meet AMC, so as to enable Yuanta Asset Management to manage more diversified business lines.

- (C) Be in line with the Group's entire planning and help participation in new business lines:

In recent years, various financial organizations have been in line with the government's financial liberalized and internationalized policies and promotion of urban renewal, and have provided assistance to meet the need for overseas development. Yuanta Asset Management will also be in line with the Group's internal business planning, help the Group with development of new business lines overseas, innovation and sale of financial instruments, and verification of the supervision highlights, related laws & regulations and risk control of the supervision authorities in various countries, in order to upgrade Yuanta FHC's competitiveness overseas.

8. Yuanta Securities Investment Consulting

- (1) Main business services

A. Securities investment consulting services

B. Other relevant operations approved by the competent authority

- (2) Revenue breakdown:

Unit: NT\$1,000; %

Item \ Year	2021		2022	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Consulting fees revenues	238,477	100.00	261,381	100.00
Periodical revenue	0	0.00	3	0.00
Total	238,477	100.00	261,384	100.00

- (3) New financial products and services in development

Yuanta Securities Investment Consulting will continue to expand consulting services to securities traded in Hong Kong, Shanghai, Shenzhen, New York, NASDAQ, and NYSE Amex markets to satisfy client needs. Adhering to our goals of FinTech development and business strategy diversification, Yuanta Securities Investment Consulting will continue to provide theme-based investment portfolio advice. Going forward, investors will be able to utilize the investment portfolio suggestions offered exclusively online by Yuanta Securities Investment Consulting.

(4) Business plans for the year

- A. Providing in-depth and rigorous research and analysis in both Chinese and English to offer domestic & foreign clients high-quality services:

Yuanta Securities Investment Consulting provides multiple customized services, including Chinese and English versions of company reports, industry & topic reports, overseas stock comments and macroeconomic reports covering domestic TWSE/TPEx listed companies and targets traded in overseas securities markets. Meanwhile, it has introduced the ESG rating system to provide a related basis for evaluation. In response to important global events, it will also provide analysis reports on special events in order to make services promptly available to domestic and foreign customers.

Meanwhile, Yuanta Securities Investment Consulting has built an asset allocation model, in order to meet demand from various clients, such as helping financial institutional clients to improve the financing quality of their core businesses when it comes to business expansion.

- B. Strengthening services provided for and communications with clients:

Yuanta Securities Investment Consulting arranges regular interactions with clients through organizing speeches, educational training, presentation conferences or industry forums, and continues to strengthen services and communications. Meanwhile, it actively co-organizes seminars for high net worth investors or high-turnover customers in response to customers' demands.

- C. Enhancing international presence:

In 2022, Yuanta Securities Investment Consulting won Asiamoney awards for the Best Asia Regional Economist, Best Taiwan Strategist, Best Taiwan Economist, third place for Best Regional Quantitative/Technical Analyst, and best Domestic Research Team. It also won 16 individual research analyst awards in Taiwan, evidence of the recognition attained by Yuanta Securities Investment Consulting's research team, with our high-standard and quality research reports appreciated by relevant parties. We target to maintain this award-winning quality moving forward. Besides further developing Taiwan market services, Yuanta Securities Investment Consulting is working closely with the Group's overseas subsidiaries to enhance its presence internationally through cross-border cooperation as the Group deepens its domestic and overseas market deployment.

- D. Providing online signing of securities investment consulting service agreements:

In response to the e-commerce development trend, the FSC now allows clients receiving securities investment consulting services to sign mandated contracts for securities investment consulting services online. In addition to execution in writing adopted originally, Yuanta Securities

Investment Consulting also allows clients to sign contracts online, which offers client data protection while speeding up the contract-signing process, providing clients a more convenient option.

E. Self-produced YouTube channel program “Yuanta Investment Frontline”:

In response to FinTech innovation and inclusive finance, Yuanta Securities Investment Consulting has self-produced the “Yuanta Investment Frontline” program on YouTube, providing diversified economic and financial information and improving investors’ understanding of financial products and financial market trends through dissemination of wealth management knowledge, as well as enhancing investors’ risk management and wealth management skills.

(5) Industry overview

The Securities Investment Trust & Consulting Association of the R.O.C. has a total of 86 members registered as of the end of 2022. Among them, 77 members were from the investment trust industry, trust industry, securities firms, and futures securities concurrently engaged in securities investment consulting business. Categorized by operation, there were 14 investment consulting enterprises engaged in the general agency of offshore funds, and 18 investment consulting enterprises engaged in discretionary investment business.

(6) Research and development

A. Research team:

Yuanta Securities Investment Consulting Co., Ltd. is staffed with teams of researchers experienced in analysis of industries and individual stocks. Apart from continuing to pass on skills to assistant researchers, it also continues strengthening the competency of the entire research team, and supports the Group’s related business proactively to expand securities investment consulting services.

B. Digital services:

Following the mobile communication, big data and cloud technology trends, in order to increase convenience and satisfy diversified consumer needs, Yuanta Securities Investment Consulting will continue to provide the latest market information and suggestions on theme-based investment portfolios through mobile communication software. Going forward, investors may select investment portfolios offered by Yuanta Securities Investment Consulting exclusively online for reference.

(7) Long and short-term business development plans

In order to support the Group’s FinTech transformation endeavors, Yuanta Securities Investment Consulting will implement the following development plans:

A. Continue to digitalize existing operations to improve the efficiency of services provided for domestic & overseas clients.

- B. Provide our research report database to help clients better understand the content and make research reports more accessible.
- C. Develop the YouTube channel “Yuanta Investment Frontline” and produce in-house programs to familiarize the public with more diversified topics and achieve financial inclusion.
- D. Continue to include Environmental, Social, and Governance (ESG) ideas in our internal risk management to fulfill our corporate responsibility.

Looking forward to 2023, Yuanta Securities Investment Consulting will continue to develop FinTech business and provide clients with comprehensive services. With respect to consulting services on TWSE/TPEX-listed companies, industries and professional educational training programs, Yuanta Securities Investment Consulting will uphold the utmost standards of professionalism and diligence to provide clients with real-time market information, well-founded evaluation and fund-planning, and create maximum satisfaction and value for clients. In addition to the Group’s existing clientele, Yuanta Securities Investment Consulting will also strive to cooperate with other corporations in order to expand the reach of its services, enhance the quality of client services, and orient itself toward an increasingly diversified client base, in hopes of becoming a securities investment consulting company that will be the first choice of domestic & foreign investment institutions.

II. Cross-Selling and Joint Marketing

The subsidiaries of Yuanta FHC include Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Futures, Yuanta Securities Investment Trust, Yuanta Securities Investment Consulting, Yuanta Venture Capital, and Yuanta Asset Management, etc. Since November 2019, the subsidiary, Yuanta Bank, has set up banking counters in the business places of Yuanta Securities’ subsidiaries to provide the service for opening of account in NTD (including conversion of digital securities accounts into the general securities deposit accounts). As of the end of 2022, it has set up the banking counters at 146 subsidiaries and Brokerage Department of Yuanta Securities. Since October 2022, the subsidiary, Yuanta Securities, has offered the account opening service for securities brokerage operations (including overseas sub-brokerage operations) in the business places of Yuanta Bank’s branches. Until the end of 2022, it has established the securities service counters in five branches of Yuanta Bank. The cross-selling via the Group’s own marketing channels accounted for 89.6% of Yuanta Life’s insurance premium at the beginning of 2022.

Since Yuanta FHC was incorporated, it has kept sprouting the development of Taiwan and expanding overseas, hoping to become the “Best Financial Services Provider in the Asia Pacific Region.” By integration of the Group’s resources, it provided complete cross-industry and cross-border financial services, satisfied customers’ needs for comprehensive financial services, such as wealth management, and practiced “living locally and managing wealth globally.”

III. Market and Business Overview

(I) Territories where the main products (services) of financial market are sold (provided)

Main products (services) of financial market	Territories
Banking services	Taiwan, Hong Kong, Korea, Philippines
Securities services	Taiwan, Hong Kong, Korea, Thailand, Vietnam, Indonesia, Cambodia, Singapore
Securities finance services	Taiwan
Futures services	Taiwan, Hong Kong
Investment trust business	Taiwan
Life insurance business	Taiwan

(II) Future supply & demand in the market

In 2023, the global economy will need to deal with the uncertain factors including high-interest rate environment, the changeable and unpredictable Russia–Ukraine War development, and persistent confrontation between China and the United States. Although the economy in Taiwan despite the domestic export sales and investment growth momentum becoming sluggish due to the impact posed by the economic decline of the global leading countries, the private consumption was expected to improve further, as benefited from the recovery of nationals' consumption back to the normal condition after the pandemic, is expected that the economy will still grow slowly in 2023.

As for the securities industry, as the global economy and financial markets are still full of uncertainties, and Taiwan's export strength is restrained, the market performance of Taiwan stocks is still challenging, which may affect the brokerage fee income of securities. The service providers must utilize their strengths in the capital market, and launch differentiated wealth management products and services to take the opportunities for wealth management transformation, and high-asset customers and institutional investor services.

For the banking industry, although the interest escalation is expected to help the recovery of net interest revenue, the cooling down of the domestic manufacturing and real estate industry may also affect the bank's lending momentum and lead to an increase in credit costs. Meanwhile, it is still necessary to note the quality of loans to SMEs and overseas loan under the impact posed by the epidemic. The banks shall deal with the situation with stable capital structure and careful post-loan management policies to mitigate potential bad debt losses. For the non-interest revenue, in consideration of the emerging corruption by sales representatives dedicated to wealth management and deposits and remittance services in recent years, the competent authority has strengthened its supervision on wealth management products and sales. The banks shall take response measures at the same time when they are developing business, in order to mitigate the adverse effect posed to their operations therefor.

For the life insurance industry, the recurring yield is expected to benefited from the interest escalation. However, the widening interest rate gap between Taiwan and the United States may make the cost of hedging continue to rise as a worry to the earnings. By the same token, the product transformation and changes in the regulatory environment also pose continuing effects to the life insurance business and make the insurance recover the essence of insurance protection. In order to be in line with the IFRS 17 successfully, the competent authority released a series of regulatory policy toward finance and business. The relevant reform will slow down the asset growth speed, but will also help mitigate

certain capital needs and risks to ensure the life insurance business's long-term stable operations.

(III) Yuanta FHC' business strategies and objectives

The core values upheld by Yuanta FHC are "Seize opportunities and create client wealth", "Enhance performance and promote employee welfare", and "Create value and increase shareholders return". While developing the financial business thoroughly and creating profit, Yuanta FHC also values the positive development in such areas as corporate governance, customer rights and interests, employee care, environmental sustainability and social welfare, in hope of moving forward in achieving the objective of "Best Financial Services Provider in the Asia Pacific Region" through the concept of sustainable business operation.

In implementation of sustainability, Yuanta FHC will be dedicated to practicing the three major concepts, namely sustainable finance, environment friendly and society's mutual prosperity, into the corporate culture and business practices, by offering more diversified financial products, greener financial services, and better customer care, and urging its business partners to focus on the issue of sustainability, so as to gradually establish a sustainable business management and service model, with the goal of being continuously included by Dow Jones Sustainability Index (DJSI).

Yuanta FHC's long-term and mid-term development strategy will continue to maintain the overall growth development strategy centering on "core- building and growth driven". In addition to solidifying the core businesses, and continuing to develop its competitiveness, Yuanta FHC will also focus on the setting up and management of businesses, markets and customers with growth potential, as well as to leverage the Group's cross-industry or cross-border integration growth to stabilize and upgrade its profitability effectively.

(IV) Yuanta FHC' development advantages and disadvantages

1. Factors driving growth and competitive strengths:

- (1) The complete financial domain covers securities, banking, life insurance, securities finance, futures, investment trust, investment consulting, venture capital and asset management. The dense business locations and about ten thousand financial service attendants throughout the nation may provide customers with omnibus financial services.
- (2) Recognized as the benchmark in corporate governance by foreign institutional investors and professional organizations: More than 25% of Yuanta FHC's shares are held by foreign institutional investors; Yuanta FHC having been selected by the "Dow Jones Sustainability Indices (DJSI) World Index" and "DJSI Emerging Markets Index" for four consecutive years, and received many corporate governance honors and recognitions to become the industry benchmark in corporate governance practices.
- (3) Balanced business and income structure: Yuanta FHC adopts the business model balanced securities, banking, life insurance, securities investment trust and futures businesses. Given the diversified profit structure, Yuanta FHC would be affected less from single-industry events.
- (4) The leading securities brand: Yuanta Securities, Yuanta Securities Investment Trust and Yuanta Futures all secure the relevant market leadership and construct strong research teams capable of winning high brand awareness and recognition from customers, and extensively developing diversified and differentiated products and services to create a higher service value.

- (5) Yuanta Securities has taken the initiative to start its overseas layout among peer companies: It extends its business in China, Hong Kong, Korea, Thailand, Vietnam, Cambodia, Indonesia and Singapore, etc. By integrating the financial services in the various capital markets, it may create more opportunities to promote the cross-border business.
 - (6) Upon consolidation of Yuanta Bank and Ta Chong Bank, the Bank's asset scale amounted to more than one trillion NT dollars. The business carried out by the Bank also reached the economic scale. Apparently, the consolidated effects have been benefited more.
 - (7) With the low liability cost, stable investment and strong capital structure for insurance policy, the protection-type and long-term products as the focus of the product strategy, and additional investment-linked products, Yuanta Life satisfies customers' need for investment and wealth legacy, will be able to effectively grasp the business opportunities of customer investment and wealth inheritance.
2. Obstacles to development and competitive weaknesses:
- (1) Considering that the operating revenue from securities operations is subject to the fluctuation of the securities market of Taiwan and the e-trading proportion is increasing year by year, the commission from brokerage service is declining accordingly. Yuanta Securities will continue to open up new customers and activate dormant customers, develop the wealth management business, increase overseas business operating revenue and control the opportunities brought by the opening of new business lines to diversify the sources of operating revenue and mitigate the fluctuation in earnings.
 - (2) Taiwan's banking industry is affected by increased volatility in the financial market, and the performance of investment positions may be affected. Yuanta Bank will continue to implement prudent and steady risk control policies to balance risk and rate of return.
 - (3) Yuanta Life maintains a small asset scale. Given the few proprietary trading sales representatives and telemarketing specialists, Yuanta Life's sales primarily depends on the financial channels and traditional insurance brokers and agents channels. Yuanta Life Insurance Co., Ltd. works with the channels proactively to provide the differentiated products and services satisfying the target customer bases' requirements, subject to the characteristics of the demand of the channels' customer bases.
 - (4) In the post-epidemic era, affected by geopolitics, severe inflation and strong interest rate hikes, the uncertainty in the global economy remains high and the international exchange and stock markets' fluctuation expanded accordingly. The Group owns the strict risk control organization and system, which help evade or reduce the loss caused by risk incidents effectively.

IV. Employee Information for the Most Recent Two Years Up to the Publication of this Annual Report

(I) Information about the general employees

As of January 31, 2023

Year		2021	2022	Ending January 31, 2023
Number of employees	Yuanta Financial Holding Co., Ltd.	175	234	219
	Yuanta Securities Co., Ltd.	4,945	5,134	5,152
	Yuanta Commercial Bank Co., Ltd.	4,386	4,358	4,359
	Yuanta Life Insurance Co., Ltd.	715	673	670
	Yuanta Futures Co., Ltd.	412	423	423
	Yuanta Securities Investment Trust Co., Ltd.	276	285	285
	Yuanta Securities Investment Consulting Co., Ltd.	71	84	84
	Yuanta Asset Management Co., Ltd.	44	46	46
	Yuanta Venture Capital Co., Ltd.	16	16	16
	Total	11,040	11,253	11,254
Average age (Note 1)		41.55	39.58	40.48
Average years of service (Note 1)		7.89	6.69	7.14
Academic background (Note 1)	Doctorate	1.71%	1.28%	1.36%
	Master degree	56.00%	58.11%	56.16%
	University/college	38.29%	38.03%	40.18%
	Senior high school	4.00%	2.58%	2.30%
	Less than senior high school	0%	0%	0%
Professional certificate and license held by employees (Note 1)	Associate Customer Service (ACS)	1	1	1
	Associate, Life Management Institute (ALMI)	1	1	1
	Associate of Society of Actuaries (ASA)	1	1	1
	BS 10012 Lead Auditor	1	1	1
	BS 10012 Personal Information Management System Constructor	1	1	1
	Certified Anti-Money Laundering Specialist (CAMS)	5	8	8
	Cisco Certified Design Professional (CCDP)	1	1	1
	Cisco Certified Network Associate (CCNA)	1	1	1
	Cisco Certified Network Professional (CCNP)	1	1	1
	Certificated Ethical Hacker (CEH)	2	2	2
	Chartered Financial Analyst (CFA)	1	2	2
	Chartered Financial Analyst (CFA1)	1	-	-
	Certified Global Sanctions Specialist (CGSS)	1	-	-
	Certified Internal Auditor (CIA)	4	3	3
	Certified Information System Auditor (CISA)	3	2	2
	Certified Information Security Manager (CISM)	1	1	1
	CISSP Information Security System Expert	1	1	1
	EC-Council CHFI Cyber Security Assessment & Investment Expert Certification	-	1	1

Year		2021	2022	Ending January 31, 2023
Professional certificate and license held by employees (Note 1)	Planner of Enterprise Resource Planning	-	1	1
	Fellow, Life Management Institute (FLMI 1)	4	4	4
	Fellow, Life Management Institute (FLMI)	2	1	2
	Financial Risk Manager (FRM)	4	5	5
	ISO 27001 Information Security Management Systems Auditor/ Lead Auditor	9	9	9
	ISO 29100 Privacy Framework Leading Auditor	1	1	1
	Juniper Networks JNCSP-ENT	1	1	1
	Juniper Networks JNCSP-SEC	1	1	1
	Microsoft Certified Professional (MCP)	1	1	1
	Microsoft Certified Solutions Associate (MCSA)	2	2	2
	Microsoft Certified Systems Engineer (MCSE)	2	2	2
	PMI Risk Management Professional (PMI-RMP)	-	1	1
	Project Management Professional (PMP)	3	3	3
	Retirement Financial Advisor (RFA)	1	1	1
	Securities exchange	1	1	-
	Level-B technician for employment service	-	1	1
	Life insurance representative	39	51	48
	Life insurance representative's sale of foreign currency non-investment-oriented insurance products	5	8	8
	Life insurance underwriter	1	1	1
	Professional Civil Engineer	-	1	1
	Estate Agent	1	1	1
	Internal Auditor	2	1	1
	Level-A Labor Safety Manager	-	1	1
	Corporate internal controller	2	5	5
	Sales representatives of securities borrowing and lending (SBL)	1	-	-
	Sales representative of margin trading and short sale for the trading of securities	2	1	1
	Investment-linked insurance products	1	1	1
	Investment-linked insurance representative	8	12	11
	Staff dedicated to anti-money laundering/countering of terrorism financing	3	10	10
	Basic proficiency test for international banking personnel	6	6	6
	Basic proficiency test for banking lending personnel	13	14	13
	Compliance officers	8	13	13
	Stock affairs personnel	3	4	4
	Financial Auditor	1	-	-
	Financial Management Associate (FMA)	-	1	1
	Trust operations personnel	49	65	60
	Trust management personnel	3	4	4

Year		2021	2022	Ending January 31, 2023
Professional certificate and license held by employees (Note 1)	LOMA Associate Customer Service (LOMAACS)	-	1	1
	First aid personnel	1	5	5
	Derivative foreign exchange products	-	1	1
	Financial derivatives sales personnel	4	4	5
	Financial Risk Manager (FRM)	1	1	1
	Property Insurance Representative	14	21	19
	Property Insurance Agent	1	1	1
	Sales representatives of wealth management	4	7	7
	Eldercare Financial Planning Consultant	-	1	2
	Domestic attorney-at-law	4	7	7
	Domestic accountant	3	5	4
	Foreign attorney-at-law	1	2	2
	Financial planner	11	17	16
	Bill finance specialist	1	1	1
	Futures Trading Analyst	1	1	1
	Futures specialist	36	48	46
	Sales representative of structured notes	3	3	3
	Bond specialist	3	3	3
	Microsoft Azure Database Administrator Technician	-	1	1
	LOMA Associate, Life Management Institute (LOMAALMI)	-	1	1
	LOMA Fellow, Life Management Institute (LOMAFLMI-Level-1)	-	1	1
	Bank internal controller	16	17	17
	Bank internal controller and internal auditor	23	45	42
	Auditor	4	6	6
	Audit officer	1	1	1
	Securities investment trust and consulting professional	26	31	31
	Securities investment analyst	1	2	2
	Securities clerk	2	4	3
	Senior securities specialist	49	62	59
	Securities specialist	26	38	35

Note 1 : Information on average age, average years of service, academic background, and professional credentials held by employees does not include data from Yuanta FHC' subsidiaries.

Note 2 : In consideration of the special business attributes, the basis for calculation of the number of persons of Yuanta Life excluded the contracted insurance sales representatives.

(II) License/certificate acquired by the Company's personnel related to financial transparency

As of January 31, 2023

Certificate Name	Persons	
	Financial Accounting	Auditing
Certified Anti-Money Laundering Specialist (CAMS)	-	2
Certified Internal Auditor (CIA)	1	-
Certified Information System Auditor (CISA)	-	1
Financial Risk Manager (FRM)	-	1
ISO 27001 Information Security Management Systems Auditor/ Lead Auditor	-	2
Project Management Professional (PMP)	-	1
Life insurance representative	1	4
Life insurance representative's sale of foreign currency non- investment-oriented insurance products	1	1
Internal Auditor	1	-
Sales representative of margin trading and short sale for the trading of securities	1	-
Investment-linked insurance representative	-	1
Staff dedicated to anti-money laundering/countering of terrorism financing	-	2
Basic proficiency test for international banking personnel	-	1
Basic proficiency test for banking lending personnel	1	2
Compliance officers	-	2
Financial Auditor	-	-
Trust operations personnel	5	5
Trust management personnel	-	3
Financial derivatives sales personnel	1	1
Property Insurance Representative	2	2
Sales representatives of wealth management	1	-
Eldercare Financial Planning Consultant	1	-
Domestic accountant	1	-
Financial planner	1	3
Futures specialist	5	4
Bank internal controller	-	4
Bank internal controller and internal auditor	3	-
Auditor	-	3
Audit officer	-	1
Securities investment trust and consulting professional	5	4
Senior securities specialist	7	6
Securities specialist	3	1

V. Corporate Social Responsibilities and Ethics

Yuanta Cultural and Educational Foundation (hereinafter referred to as “Yuanta Foundation”) was involved in organizing 641 events in 2022, including 219 self-organized events, 389 co-organized events and 33 sponsored events, and honored the “Enterprise-Aided Charity and Education Business Gold Award” by the Ministry of Education. A total of 2,362 volunteers participated in the events and the events benefited more than 630,000 participants. Aiming at the six major dimensions, including “Involvement in Volunteers Public Welfare Platform,” “Aid for Disadvantaged Group Caring for Children and Juvenile,” “Educate and Train Youth’s Independence,” “Inclusive Financing/Innovation & Cultivation,” “Healthcare, Care for the Elderly” and “Community Service & Environmental Protection,” it sprouted the rural area education, care for the community, healthcare and various public welfare and education activities in depth and width. The enterprise’s volunteers also joined and responded to activities, included their expertise in finance into the public welfare and care extension activities and invested diversified educational resources proactively, in order to make its public welfare operations more active.

Since Yuanta Foundation was founded 20 years ago, it has insisted on the philosophy for “the public welfare should refer to continuous contribution.” It constructs the “Charity Public Welfare Platform” proactively to build a bridge for caring. It also works with various public welfare partners to innovate the activity types and combines the current trends and integrate resources from multiple parties, in order to make the power of dream become stronger. It devotes itself to giving and accompanying to make love everlasting. “Education” refers to an important path directing to dreams. “Accompanying” is considered as the key principle to warm one’s life. Continuous selfless contribution, communication of warm hope and light to make love and care more powerful, and also make “Yuanta Flower” bloom everywhere!

In the process of construction of the “public welfare platform,” it works with like-minded partners and volunteers to move on. By investing the extensive channels and abundant human resources in the public welfare operations, Yuanta Group uses its best to promote various volunteer services and create the new activity types with its public welfare partners jointly. “Yuanta Happiness Day” refers to a representative self-organized event of Yuanta Foundation. This year, it continued to visit remote areas in Taiwan to increase its strength to extend care with art feasts, drama shows and basic financial management activities and to send the tailor-made “Happiness Gift Bag” to children. Since the activities were started in 2012, it has organized more than 30 charity events inviting nearly 7,000 schoolchildren to engage in such educational entertainment activities. Also, it called on 1,845 volunteers inside and outside the Group to provide the escorting services.

It not only provides economic aids but also matches adequate supplies to be donated to the units in need. It initiated the “Love Book Fun” book raising activity and called on colleagues to donate second-hand books in good condition. After cleaning the books, it gave the books to the rural areas with insufficient resources, as a diversified reading resources. It also gathered volunteers dedicated to storytelling, hoping to enrich the life of children with the power of knowledge received from reading. The “Yuanta Wealth Management Day” combined the public welfare and expertise in finance. Since 2018, it has trained professional volunteer trainers to research and develop innovative wealth management teaching materials jointly, 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.

Based on the “Insistence on Dream and Brave to Move Forward” philosophy, it firmly believes that as long as one embraces his original intent and moves towards the goal and act honestly, he may transform the power of good into greater momentum, like the sun delivering

warmth and shining on each corner of the society! On the road to public welfare, it combines Yuanta Group's vast channels and abundant human resource to promote the public welfare and the recruitment of like-minded volunteer partners to work with it proactively. It also innovates and reforms the activities in line with the trend, and practices the real intent of service, care and contribution. It spreads the seed of hope extensively to reclaim the sustainable forest for the "Deed of Good."

(I) Involvement in Volunteers Public Welfare Platform

1. Dream Big Yuanta Social Welfare Plan

The "Dream Big Yuanta Social Welfare Plan" was initiated since 2016, which combines the fund of Dream Big and human resources and materials from volunteers inside/outside the Group to support schools and social welfare groups, and jointly promote the innovative education plan applicable to the service recipients not limited by specific ethnic group, gender and age.

Yuanta Group's volunteers play a very important role in the "Dream Big Yuanta Social Welfare Plan." They exercise their expertise when recording the teaching video about wealth management, organizing wealth management and career seminars, and also demonstrate their "personal hidden skills" to assist in organization of various events, such as balloons modelling, playing the drums, farming, community colorful painting, presentation of literature and history, edition of video and production of card and gift box, etc.. By extending the companionship service in a diversified manner, Dream Big Yuanta Social Welfare Plan helps children built their dream step by step. Through the past six years, it has worked with 37 groups and 5,260 volunteers to realize the dream. A total of 126,903 persons were benefited therefor.

2. Yuanta Public Welfare Platform

(1) Charity Volunteer Platform

In order to practice the spirit of helping the disadvantaged to act independently, Yuanta Public Welfare Platform has donated funds to various sheltered workshops for many years. School-age children with disabilities are given the opportunity for employment and the chance to work at some caring site. The works created by the sheltered children are designed as cultural and creative products, such as eco-friendly shopping bags, folders, account books and piggy banks, etc., in order to provide these children with more substantial opportunities to do what they are good at. In 2022, it worked with Yilan Association of Autism Corporation to select the painting work created by Xiaozong, a trainee with autism, through the voting mechanism, and printed it on the wireless charging plate as a public welfare interactive product. It expects to maximize the Public Welfare Charity Platform's benefits and also work with more schools and public welfare partners, in order to introduce the sheltered children's works and assist the workshops to expand the promotional channels so as to upgrade their publicity. However, given the impact posed by the epidemic, the number of volunteers has declined increasingly. In order to fulfill the rush orders for the Moon Festival gift boxes, the workload of the children with Down Syndrome from Down Syndrome Foundation R.O.C. sheltered workshop has been increased greatly. Therefore, the Foundation called on its internal charity volunteers to join the charity activity and work with these children to fold the limited-edition gift boxes for the Moon Festival at Xinzhuang Handmade Experience Workshop, as it hoped to extend warmth and blessings through the physical actions to have the boxes, inside and outside, are full of the heartwarming greetings.

(2) Character Education and Training for Children

In order to build children's awareness toward a good character, Yuanta Foundation worked with Green Field Kindergarten to organize the "Love Earth Happiness Run" campaign, in order to teach children about family ethics, stimulate them to care for people and things around them, train them to act empathic and grateful, and make them become a caring person. In 2022, Yuanta Foundation sponsored the Kindergarten to organize a charity bazaar. The income generated from the bazaar was donated to the Garden of Hope Foundation in whole to support women, child and juvenile victims in domestic violence. Meanwhile, parents were also invited to raise second-hand toys and books and donate the same to 5 Way House in Hualien in order to expand the idea about good deeds.

(II) Aid for Disadvantaged Group Caring for Children and Juvenile

1. Aid for Disadvantaged Group

(1) Yuanta Happiness Day

"Yuanta Happiness Day" has been initiated since 2012. It insists that "every child should have his own gift." It was organized once per year at the very beginning. Later, it was expanded and organized in North, Middle and South Taiwan, respectively, once per year. In the past 11 years, it has organized a total of 35 educational entertainment activities to help expand the schoolchildren's vision. It has called on 1,845 volunteers to provide the escorting service, and sent the tailor-made-concept "Happiness Gift Bag" to 6,942 schoolchildren, which contained brand new sportswear, pants and shoes, in order to provide the children with the happiness exclusive for them.

The past two years, Yuanta Happiness Day has been affected by COVID-19. However, the Foundation kept insisting on showing care to remote areas. In response to the epidemic, the Foundation made some adjustment and streamlined the large-scale event into a small event attended by no more than 100 guests. This year, the Foundation worked with Asia University, Taiwan again, in order to lead the students to enjoy the interesting challenge games and visit the Asia University's Museum of Modern Art with them and train the schoolchildren's artistic and aesthetic qualifications. Meanwhile, it also directed to Yonghe Elementary School in Nantou County and Yushan Elementary School in Tainan City to teach the schoolchildren in rural areas to know about the basic wealth management concepts on bookkeeping, savings and smart consumption, via the "Little Buyer" activity combining Yuanta volunteers' expertise in finance.

"Yuanta Happiness Day," as the starting point of love, links the power from the department of education and department of social welfare of the county/city government to keep the education bright and growing. In 2022, it has given a total of 807 gift packages to 26 different schools and units throughout Taiwan. Yuanta, as the strongest backup for schoolchildren on their way to learning, hopes that all of these children may feel the heartwarming gifts, work hard to learn and act brave to pursue their dreams. Through the

warm company by Yuanta volunteers, the “Happiness Gift Bag” was delivered to the schoolchildren in rural areas personally in campus. They kept the warmth persistent with practical actions.

(2) TFCF Outstanding Children Annual Award Ceremony

Taiwan Fund for Children and Families organized the “2022 TFCF Outstanding Children Annual Award Ceremony,” and selected 23 “Outstanding Children” who never gave up pursuing their dream even in the difficult time, out of more than 50,000 economically disadvantaged children, to accept the commendation. Yuanta Foundation exclusively sponsored the event by offering 23 children the fellowship and also the “Happiness Gift Bag” containing the brand-new sport jacket, pants and shoes, in order to encourage the “Outstanding Children” to learn persistently.

2. Caring for Children and Juvenile

(1) Train Local Teachers by Kids’ Bookhouse in Taitung

“Kids’ Bookhouse” has set up 10 bases in Taitung so far, in order to aid 200 children from economically disadvantaged families in Taitung and provide diversified learning services. Yuanta Foundation has sponsored “Kids’ Bookhouse” in Taitung for 12 years consecutively to help it hire the local youth to act as the cram school teachers and encourage college graduates to return to their hometown to provide services.

(III) Educate and Train Youth’s Independence

1. Yuanta Dreams Take Flight

To fulfill our corporate social responsibility obligations, Yuanta Foundation actively participates in various cultural, educational and social welfare events. Adhering to the expectations represented by the slogan, “People-Oriented, with the Wish that My Existence Be Another Person’s Blessing”, Fu Jen Catholic University worked with Yuanta Foundation to activate the “Yuanta Dreams Take Flight” program to keep introducing resources into the rural areas stably. Fu Jen Catholic University has worked with Yuanta Foundation for the 12th year on “Yuanta Dreams Take Flight” initiative. Ministry of Education recognized Yuanta Foundation’s long-term concern about the disadvantaged groups in remote areas and extension of the charity events and awarded the Foundation the “Enterprise-Aided Charity and Education Business Gold Award” in 2022. A total of 22,481 students benefited.

(1) Scholarship to Train Talents in Rural Areas

Yuanta Foundation worked with Fu Jen Catholic University to boost the “Yuanta Dreams Take Flight Scholarship” Program. A total of 232 students’ applications for the scholarship of college/university students, high school/high vocational school/five-year junior college students were approved in the second semester of the school year 2021 and the first semester of the school year 2022. The students primarily came from 10 schools, including Taoyuan Municipal Luo Fu Senior High School, New Taipei Municipal Qinxian Junior High School, Tzuchi Da-Ai Village in Shan-Lin District of Kaohsiung City, Chiayi Municipal Fu Jen Catholic High School, Keelung Fu Jen Sacred Heart Senior High School, National Jhuo-Lan Senior High School, Taoyuan Municipal Xin Wu Senior High School, Zhudong Station of Rerum

Novarum Center, Hualien Yuli Book House and Kaohsiung Huayuan Child Service Center. Until 2022, the “Yuanta Dreams Take Flight” Program has trained 127 excellent undergraduates and six(6) graduate students. A total of 1,881 persons have been awarded the scholarship. The Program also encourages “Yuanta Children” to apply for participating public welfare volunteer activities to pass on the heartwarming power for “cycles of good deeds”. In 2022, it innovated the event, expecting that students may start from their “heart” and enrich their growth history based on creative ideas on different themes, in order to keep the distanceless care extended from the faculty, students, Yuanta and Fu Jen Catholic University.

- (2) Care for rural areas and promotion of tangible activities – Summer and Winter High School Class, Project Kangaroo and Juvenile Career Diversified Program

Yuanta Foundation and Fu Jen Catholic University have worked with each other to offer summer and winter high school classes in the rural area. By upholding and respecting the core cultural value of each region, the Rural Area Education and Care Team of Fu Jen Catholic University was responsible for planning the professional and plentiful courses. The university students directed the children’s lessons in the summer and winter high school class, so that the children would not ignore their work due to lack of guidance during the long vacation. The “community juvenile after-school guidance program – Project Kangaroo” trained the children’s identity and respect of their own life and other persons’ life and also help them understand and cherish the learning resources to form their fair attitude and responsible sense, so as to ensure that the community’s children are uninterrupted in their studies in the winter and summer vacation and also mitigated pressure of their parents, so that children in the rural area may enjoy the same chances to study. Until 2022 a total of 16,206 trainees have attended the High School Class in the rural area.

- (3) Online Tutor for Schoolchildren

The Ministry of Education has boosted the “Digital Buddy” program since 2006, under which computers, networks, video devices and online teaching platforms were utilized to train university students on how to direct the learning of children from remote areas and interact with the children in daily life. Upholding the philosophy “life with life, living with living,” it improves the online program design through different training courses, enhances the awareness of online tutorship and establishes the correct teaching attitude. Meanwhile, it applies the digital technology platforms and creative ideas to make teaching more interesting. In 2022, a total of 472 trainees have attended the urban area disadvantaged child student education guidance program as provided by Fu Jen Catholic University

2. Yuanta Excellent Talents Scholarship

For the seven years, “Yuanta Excellent Talents Scholarship” aiming to help the disadvantaged but excellent population and enable students to study without worry, has been awarded to 417 students from poor families who outperform in character and academic achievement. The Scholarship has disbursed more than NT\$80 million in total to train young students to transform their life through education. Among them,

seven(7) students joined Yuanta Group to practice their expertise. The Scholarship helps fulfillment of talent training for students from study to employment. It starts from the selection of senior high school students and then extends to undergraduates and masters of business and law-related departments, as one of the few companies that offer the scholarship for students ranging from senior high school students to masters in the same trade. The excellent students recommended by schools need to pass the documentary review and interview by the examiners consisting of the officials and professors invited by the Group. Students selected will be encouraged at the award ceremony and receive the scholarship amounting to NT\$200,000 as comparable to the “Presidential Award.” Meanwhile, after the ceremony, it will also arrange professional wealth management courses, in order to provide students with another chance to reserve the wealth management knowledge and money concept which they may enjoy all their lifetime.

In recent years, it has also invited the students once winning the award back to Yuanta to grow and learn together with Yuanta family members, in order to implement the concept about new digital financial trend for students and help them accumulate a richer background and resources. Meanwhile, it also constructs the sound basic foundations for the students’ future brilliant life and encourages the students to keep learning and pursuing their dream bravely. More than 76 students have recognized Yuanta public welfare value and participated the Foundation’s volunteer activities proactively. It expects that students may realize the intent of contribution and feed back to the society, so as to build the touching “good” cycle.

(IV) Inclusive Financing/Innovation & Cultivation

1. Yuanta Wealth Management Volunteer Activity

In order to mitigate the divide between city and country, and the rich and poor, it practices the inclusive finance concept. Since 2018, it has combined the Group’s expertise in finance and worked with the schools in rural areas and public welfare partners of the Foundation to promote the “Yuanta Wealth Management Day.” In the past five years, it has organized 20 wealth management volunteer activities to share with 652 schoolchildren about the correct concept about money and teach them to plant the seed for wealth management and prepare for transforming their life. It plans to implement the “Yuanta Wealth Management Day” in a total of 832 elementary schools in rural areas of 15 cities/counties throughout Taiwan, in order to practice the targets promoted by the basic wealth management education.

The “Yuanta Wealth Management Day” calls on the Group’s colleagues to form the wealth management volunteer groups to prepare Yuanta’s exclusive wealth management teaching materials and design two wealth management board games, namely “Little Investors” and “Ideal Life,” in order to enable the students to experience investment and transactions and feel the market price increase or decline through the games, and guide students to move their first step to wealth management through online entertainment games. The curriculum teaches schoolchildren to identify what they need and what they want, encourages them to do bookkeeping and savings to avoid impulse buying, and also combines the current affairs and shares with these schoolchildren the philosophy that wealth management and life are inseparable from daily issues. It also adjusts and customizes the teaching materials subject to the local characteristics and cultures of the cooperative unit, and uses different teaching methods for different students, in order to lead these children to become smart consumers. In addition to sharing the wealth management concepts, it also encourages students to dream bravely, use the best effort to complete themselves, read more, make friends, and pursue their dreams.

2. Corporate Governance Summit Forum

The “18th Term Corporate Governance International Summit Forum” sponsored by Yuanta Foundation and organized by Taiwan Corporate Governance Association invited domestic and foreign experts and scholars to share their experiences for reference by the corporate governance in Taiwan. The Forum chose the topic “Improve directors’ functions and practice corporate sustainability” for the discussion, and focused on the issues on corporate governance and enhanced directors’ function, in order to explore how corporate governance practices the sustainable environment development, and challenges to be faced by the corporate risk management. Yuanta Group’s independent directors were also invited to participate in it to share the importance of corporate governance.

Yuanta FHC ranked as a global benchmarking enterprise in the performance of sustainability operations including promotion of environment, society and corporate governance, as one of the global benchmarking enterprises. For the practicing of the best corporate governance model, Yuanta FHC has been elected by the DJSI Emerging Markets Index and DJSI World Index for three consecutive years. In 2021, it was honored as the first place for the Comprehensive Financial Service globally, as a listed company ranking Top 5% of 8th Corporate Governance Evaluation of TWSE, and received multiple extinguish certification and awards under CG6012 (2019) Corporate Governance System Evaluation.

(V) Healthcare, Care for the Elderly

1. Healthcare

(1) Yuanta Blood Donation Day

The “Yuanta Charity Blood Donation” has been organized since 2011, and is held three times per year. Yuanta Foundation especially invited the colleagues from all of the subsidiaries and branches throughout Taiwan to donate blood at the blood donation stations in various counties/cities. More and more employees have donated their blood or become volunteer workers. Until 2022, Yuanta FHC has contributed 24,028 bags of blood, and has been honored by Taipei Blood Center, TBSF as a “Blood Donation Excellent Enterprise” for the seven year consecutively. The Group gathers the colleagues throughout Taiwan to respond to the blood donation, amplifies its social influence and works with neighborhood/village chiefs surrounding the business locations to invite the residents from neighborhood communities to join the donation, and extend the charity service together with its suppliers through physical actions.

2. Care for the Aged

(1) Volunteer Workers’ Stay With the Hualien Mennonite Christian Hospital Aged

Yuanta Foundation has worked with Mennonite Christian Hospital for 17 years to care the aged people residing in Hualien and Taitung on the festivals, such as Mid-Autumn Festival, Double Ninth Festival and year-end parties, and help the permanently hospitalized patients who had no way to return home to have reunion with family members feel a heartwarming festival. A total of 630 persons were benefited from the event organized by Yuanta Foundation and Mennonite in 2022.

(VI) Community Service & Environmental Protection

1. Community Service

(1) “Good Neighbor in Child Protection” Campaign Organized by TFCF

Yuanta and Taiwan Fund for Children and Families are long-term public welfare partners in the area of care for children and juveniles. Since 2012, Yuanta has co-organized the “Wraparound Project” and became a “Good Neighbor in Child Protection.” In order to enable the public to better understand the claim for protection of children and enhance the presence of child protection promotions, Yuanta continued to respond to the TFCF’s campaign. In 2022, Yuanta FHC, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures were invited to join the team dedicated to protecting children and juveniles, promote the idea about child protection at a total of 309 channels/business locations, and call on the voluntary care for children and invite the public to build dense safety networks together, via LED, official websites, social media, ATMs and credit card statements of account.

(2) Assist After-Care's Return to Society

Yuanta has promoted the rehabilitation care for more than one decade, in order to help rehabilitate offenders and their family members who need support from society eagerly, and received honors accordingly. In the past decade, Yuanta has worked with the Agency of Correction, Ministry of Justice and Taiwan After-Care Association to organize the skill training programs, including “Sand Painting Art Workshop” and “Bronze Sculpture Art Skill School,” hoping to help these rehabilitated offenders to return to the society successfully through the art skill training programs.

2. Environmental Protection

(1) Yuanta “Love Book Fun” Charity Reading Books

Yuanta Foundation strongly believes that “education” is the best way to improve life and practice dream, therefore, uses the best effort to deliver the educational resources to each corner throughout Taiwan. Notwithstanding, it found that many children from the rural areas or children who could not afford to buy books lacked the channels to learn knowledge. Therefore, it has initiated the “Love Book Fun” book raising activity since 2015, called on colleagues to donate second-hand books in good condition and suitable for children and juvenile, had the Group’s volunteer colleagues select, clean and classify these books, and then gave these books to the schools with insufficient resources, after school programs in rural areas and libraries, as a diversified reading resources, hoping to enrich the life of children with the power of knowledge received from reading.

Yuanta “Love Book Fun” has raised more than 10,000 books since it was initiated, and provided the abundant reading resources to 44 different entities. In 2021, it started to organize the theme-based activity, “FUN Happy Storytelling Train,” and invited professional story tellers to organize the training activity which formed the storyteller volunteer group systematically

to share the joy of reading to the children in rural areas through the vivid performance and signing, lead the children to a world full of books and inspire the children's interest in reading voluntarily, and designed the DIY activity to extend the implication of the stories and deepen the meaning of education to root the concept about inclusive financing since childhood.

VI. Number of full-time non-managerial employees, average and median salaries of full-time non-managerial employees, and the difference between the aforementioned three and the same numbers of the previous year

Year	2022	2021	Difference from the previous year (%)
Full-time non-managerial employees			
Number of full-time non-managerial employees (person)	9,308	9,216	1.00
Average salary (NT\$:1,000)	1,252	1,612	-22.33
Median salary (NT\$:1,000)	1,078	1,346	-19.91

Note : 1. In line with TWSE regulations, non-managerial employees of a financial holding company include the domestic banking, insurance, and securities subsidiaries of the of the merged entity, but exclude overseas branches as stipulated in Article 4 of the Financial Holding Company Act.

2. The above statistical standards are handled in accordance with the instructions for the declaration of salary information for full-time non-managerial employees jointly compiled and released by the Taiwan Stock Exchange and the Taipei Exchange.

VII. Information Technology and Facilities

The information facilities of the Group is mainly composed of Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Futures, Yuanta Securities Investment Trust and other subsidiaries. The contents are described as follows:

(I) Main Information System Hardware/Software Configuration and Maintenance

The information systems of major subsidiaries Yuanta Securities, Yuanta Bank and Yuanta Life are constructed on system architecture efficiency and business maintenance considerations. In addition to the full-time IT staffs dedicated on system maintenance and operation, the companies also signed the maintenance contract with relevant software and hardware vendors to ensure the systems' availability. Stated as follows:

1. Yuanta Securities

The main application systems for securities, including Mr. Yuanta, Yeswin, Golden Spirit, Strategic Platform, Clear Winner, Web Trading, IVR system, sub-brokerage overseas stock trading , official website, performance bonus, wealth management, proprietary warrants market making and hedging, market data, order/trade report, shareholders service agent, securities lending, TWSE/TPEX and emerging stock brokerage trading, emerging stock market making, custodian bank for foreign institutional investors, proprietary trading-equity securities management, proprietary trading-fixed income management, OTC derivatives-related systems and brokerage backoffice system are equipped with the hosts for different operating systems, including AIX, Linux and Windows.

2. Yuanta Bank

Yuanta Bank's NTD deposit/loan, remittance, cross bank service, foreign exchange, trust, accounting, data warehouse, 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.

3. Yuanta Life

Yuanta Life's main information systems, including the life insurance administrative core system (including the administrative support for new contract, conservation, renewal, benefit claim, 080, accounting, finance, actuary and re-insurance) and business development system (including the business support for agency sales channels, Banca & Securities Insurance channels, insurance broker and agent channels, and e-commerce), and accounting, financial and investment systems, are equipped with the security, monitoring and hardware equipment of different level. The operating system servers including IBM i (POWER SYSTEM), AIX (POWER SYSTEM), Linux and Windows x86.

(II) Development and procurement projects in 2023

1. Yuanta Group

- (1) Yuanta FHC data center (backup-site) network equipment update and replacement
- (2) Yuanta FHC GCB (Government Configuration Baseline)
- (3) Yuanta FHC E-conference system (Teams) implement
- (4) Yuanta FHC SAP ERP upgrading

2. Yuanta Securities

- (1) Continue new brokerage front-office core system
- (2) Continue DMA rapid trading system customization
- (3) E-trading middle-office optimization
- (4) Centralized branch operations
- (5) Brokerage back-office transaction related fee calculation function optimization
- (6) Anti-money laundering procedure automation
- (7) Beneficiary meeting platform
- (8) Shareholders service schedule system
- (9) Group FIDO and data sharing service on a trial basis
- (10) Mr. Yuanta APP business integration - (middle office)
- (11) Mr. Yuanta AP version - (middle office)
- (12) XQ-M Construction
- (13) Branch companies' customer self-service section
- (14) TAIEX market data system backup
- (15) Open Yuanta Securities' OpenAPI
- (16) OTC derivatives e-platform function optimization
- (17) Bills trading system function optimization
- (18) Subsidiary ledger deposit and remittance system application integration
- (19) Customer centralized management platform
- (20) Establish the mini branch (for wealth management and sub-brokerage)
- (21) Provide the service for the other interest oriented trust of securities
- (22) Continue wealth management quantitative system
- (23) Existing brokerage trading system storage equipment update and replacement
- (24) New brokerage trading core system construction
- (25) Mr. Yuanta and Action Golden Spirit system trading and accounting tangible

host update and replacement

- (26) E-conference system (Teams) construction
- (27) Proprietary trading accounting database host update and replacement
- (28) Xinyi data center e-trading platform quotation load balancer upgrading
- (29) Banqiao remote backup control room backbone network upgrading
- (30) Centralized depository system equipment update and replacement.
- (31) Security Operation Center (SOC)
- (32) Open source software management
- (33) Mobile APP obfuscation protection
- (34) Endpoint detection and response (EDR) enhancements
- (35) CMDB Configuration Management
- (36) Improvement of Vulnerability Management System

3. Yuanta Bank

- (1) Emerging Technology Network-based Construction Project (2nd stage)
- (2) Backup optimization project
- (3) Centralized file transmission construction project
- (4) Application performance monitoring management project
- (5) Active-active data center network equipment construction project
- (6) NTD core system local active-active framework implementation project
- (7) Non-discretionary money trust investment in stock system construction project
- (8) Mobile wealth management construction project (3rd Stage)
- (9) Retail banking AO mobile platform construction project (2nd Stage)
- (10) Real Estate Mortgage Cancellation and Application Platform Construction Project
- (11) RPA – implementation of the new procedure project (2023)
- (12) SWALLOW System Upgrading Project
- (13) Fund System Host Upgrading Project
- (14) Insurance Agency System Host Upgrading Project
- (15) Customer Service Platform Upgrading Project
- (16) Credit loan operations platform construction
- (17) Interbank FEP database and local active-active framework upgrading project
- (18) New wholesale banking review system construction project
- (19) Financial Trading System Upgrading Project (Calypso implemented into LIBOR Reforms module)
- (20) Funds Pricing and Asset & Liability Management System Upgrading Project (Oracle application system FTP/ALM-system upgrading)
- (21) Global cybersecurity information analysis and defensive system implementation (2nd stage) project
- (22) Optimization of Intrusion Prevention System

4. Yuanta Life

- (1) AI Customer Service Project - 2nd and 3rd stages
- (2) E-commerce Platform-related Procedure Revision
- (3) Customer Service System Update, Replacement and Construction Project

- (4) Business Quality Smart Management Platform Construction Project
- (5) Customer AML Management System Construction Project
- (6) Mobile eflow Signature Construction Project
- (7) Operating Procedure Automation Optimization Project
- (8) Data Platform Construction Project
- (9) Middle Office Construction Project
- (10) Continue IFRS 17 System Platform Environment Construction
- (11) Construction of the Business Continuity Management (BCM) system environment
- (12) Headquarters Core Switch Update and Replacement
- (13) L2 Switch Update and Replacement
- (14) Network Equipment APT Function Upgrading
- (15) Hardware Host Extension (Actuary, IFRS, Middleware)
- (16) Continuing improvement of System vulnerability integration and management platform
- (17) Construction of Abnormal Pattern Analysis Mechanism on Application System
- (18) Endpoint Detection and Response (EDR) Implementation
- (19) International Information Security Management Standard ISO 27001:2022 Update Project
- (20) Implementation of Security Operation Center (SOC)
5. Yuanta Securities Investment Trust
 - (1) Remote failover and backup data center construction
 - (2) System vulnerability integration and management platform
 - (3) Open source software management
6. Yuanta Futures
 - (1) Domestic core accounting back-office proprietary trading system replacement project
 - (2) TAIFEX 2023 IT Project
 - (3) Enhanced remote backup data center construction
 - (4) Big Data Center System Construction Project
 - (5) Enhanced Security Information and Event Management (SIEM) Project
 - (6) Endpoint Detection and Response (EDR) System Optimization Project
 - (7) Network Security Detection and Protection
 - (8) Open Source Software Management System Construction
 - (9) External Attack Management System Construction

(III) Emergency Backup and Security Protection Procedure

In order to maintain the high security and availability of the information systems, Yuanta FHC and main subsidiaries planned and created the emergency backup and security protection mechanisms based on their own business needs. The mechanisms are including following items:

1. Physical environment in the data center: The standard operating procedures for access control, fire protection, power supply, network and data security, equipment installation and removal, system monitoring, personnel control, system and data

- backup shall follow the guidelines and manuals of respective companies or the information security standards under ISO27001.
2. Business continuity: According to the property and the importance of the application systems, each company created their local and remote systems failover and backup procedures, perform the disaster recovery drill and stress test periodically and retain the relevant records to ensure the validity of the procedures.
 3. Business continuity backup: In response to the remote/work from home (WFH) model prompt by the epidemic, various companies plan their own remote office or remote access programs, and lift certain restrictions adequately subject to their business attributes, in order to ensure that the backup system may be activated rapidly once any natural calamity occurs simultaneously, so as to strengthen Yuanta FHC's digital resilience and mitigate the impact posed to business thereby.

VIII. Cyber security management

(I) Cyber security risk management framework and mechanism

The Board of Directors is the supreme decision-making unit in charge of Yuanta FHC's information security management. Yuanta FHC already set forth the "Information Security Policy," which should be subject to the authorization of the Board of Directors, in order to build the information security management systems for itself and its subsidiaries, and also serve as the basis for the enactment of related information security management regulations and procedures that may ensure the confidentiality, completeness and availability of its important information. Yuanta FHC's information security policy is based on the protection of shareholders' interests. It aims to "protect the information asset security" and "keep business operating to achieve the corporate sustainability."

In order to improve the strength in making decisions on information security issues, Yuanta FHC and its main subsidiaries have appointed their own chief information security officers to consolidate information security policies and boost coordination and allocation of resources. Yuanta FHC deploys 10 information security professionals in the information security unit to take charge of planning, supervising and executing the information security management operations, and report the information security execution status to the board of directors to strengthen the information security regulation. The report on information security management of Yuanta FHC has been submitted at the 11th meeting of the 9th Board of Directors on February 1, 2023.

In order to coordinate the information security management, Yuanta FHC establishes the cross-department "Information Security Team." The president designates the convener and vice convener to convene the information security meeting and management review meeting periodically (a total of 7 meetings were held in 2022.) and research the information security management operations and information security matters, in order to enhance the overall information security protection capability.

Yuanta FHC convenes the joint meeting of information security managers for the Group Information Security Supervisors Association periodically. The Chief Information Security Officer of Yuanta FHC as assume office of the convener, and the members to attend the meeting include the subsidiaries' chief information security officers and information security managers, who work on the Group's strategies, crucial issues, matters to be coordinated or discussed among subsidiaries and sharing of experience, in order to improve the inter-group exchange and strengthen the information security joint defense.

(II) Concrete management program and invested resources

1. Implementation of international security management standards and acquisition of certification

In order to continue improving the governance system with respect to information security, all information operations are required to satisfy domestic and foreign information security laws and regulations. Meanwhile, Yuanta FHC, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures also implemented the ISO 27001 ISMS standard. Thereafter, they were required to complete the annual review and the recertification every three years. In 2022, they have passed the certification by BSI to maintain the validity of the certificate, and also kept strengthening the information security management and control via the PDCA (Plan-Do-Check-Act) cycle, the current certificate of Yuanta FHC is valid from December 2020 to December 2023.

Meanwhile, in order to enhance the business continuity management momentum, and in accordance with the Financial Information Security Action Plan, Yuanta Bank and Yuanta Life implemented the International Business Continuity Management System (ISO 22301) and passed the certification by BSI in 2022. On a risk-oriented basis, it combines various resources at the business side and system side, in order to ensure that the business level may be maintained under any circumstance, so as to mitigate the risk over business interruption and enable the organization to possess stronger resilience in recovery.

2. Information security protection mechanism

Establish the multi-layer defensive architecture, install systems including network firewall, web application firewall, intrusion detection system, anti-spam filtering, mail APT, internet behavior management, anti-virus system, information security incident management and EDR to ensure the security of the information systems. Implement various automated detection and check systems proactively to control the real-time monitoring and blocking of external threats, access control of internal data, monitoring of operations and segmentation of equipment, in order to prevent any illegal or malicious activities by the multiple separation and filtration mechanism and deal with threats posed by the cyber security risk to improve the entire information security defensive ability.

Meanwhile, in order to integrate personnel, procedures and technology, monitor the information security threats centrally and verify the information security status, Yuanta Bank and Yuanta Securities established the SOC in 2022, aiming to relate and analyze the entire information security threats immediately and effectively, improve the ability of response and management, and ensure the safety of transactions and maintenance of operations.

3. Information security protection and inspection

In order to ensure the stability and safety of information systems, and completeness and effectiveness of the existing control measures, Yuanta FHC and its main subsidiaries periodically complete the vulnerability scanning, penetration test, DDoS drills, social engineering drills and information security assessment via an independent third party. Further, in 2022, Yuanta Securities and Yuanta Bank have engaged in the blue and red teams' offensive and defensive exercise via a professional third-party institution, in order to strengthen the ability to defend, detect and respond to any attack.

4. Information security intelligence and joint defense

Yuanta FHC and its main subsidiaries have designated dedicated personnel to

deal with the information from the Financial Information Sharing and Analysis Center (F-ISAC) and external information security intelligence, and update the system layout and setting per their suggestion or evaluation result, and report the status periodically, in order to control the emerging information security intelligence and set forth the responsive measures, and utilize the related information security defensive system to integrate the information about threats to achieve the consolidated effect of the joint defense.

In order to improve the analysis ability, Yuanta FHC, Yuanta Bank, Yuanta Securities, Yuanta Life and Yuanta Futures have implemented the Security Information and Event Management (SIEM) Platform, in order to detect the information security matters, such as abnormal user behaviors and external attacks, via the Platform. If any potential risk threatens the information security, it will analyze and resolve the abnormal matter to detect and respond to the attack rapidly and resiliently, in order to ensure the validity of the information security defense and control.

5. Information security education and training

In 2022, Yuanta FHC and its main subsidiaries have completed the 3-hour information security training with respect to the general staff, and 15-hour information security professional training program with respect to dedicated information security personnel penetration, in order to improving their ability of information security. And also organized the email social engineering drill periodically, in order to raise the whole staff's awareness towards information security.

(III) Important cyber security incident management

Yuanta FHC and its main subsidiaries have expressly formulated the information security event reporting and resolution procedure, and would report and resolve according to the level of the event. It is necessary to eliminate and resolve the event within the limited time, and proceed with analysis upon resolution of the event to prevent recurrence.

As the time is of essence for the response to major information security incidents, Yuanta FHC established the "Computer Information Security Incident Response Team." Yuanta FHC's President as assume the office of the convener to control and support the response to any important information security incidents suffered by Yuanta FHC and its subsidiaries, in order to mitigate the damages caused by the incidents.

No important cyber security incident was found in the most recent year and by the date of publication of the annual report.

IX. Relations between laborers and employer

(I) Employee benefit plans, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Employee benefit plans and status of the implementation thereof

Yuanta FHC uses its best efforts to build a friendly and high-quality workplace for the employees and provide fine-quality safety and care. By virtue of the fair remuneration and performance appraisal system, diversified educational training, and sound employees' welfare and retirement system, Yuanta FHC builds the professional and responsible enterprise culture, hoping to make all employees enjoy their work and practice what they are good at.

Yuanta FHC pays remuneration under multiple packages, including basic salary, allowances, bonuses, holiday bonus, employee compensation, and shareholding trust,

in addition to the benefits such as vacation, insurance, cultural and recreational activities, to construct a complete salary, bonus and remuneration structure. The starting salary offered by Yuanta FHC is higher than the statutory base pay. The salary is authorized per the personnel's expertise, job responsibilities and functions, based on the criteria referred to in the pay roll. The salary will not vary depending on gender. Yuanta FHC uses its best efforts to build a working environment upholding equal pay for equal work, so as to practice the philosophy about the gender equality in employment.

In addition to the labor insurance and national health insurance required under laws, Yuanta FHC also funded employees' enrollment into any group insurance programs and allowed their dependents to enroll into the same insurance at a preferential rate, including term life insurance policy, accident insurance, catastrophic illness insurance, cancer insurance and hospital room and board insurance. In response to COVID-19 epidemic, it also added the epidemic prevention insurance to protect the employees' health and safety. Meanwhile, Yuanta FHC also provided employees taking business trips with the group insurance. These employees could enjoy the all-risk travel insurance, accident insurance etc., at its expense.

Yuanta FHC has established the Employee Benefits Committee to contribute the Employee Benefit Fund on a monthly basis. The Fund is independently managed and utilized by the Employee Benefits Committee. There are also social subsidy methods to encourage employees to set up various clubs that are beneficial to physical and mental health and promote sharing and communication. The Employee Benefits Committee has reached agreements for discount and special offer benefits with contracting merchants and often provides employees with the most up-to-date information on special offers through Yuanta FHC's internal website, thus providing employees with greater convenience and quality of life. According to the Employee Benefits Committee's subsidy regulations, employees are entitled to bonuses for three major festivals, birthday gift money, marriage subsidy, childbirth subsidy, hospitalization subsidy, funeral subsidy, emergency relief fund, and employee child scholarship, etc.. Additionally, the subsidy for professional licenses (including international financial license and English proficiency certificates, etc.), health checkup and preferential loan rate are also available to the employees to help them achieve a perfect balance between their life and work.

To encourage employees to accumulate long-term savings, Yuanta FHC established an employee shareholders' association in August 2003. When employees set aside a certain amount of money each month for stock purchases, Yuanta FHC will match the employees' contributions, encouraging employees and to be shareholders of Yuanta FHC. Employee shareholding not only helps safeguard employees' lives after retirement or leaving Yuanta FHC, but also boosts solidarity between Yuanta FHC and employees, thereby enhancing their work participation and sense of value to share Yuanta FHC's operating results. According to the statistics gathered by Yuanta FHC and each of its subsidiaries in 2022, the number of employees participating in the employee shareholders' association was 10,923 persons, representing 314,147 thousand shares, The number of shares purchased by employees increased by 38,341 thousand shares, or 13.9% from 275,806 thousand shares in 2021.

2. Pension system and implementation thereof

In order to take care of the laborers' retirement life, Yuanta FHC set forth the Pension Management Guideline requiring the contribution of the pension reserve, equivalent to 2% of the employees' total salary, to the exclusive account at Bank of Taiwan on a monthly basis. Meanwhile, it established the Labor Pension Supervisory

Committee responsible for auditing contribution, deposit and disbursement of the pension reserve and payment of pension fund in order to protect labors' interest and right. Until the end of 2022, Yuanta FHC' pension fund has accumulated until NT\$6,898 thousand. Following the promulgation of the Labor Pension Act on July 1, 2005, Yuanta FHC has made monthly payment of the pension fund equivalent to 6% of the insured value maintained by the individual employee into the employee's personal labor pension account. In 2022, Yuanta FHC contributed a total of NT\$10,399 thousand.

In order to enrich employees' retirement life, Yuanta FHC worked with Yuanta Life to offer the group annuity insurance policy planned for the Group's employees exclusively, which should be paid by employees at their own expenses to save pension reserve for themselves and protect their life after retirement.

3. Status of labor-management agreements and measures for preserving employees' rights and interests

Yuanta FHC agrees and supports various international human rights conventions, including United Nations' Universal Declaration of Human Rights, and strictly complies with labor laws and regulations in order to protect employee rights and interests. It also organizes the labor-management meeting periodically to provide diversified communication channels and value employees' opinions. The labor-management relationship is maintained harmoniously.

(II) Losses as a result of labor disputes during the latest fiscal year up to the date of the publication of this annual report

Company	Competent Authority	Date of Decision	Decision No.	Violated Laws & Regulations	Contents of Violation
Yuanta Bank	Miaoli County Government	2022/10/25	Fu-Lao-Zi-Zi No. 1110203722	Article 24 of the Labor Standards Act	Failure to pay the overtime pay as required

(III) Working environment and employee safety

We use the best effort to promote and maintain the workplace safety and employees' health. In order to ensure a healthy and safe workplace environment and facilitate the labor-management communication, we adopt the Occupational Safety and Health Work Rules, Occupational Safety and Health Management Program, Automated Inspection Program, Implementation Directions for Operating Environment Testing, and Regulations Governing Occupational Safety and Health Training, and publishes and enforces the same, in accordance with the "Occupational Safety and Health Act" and related sub laws.

Yuanta Securities Co., Ltd. and Yuanta Commercial Bank Co., Ltd. both have established the occupational safety and health committees pursuant to laws, which consist of 7-11 members including the employer, workers' representatives and unit heads, and convene at least one meeting each quarter to review the prevention of occupational diseases, occupational safety and health management operations, employees' health and working environment safety-related issues, and follow up the same periodically. The employees may feed back any suggestions about optimization of occupational safety and health issues via the labor union or labor-management meetings.

Meanwhile, in order to construct the gender-equality workplace and protect employees' human rights in the workplace, Yuanta FHC pays attention to gender and workplace diversity issues, formulates gender ratio goals and short-term, medium-term and long-term plans for employees and management, and takes practical actions to promote gender balance. In 2022, the proportion of female employees reached 63.87%, and the proportion of female supervisors was up to 53.98%. Meanwhile, Yuanta FHC has set forth the "Workplace Sexual Harassment Prevention Measures and Guidelines

Governing Complaints and Disciplines” to strictly prohibit any sexual harassment, discrimination or violence, threat or intimidation. It will also organize the sexual harassment prevention promotional and educational training program periodically each year. The suppliers include contractors. Yuanta FHC will organize the suppliers meeting in response to the ESG issue each year, in order to provide educational training and communication channels, and improve the maintenance of occupational safety and business competitiveness.

Yuanta Financial Holding Co., Ltd. and its subsidiaries provide the medical specialist’s on-site health consulting services pursuant to laws. They hire dedicated professional occupational safety and health management personnel, nurses, and medical specialist by contract. Meanwhile, employees are allowed to seek professional medical consulting service during the working hours. In addition to developing personal skills, employees are also provided with a supportive environment. With respect to the analysis on normal diseases and the top ten abnormal items for the employees’ health checkup, Yuanta FHC also provides the healthcare information and health consulting services, promotes preventive medicine and disease prevention, and strengthens employees’ health awareness, in order to achieve the purposes of health life and health promotion.

It organizes the regular “Appointment with Health” on a monthly basis, in order to provide employees with blood oxygen, blood pressure, weight and body fat measurement service without charge, and then have nurses assess their health risks and provide health education. Further, it works with the Sports Department to provide technology-based physical fitness test and sport prescription consulting services, in order to improve the employees’ knowledge about health and perceive the trends about health information.

In order to continue promoting the occupational prevention and health promotion, ensure that the workplace may become a peaceful and healthy work site, and train physically and mentally health employees, we adopt the three-section and five-level concept about public health to execute the workplace health management plan, and also include the Ottawa Charter for Health Promotion to promote the workplace health promotion program and continue to provide the systematic and cyclic quality management employee health protection plan.

The policies for workplace health management and occupational disease prevention are implemented in the following manners:

1. Yuanta FHC and its subsidiaries provide employees with regular health checkup superior than that prescribed by laws, and arrange their management to take a full physical checkup at National Taiwan University Hospital each year, conduct health checkup for all employees once per two years, arrange nighttime and shift workers to take specific health checkup, and provide the consulting service about the health checkup report, care the employees’ health condition, and notify the employees with abnormal results to complete a follow-up visit at the hospital voluntarily.
2. Prevention plan for illness driven by abnormal workload: In response to the annual health checkup analysis result, conduct risk analysis in the form of questionnaire to identify the abnormal workload risk over the colleagues working overtime more than 45 hours a month averagely, and nighttime workers and shift workers, and then grade the risk and adopt related prevention policies.
3. Ergonomic hazard prevention plan: Conduct the conscious musculoskeletal symptoms survey on employees, promote the sore and occupational hazard prevention, respond to the on-site physician’s consulting service, provide colleagues with the suggestions about improvement of the workplace environment and habits.
4. Female employees’ health protection plan: Conduct the comprehensive environmental risk assessment, and complete the “Mother’s Health Risk Assessment Form” upon awareness about any employee’s pregnancy, in order to assess the employees’ workplace environment, the impact to mother’s health rendered by the

work and protect the employees' occupational safety and health during their pregnancy.

The efforts spent by Yuanta FHC and its subsidiaries in the occupational safety and employees' healthcare are well recognized by various sectors. The awards and certifications already received by Yuanta FHC are stated as following:

1. Yuanta FHC, Yuanta Securities, Yuanta Bank and Yuanta Life already received the Peaceful Workplace Certification from the Ministry of Health and Welfare.
2. Yuanta FHC, Yuanta Securities, Yuanta Bank, Yuanta Life and Yuanta Securities Investment Trust already received the Sport Enterprise Certification from Sports Administration, Ministry of Education.
3. Yuanta FHC, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust, and Yuanta Futures already received the Health Promotion Mark from Ministry of Health and Welfare.
4. Yuanta Venture Capital Co., Ltd., Yuanta Asset Management Co., Ltd., Yuanta Securities Investment Consulting Co., Ltd. and Yuanta Securities Finance Co., Ltd. already received the Health Startup Mark from Ministry of Health and Welfare.
5. Yuanta Securities, Yuanta Bank and Yuanta Futures already received the Excellent Breastfeeding Room Certification from Department of Health, Taipei City Government.
6. Yuanta FHC, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust, and Yuanta Futures worked together to plan the entire occupational safety and health management development, promote fair environment in workplace, and well protect employees' work environment and personal safety.
7. Yuanta FHC, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures all passed the renewed certification of ISO 45001 occupational safety and health management system in 2022.
8. The subsidiary Yuanta Commercial Bank Co., Ltd. has been honored the "National Excellent Healthy Workplace" Award by Ministry of Health and Welfare in 2021. The Bank's 149 branches throughout Taiwan also received the Health Workplace Certification-Health Promotion Mark from Health Promotion Administration.

(IV) Employee Code of Ethics

Yuanta FHC has drafted the Code of Ethics in order to guide employees to act in line with ethical standards and uphold aggressive, serious and responsible attitude, abandon parochialism, value teamwork and strictly comply with the principle of good faith when performing job duties, which are also disclosed in the "Corporate Governance Section" of CSR on the official website. Meanwhile, Yuanta FHC has stepped up its ethics education programs and implementation in order to create a highly self-disciplined and trustworthy business climate.

Yuanta FHC has a comprehensive set of rules and regulation relating to ethics. It also emphasizes the need for professional skills and work ethic at all company's meetings and education and training.

(V) Employee continuing education and training

Yuanta FHC upholds the philosophy of "satisfying the finance industry and group business development needs" to continue training talents specialized in finance. Yuanta FHC has established diversified development system for talents holding management function and professional function, and offered the training courses and provided learning resources by the four major frameworks including the management school, professional school, license school and life school.

The talent training system for Yuanta FHC consists of the following elements:

1. Training and development system for diversified talents holding management

function and professional function

The management of Yuanta FHC find out and reserve the management and professional talents needed by the financial industry's and Group's development through talent identification, and train talents through training, project task assignment, participation in projects, participation in meeting and job rotation. Meanwhile, Yuanta FHC also encourages its employees to access various financial areas of the Group and learn the diversified functions voluntarily to help Yuanta FHC and employees respond to the rapid changes in the finance industry and also hold the knowledge, technology and competency keeping up with the time.

2. Share the digital training platform and promote self-learning

Since 2003, Yuanta Financia Holdings has established the digital learning platform, "Yuanta e-Learning." Yuanta FHC communicates tactic knowledge and transfer practical experience via its self-made courses available on the digital learning platform, "Yuanta e-Learning". The digital contents released on a weekly basis are intended to communicate the global industrial development trend, case study on enterprises and experience, and new knowledge and application of management, as the important knowledge treasury for the Group's employees to engage in self-learning and develop diversified functions.

Based on the thought about learning curation, in line with the hit subjects in the global financial industry and the Group's business focus, Yuanta FHC periodically releases "Yuanta e-Learning/Learning Weekly" to trigger employees' learning motive, urge employees to engage in self-learning "anytime, anywhere, on-demand." to continue enhancing the employees' professional ability and reserve their competitiveness for their future careers.

Yuanta FHC encourages employees to participate in workshops and training sessions. They may be assigned by Yuanta FHC to attend the programs or workshops or attend the programs or workshops authorized by Yuanta FHC. Yuanta FHC will cover the full expenses. Moreover, Yuanta FHC promulgates the incentive system to encourage employees to attend international financial professional course certification and English proficiency certification so that they may have a chance to enhance their competence or reserve the competence needed in the future.

3. Provide the chance for post transfer in the Group and encourage cross-functional transfer for development

Yuanta FHC makes good use of the strength in diversified financial industry of its subsidiaries to arrange the intracompany post transfer subject to the operating need periodically, and encourages employees to apply for internal job rotation, so as to boost the exchange of talents in the Group and encourage employees to develop in a diversified manner, drive the reproduction of inter-company success and improve efficiency.

Summary of Yuanta FHC's implementation of 2022 education and training:

Disclosure \ Year	2022
Total Cost of education & training	NT\$43.54 million
Total Number of education & training courses	3,639 courses
Total hours of education & training	651,622 hours
Number of education & training trainees	392,557 attendances

Yuanta FHC upholds the sustainable management philosophy and keeps declaring the important ESG issues and international development trends to directors/supervisors and senior management, communicating the ESG philosophy,

trend, contents and benchmarking cases to all employees, and providing various professional personnel with ESG professional skill training programs, including the professional practices on SDGs, such as GHG accounting, climate risk management and pressure test, internal carbon pricing management, responsible investment, fair dealing, information security, friendly workplace, in order to deepen the sustainable finance knowledge and skills and practice the talent sustainable development. In 2022, it has organized a total of 854 sustainable finance-related courses, and 186,761 persons completed the training, accumulating a total of 227,250 training hours, i.e. 34.9% of the annual training hours.

In response to the digital financial trend and continued fulfillment of the Group's driving of growth strategies, Yuanta FHC continued to boost the Group personnel's transformation and diversified functional training programs in 2022, including financial certificate/license qualification training, financial product research, and product sales training, etc. The programs took a total of 216,953 hours, i.e. 33.3% of the total training hours, and were attended by 56,673 persons.

Yuanta FHC periodically organizes the life school's course series, promotes the Employee Assistance Program (Employee Assistance Program), and combines the company club activities, in order to help employees maintain a lifestyle balanced physically and mentally and practice comprehensive physical and mental care for employees. In 2022, the life school launched health promotion series, including health seminars, Peaceful Workplace, gender equality programs, sports seminars, physical fitness programs, healthy weight management classes, and periodic health consulting services of medicine specialists by contract on site, attended by a total of 19,900 persons, for 16,889 training hours, i.e. 2.6% of the total training hours.

Yuanta FHC and its eight subsidiaries were awarded the "Health Workplace Certification Mark" by the Health Promotion Administration, Ministry of Health and Welfare. Yuanta FHC and its five subsidiaries including Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Futures and Yuanta Securities Investment Trust were already awarded the "Sports Enterprise Certification" by the Sports Administration, Ministry of Education. Yuanta FHC makes every endeavor to promote a friendly workplace. It passed the Taipei City Workplace Gender Equality certification and won the Gold Award for first place in 2022.

X. Important Contracts

(I) Yuanta FHC

As of January 31, 2023

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Equipment room lease service contract	Data communications branch, Chunghwa Telecom Co., Ltd.	Effective from December 1, 2009 to November 30, 2017. Unless either party notifies the other party not to renew the contract by giving a written notice at least 3 months prior to expiration of the contract, the contract shall be renewed for another year automatically, and so on.	Leasing of Xinyi equipment room.	If either party to this contract fails to perform its contractual obligations due to a reason attributable to that party, and it fails to make corrections after being notified by the other party to do so within a limited time period, the non-defaulting party may notify the defaulting party terminate this contract with one month prior written notice, and may request a penalty of NT\$1,000,000.

(II) Yuanta Securities

As of January 31, 2023

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Securities investment consultant appointment	Yuanta Securities Co., Ltd. Yuanta Securities Investment Consulting Co., Ltd.	Effective from January 1, 2022 to December 31, 2022	To appoint Yuanta Securities Investment Consulting provide consulting services about the domestic and international issuer of equity securities.	None
Securities investment consultant appointment	Yuanta Securities Co., Ltd. Yuanta Securities Investment Consulting Co., Ltd.	Effective from January 1, 2023 to December 31, 2023	To appoint Yuanta Securities Investment Consulting provide consulting services about the domestic and international issuer of equity securities.	None
Endorsement/guarantee contract	Yuanta Securities Co., Ltd. PT Yuanta Sekuritas Indonesia	The contract was signed on June 5, 2018 and indefinite (until PT Yuanta Sekuritas Indonesia pays off all debts owed to PT Bank HSBC Indonesia and all contracts concerned are terminated).	Yuanta Securities provides the guarantee only with respect to the debt arising from the facility sought by PT Yuanta Sekuritas Indonesia from PT Bank HSBC Indonesia within the limit of the principal, US\$3.5 million.	None
Endorsement/guarantee contract	Yuanta Securities Co., Ltd. Yuanta International Investment (Hong Kong) Ltd.	The contract was executed on February 25, 2021, and no date of expiration specified for the contract (until termination of the domestic mandatory contract signed between Yuanta Securities Co., Ltd. and Yuanta International Investment (Hong Kong) Ltd.)	Yuanta Securities Co., Ltd. acted as the domestic agent and guarantee organization of the offshore structured notes issued by Yuanta International Investment (Hong Kong) Ltd. in Taiwan to provide the corporate guarantee within the limit of US\$50 million.	None
Hardware purchase contract	Hwacom Systems Inc.	August 16, 2022 ~	Xinyi data center e-trading platform upgrading and load balancer procurement project	None
Hardware purchase contract	Syscom Computer Engineering Co Ltd.	October 26, 2022 ~	Banjiao data center e-trading platform core switch upgrading procurement project	None
Hardware purchase contract	Inno-Tech Network & Service Inc.	December 12, 2022 ~	E-trading platform local backup load balancer procurement project	None

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Hardware purchase contract	Tatung System Technologies Inc.	June 6, 2022 ~	Xinyi data center virtual host update, replacement and procurement project	None
Hardware purchase contract	Tatung System Technologies Inc. Kinmax Technology Inc.	July 26, 2022 ~ July 13, 2022 ~	Brokerage accounting system virtual host and storage equipment update and replacement	None
Information hardware procurement and maintenance service contract	Wen Wei Technology Co., Ltd.	October 5, 2022 ~	Banqiao data center optical switch update and replacement and storage framework optimization service project	None
Hardware purchase contract	Wen Wei Technology Co., Ltd.	November 7, 2022 ~	Xinyi data center e-trading system storage space extension project	None
Information software procurement and maintenance contract	DYNASAFE TECHNOLOGIES, INC.	March 23, 2022 ~ December 16, 2024	Firewall application form digitization procurement project	None
Information software license agreement	SYSTEX Software	January 1, 2021 ~ December 31, 2023	2021–2023 Microsoft software license procurement project (Microsoft EA)	None
Information software maintenance contract	M-Power Information Co., Ltd.	January 9, 2021 ~ January 8, 2023	Oracle database maintenance and procurement from 2021 to 2022	None
Information hardware maintenance contract	IBM TAIWAN CORPORATION	January 1, 2022 ~ December 31, 2024	3-year maintenance service for IBM host series and peripheral equipment	None
Technical supporting and HR service contract	SYSTEX Software	May 2, 2022 ~ May 1, 2023	Microsoft software technical supporting and HR service procurement project	None
Information software maintenance contract	Omni System Integration, Inc.	July 15, 2022 ~ July 14, 2025	3-Year maintenance service for brokerage system DataCore storage equipment & software	None
Information security management consulting and counseling service contract	Yuanta Securities Co., Ltd.	Effective from January 1, 2023 to December 31, 2023	Appoint “PwC Smart Risk Management Consulting Service Ltd.” to provide the consulting and counseling services about the optimization of Yuanta Securities ISO27001 information security management system.	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Financial Holding Co., Ltd.	November 11, 2022 ~ November 10, 2025	10F, 12F & 13F, No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 934.32 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Securities Finance Co., Ltd.	November 11, 2022 ~ November 10, 2025	12F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 272.24 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Venture Capital Co., Ltd.	November 11, 2022 ~ November 10, 2025	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 113.27 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Securities Investment Consulting Co., Ltd.	September 22, 2022 ~ August 31, 2025	10F., No. 65, Sec. 2, Dunhua S. Rd., Taipei City, occupying an area of about 43.85 ping (landlord).	None

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	September 15, 2022 ~ September 14, 2025	12F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 192.71 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Aten International Co., Ltd.	August 1, 2022 ~ July 31, 2023	5F.-1, No. 203, Sec. 1, Changrong Rd., East Dist., Tainan City, occupying an area of about 131.53 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	December 16, 2021 ~ December 15, 2024	2F.-1, No. 232, Zhonghe Rd., Zhonghe Dist., New Taipei City, occupying an area of about 66.46 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	From July 1, 2021 to June 30 2024	1F, No. 69, Baoqing Rd., Taipei City, occupying an area of about 85.19 ping, and 2F occupying an area of about 104.02 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Life Insurance Co., Ltd.	From September 1, 2021 to August 31, 2023	7F.-1, 7F.-2 & 7F.-3, No. 55, Zhongzhen 3rd Rd., Xinxing Dist., Kaohsiung City, occupying an area of about 431.12 ping (landlord)	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	From November 1, 2021 to October 31 2026	13F., No. 66, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City, occupying an area of about 54.4 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	February 16, 2020 ~ February 15, 2023	3F.-1, No. 300, Sec. 4, Zhongxiao E. Rd., Taipei City, occupying an area of about 102.94 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Securities Investment Trust Co., Ltd.	September 1, 2020 ~ August 31, 2025	B1, No. 67 & B1, No. 69, Sec. 2, Dunhua S. Rd., Taipei City, occupying an area of about 401.92 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Securities Investment Consulting Co., Ltd.	September 1, 2020 ~ August 31, 2025	10F., No. 65 & 10F., No. 71, Sec. 2, Dunhua S. Rd., Taipei City, occupying an area of about 300.99 pings (landlord)	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	October 16, 2020 ~ October 15, 2023	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 274.20 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	January 1, 2021 ~ December 31, 2023	2F.-1, No. 210, Sec. 3, Chengde Rd., Taipei City, occupying an area of about 136.06 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	March 1, 2020 ~ February 28, 2023	B2, No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City, occupying an area of about 41.58 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Foundation	April 16, 2021 ~ April 15, 2026	10F., No. 66, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City, occupying an area of about 2 ping (landlord).	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Life Insurance Co., Ltd.	From November 1, 2020 to October 31, 2025	A part of 2F, 10F and 11F, and 6F, 7F, 8F, 9F, 12F and 14F, of the new buildings on the two lots of land at Land Nos. 769 & 769-1, Sub-section 2, Jilin Sec., Zhongshan Dist., Taipei City, occupying an area of about 2,798.14 ping (tenant).	None

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Real estate trading contract	Yuanta Securities Co., Ltd. Chun An Chang	March 28, 2022 (date of execution)	5F., No. 91, 5F., No. 93, and 5F., No. 103, Boai St., Shulin Dist., New Taipei City (for sale)	None
Real estate trading contract	Yuanta Securities Co., Ltd. Innovemed Bio-Tech Co., Ltd.	November 11, 2022 (date of execution)	4F., No. 139, Fuhe Rd., Yonghe Dist., New Taipei City (sale)	None
Addendum to tenancy agreement	Yuanta Securities Co., Ltd. Yuanta Securities Investment Consulting Co., Ltd.	May 31, 2022 (date of execution)	Adjustment of the lease scope.	None
Addendum to tenancy agreement	Yuanta Securities Co., Ltd. Yuanta Securities Finance Co., Ltd.	January 10, 2023 (date of execution)	Adjustment of the lease scope.	None

(III) Yuanta Bank

As of January 31, 2023

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Equipment room lease service	Corporate Services Office, Chunghwa Telecom Co., Ltd.	From December 1, 2022 to November 30 2023 Unless either party notifies the other party not to renew the contract by giving a written notice at least 3 months prior to expiration of the contract, the contract shall be renewed for another year automatically, and so on.	Leasing of Xinyi equipment room.	If either party to this contract fails to perform its contractual obligations due to a reason attributable to that party, and it fails to make corrections after being notified by the other party to do so within a limited time period, the non-defaulting party may notify the defaulting party in writing to terminate this contract after one month, and may request a penalty of NT\$1,000,000.
Contract for creation of superficies of national non-public use land	The R.O.C. (Northern Region Branch, National Property Administration, MOF)	From September 12, 2018 to September 11, 2088	Superficies for the eighteen lots of land at 2th Sub section 114-1, Huai Sheng Section, Daan District, Taipei City.	No superficies shall be rented or lent to another person for the purpose of construction projects. If the superficies or on-ground buildings are rented or lent to another person for non-construction purpose, the last day for the person's occupation thereof shall be never later than the last day of the valid term of the superficies.
Mandate Contract	Lu Chien-Hsueh Architecture Office	Effective from December 20, 2018 and terminated after the inspection and acceptance is completed	General coordination and integration of architecture planning and design, combination of architecture design and other related consulting and design works, and architecture design-oriented (Head Office Building Construction Project).	The related data and information provided by either party to the other party shall be identified as the party's business secrets, which the other party shall be obligated to keep confidential. The other party shall not disclose, publicly re-state, give or re-sell the information, documents or messages, in writing, verbally or in any other manners, or engage in any other activities injuring the other party. Whether either party breaches the non-disclosure obligation and thereby causes injury to the other party, the breaching party shall bear the relevant damages.

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Engineering contract	Chung-Lu Construction, Co., Ltd.	Effective from July 31, 2020 and terminated after the occupation license is obtained and the inspection and acceptance is completed upon completion of the construction project.	New construction project for the headquarters	The related data and information provided by either party to the other party shall be identified as the party's business secrets, which the other party shall be obligated to keep confidential. The other party shall not disclose, publicly re-state, give or re-sell the information, documents or messages, in writing, verbally or in any other manners, or engage in any other activities injuring the other party. Whether either party breaches the non-disclosure obligation and thereby causes injury to the other party, the breaching party shall bear the relevant damages.
Agreement for purchase and sale of steel bars	Tung Ho Steel Enterprise Corp.	September 1, 2020 ~ February 28, 2023	Trade of steel bar materials in the new construction project for the headquarters	Each batch of steel bars shall satisfy CNS560A2006 requirements.
Steel structure engineering contract	Tung Kang Steel Structure Corp.	Effective from October 2, 2020 and terminated after the inspection and acceptance are completed upon completion of the construction project.	Steel structure engineering work of the new construction project for the headquarters	The related data and information provided by either party to the other party shall be identified as the party's business secrets, which the other party shall be obligated to keep confidential. The other party shall not disclose, publicly re-state, give or re-sell the information, documents or messages, in writing, verbally or in any other manners, or engage in any other activities injuring the other party. Whether either party breaches the non-disclosure obligation and thereby causes injury to the other party, the breaching party shall bear the relevant damages.
Agreement for purchase and sale of steel structure materials	Tung Kang Steel Structure Corp.	Effective from October 2, 2020 and terminated after the inspection and acceptance are completed upon completion of the construction project.	Trade of steel structure materials in the new construction project for the headquarters	The related data and information provided by either party to the other party shall be identified as the party's business secrets, which the other party shall be obligated to keep confidential. The other party shall not disclose, publicly re-state, give or re-sell the information, documents or messages, in writing, verbally or in any other manners, or engage in any other activities injuring the other party. Whether either party breaches the non-disclosure obligation and thereby causes injury to the other party, the breaching party shall bear the relevant damages.
Mandate Contract	NIKKEN Sekkei Ltd	From January 25, 2021 until completion of the basic design stage, and approved by the owner in writing.	Interior design and consulting service (Head Office Building Construction Project).	The related data and information provided by either party to the other party shall be identified as the party's business secrets, which the other party shall be obligated to keep confidential. The other party shall not disclose, publicly re-state, give or re-sell the information, documents or messages, in writing, verbally or in any other manners, or engage in any other activities injuring the other party. Whether either party breaches the non-disclosure obligation and thereby causes injury to the other party, the breaching party shall bear the relevant damages.

(IV) Yuanta Life

As of January 31, 2023

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
House lease agreement (Lessee)	Yuanta Life is referred to as the Lessee. Quan Yi Construction Co., Ltd. and Fu Tai Construction Co., Ltd. are referred to as the Lessor	Both parties signed the Agreement on August 25, 2021. The lease shall be effective from September 1, 2021 until August 31, 2026 for five years	Without the Lessor's prior consent, the premises shall not be subleased, sublet or assigned, or otherwise make available, to any third party, in whole or in part. The premises shall be used in accordance with laws and prohibited from being used for illegal purposes or storing any hazardous goods that affect the public safety.	General legal principles.
Engineering contract	Yuanta Life contracted Fu Tsu Construction, Co., Ltd. To complete the building construction project	Both parties signed the Engineering contract on February 21, 2022	1. Yuanta Life solicited the tender for foundation of Songjiang Building at south and north sides on December 23, 2021. As a result, FU TSU CONSTRUCTION CO., LTD. won the contract with its tender offer amounting to NT\$3,325,800,000. 2. Both parties signed the Engineering contract on February 21, 2022. 3. The construction period for the north foundation commences from December 30, 2021. The occupation permit is expected to be received on February 29, 2024. 4. The construction period for the south foundation commences from February 25, 2022. The occupation permit is expected to be received on May 15, 2025.	General legal principles.
Equipment lease agreement	Data communications branch, Chunghwa Telecom Co., Ltd.	July 1, 2018 ~ (with automatic renewal upon expiration)	Lease agreement for control room (including the remote backup control room) and network equipment of CHT and maintenance thereof.	None
Re-insurance contract	Central Reinsurance Corporation	October 1, 1992 ~	Life re-insurance services.	None
Re-insurance contract	Swiss Re-insurance Company	October 1, 1992 ~	Life reinsurance, health reinsurance and accident reinsurance.	None
Re-insurance contract	Reinsurance Group of America, Incorporated	September 1, 1999 ~	Life reinsurance, health reinsurance and accident reinsurance.	None
Re-insurance contract	Munich Reinsurance Company	March 2, 2015 ~	Life reinsurance, health reinsurance and accident reinsurance.	None
Re-insurance contract	General Reinsurance AG	May 12, 2014 ~	Life reinsurance, health reinsurance and accident reinsurance.	None
Re-insurance contract	SCOR	December 18, 2017 ~	Life reinsurance, health reinsurance and accident reinsurance.	None

Note : Unless it refers to the reinsurance policy for a catastrophe contract, it shall renew automatically each year if neither party raises any objection.

(V) Yuanta Futures

As of January 31, 2023

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Real estate lease agreement (Lessee)	Yuanta Life Insurance Co., Ltd.	From November 10, 2020 to November 9, 2025	A part of 2F, and 3F, 4F and 5F of Yuntai Plaza (tenant)	None
General purchase and sale agreement	Mr. Watt Co., Ltd.	From December 1, 2022 to December 1, 2027	Renewable energy electricity retailing and license contract	None
Hardware purchase contract	Sanfran Technologies Inc.	Executed on May 20, 2022, and warranted for five years counted from the day following completion of the inspection and acceptance of the delivery.	Foreign Institutional Investor Dept. switch and firewall equipment procurement project	None

Six. Financial Status

I. Summary Five-Year Balance Sheets and Consolidated Income Statement

(I) Summary Consolidated Balance Sheet of the Company and Its Subsidiaries

Unit: NT\$1,000

Item \ Year	Financial data (Note 1)					Financial information of current year ending 01/31/2023
	2018	2019	2020	2021	2022	
Cash and cash equivalents, due from the Central Bank and call loans to other banks	113,752,123	115,294,258	131,870,754	161,078,978	156,028,324	(Note 2)
Financial assets at fair value through profit or loss	473,939,209	504,031,079	586,592,639	529,242,141	420,057,382	
Financial assets at fair value through other comprehensive income	215,135,236	229,489,904	278,391,203	338,490,662	339,711,553	
Investment in debt instruments measured at amortized cost	352,906,087	386,452,415	430,349,520	508,638,932	540,529,315	
Investments in bills and bonds under resale agreements	33,465,734	47,603,371	58,336,318	46,454,964	94,073,224	
Receivables - net	143,272,794	174,240,497	242,476,446	263,703,360	202,341,992	
Current income tax assets	1,485,363	1,224,071	733,890	48,001	3,026,971	
Assets held for sale - net	868,288	533,632	203,730	194,563	81,469	
Bills discounted and loans - net	770,905,662	773,480,918	793,812,907	884,291,862	995,199,165	
Reinsurance contract assets - net	580,130	903,608	1,099,457	1,329,521	1,368,195	
Equity investments accounted for under the equity method - net	2,048,491	2,403,248	2,755,402	3,115,594	3,431,913	
Restricted assets - net	2,622,711	2,562,586	2,961,020	2,472,029	2,726,292	
Other financial assets - net	62,025,243	65,378,346	79,034,763	110,953,592	114,480,773	
Investment property - net	4,916,691	4,915,972	11,558,284	10,693,522	10,487,451	
Property and equipment - net	21,871,922	22,242,669	23,930,017	24,468,584	25,503,491	
Right-of-use assets - net	-	13,343,880	13,181,478	12,443,951	11,515,532	
Intangible assets - net	33,669,889	33,197,460	31,498,648	31,046,281	30,959,908	
Deferred income tax assets	5,899,187	5,976,615	7,095,091	7,484,946	5,552,131	
Other assets - net	47,769,165	31,044,577	61,843,636	86,867,819	59,043,456	
Total Assets	2,287,133,925	2,414,319,106	2,757,725,203	3,023,019,302	3,016,118,537	
Deposits from Central Bank and other banks, due to Central Bank and other banks	22,047,274	13,107,028	16,087,299	26,463,824	38,607,095	
Financial liabilities at fair value through profit or loss	111,982,799	123,340,228	163,457,505	158,685,739	134,822,676	
Bills and bonds payable under repurchase agreements	218,570,425	198,665,918	216,621,187	183,865,849	224,137,491	
Commercial paper payable - net	36,269,123	38,621,728	27,417,489	49,983,502	47,836,070	
Payables	147,690,035	161,327,046	246,833,686	214,482,994	154,026,563	
Current income tax liabilities	5,327,403	6,221,759	6,616,387	7,892,094	4,052,157	
Deposits and remittances	1,020,615,296	1,095,506,271	1,211,020,394	1,375,002,383	1,407,441,499	
Bonds payable	66,756,009	68,849,634	78,790,127	82,539,085	102,487,542	

Year Item		Financial data (Note 1)					Financial information of current year ending 01/31/2023
		2018	2019	2020	2021	2022	
Other borrowings		64,019,801	60,847,992	57,796,061	59,998,200	48,460,199	(Note 2)
Liabilities reserve		232,223,123	273,860,901	313,071,935	336,342,258	363,676,625	
Other financial liabilities		79,276,919	76,069,420	88,713,584	126,619,428	140,319,398	
Lease liabilities		-	5,527,660	6,368,836	5,720,785	4,712,163	
Deferred income tax liabilities		3,705,743	3,883,527	4,878,682	3,825,466	4,914,735	
Other liabilities		41,806,215	38,283,614	46,434,585	102,517,990	63,241,416	
Total Liabilities	Before distribution	2,050,290,165	2,164,112,726	2,484,107,757	2,733,939,597	2,738,735,629	
	After distribution	2,060,793,715	2,171,698,623	2,498,672,680	2,752,145,751	(Note 3)	
Equity attributable to owners of the parent company		218,985,562	232,201,133	253,336,589	269,035,461	256,368,147	
Share capital	Before distribution	116,862,325	116,706,115	121,374,360	121,374,360	125,015,590	
	After distribution	116,862,325	121,374,360	121,374,360	125,015,590	(Note 3)	
Additional paid-in capital		37,200,416	37,402,480	37,885,949	37,885,949	38,010,564	
Retained earnings	Before distribution	60,114,343	69,703,509	81,516,757	101,364,961	100,310,163	
	After distribution	49,610,793	57,449,367	66,951,834	79,517,577	(Note 3)	
Other equity		5,006,084	8,389,029	12,559,523	8,410,191	(6,968,170)	
Treasury stock		(197,606)	-	-	-	-	
Non-controlling interests		17,858,198	18,005,247	20,280,857	20,044,244	21,014,761	
Total equity	Before distribution	236,843,760	250,206,380	273,617,446	289,079,705	277,382,908	
	After distribution	226,340,210	242,620,483	259,052,523	270,873,551	(Note 3)	

Note 1 : Data from 2018 to 2022 have been audited and certified by the independent auditors.

Note 2 : No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report.

Note 3 : Distribution of earnings in 2022 had not yet been resolved by the 2023 shareholders' meeting up to the date of publication of this annual report.

(II) Summary Balance Sheet of Individual Entity

Unit: NT\$1,000

Item \ Year	Financial data (Note 1)					Financial information of current year ending 01/31/2023
	2018	2019	2020	2021	2022	
Cash and cash equivalents	6,536,303	7,499,264	881,767	841,258	6,508,655	(Note 2)
Financial assets at fair value through other comprehensive income	22,178	24,490	28,483	45,653	66,320	
Investment in bills and bonds under resale agreements	393,782	4,640,737	892,672	-	-	
Receivable - net	1,931,398	3,230,724	3,110,877	4,344,257	1,040,134	
Current income tax assets	808,780	319,823	196,336	-	2,670,949	
Equity investments accounted for under the equity method - net	244,642,213	251,488,755	283,824,795	301,303,505	290,751,677	
Property and equipment - net	21,586	24,623	36,224	47,060	45,973	
Right-of-use assets - net	-	103,917	104,957	54,468	127,440	
Intangible assets - net	7,249	4,898	6,156	14,504	17,102	
Deferred income tax assets	34,125	41,833	47,253	50,332	78,612	
Other assets - net	6,464	6,420	11,897	12,007	10,158	
Total Assets	254,404,078	267,385,484	289,141,417	306,713,044	301,317,020	
Commercial paper payable - net	-	-	999,866	2,788,125	-	
Payable	5,468,073	6,225,431	5,668,801	3,232,641	6,139,991	
Current income tax liabilities	3,150,049	3,916,397	4,088,398	5,657,148	2,132,045	
Bonds payable	26,750,000	24,900,000	24,900,000	25,900,000	36,500,000	
Liabilities reserve	39,608	36,116	36,903	37,629	35,069	
Lease liabilities	-	104,393	106,690	56,625	131,618	
Other liabilities	10,786	2,014	4,170	5,415	10,150	
Total Liabilities	Before distribution	35,418,516	35,184,351	35,804,828	37,677,583	44,948,873
	After distribution	45,922,066	42,770,248	50,369,751	55,883,737	(Note 3)
Share capital	Before distribution	116,862,325	116,706,115	121,374,360	121,374,360	125,015,590
	After distribution	116,862,325	121,374,360	121,374,360	125,015,590	(Note 3)
Additional paid-in capital		37,200,416	37,402,480	37,885,949	37,885,949	38,010,564
Retained earnings	Before distribution	60,114,343	69,703,509	81,516,757	101,364,961	100,310,163
	After distribution	49,610,793	57,449,367	66,951,834	79,517,577	(Note 3)
Other equity		5,006,084	8,389,029	12,559,523	8,410,191	(6,968,170)
Treasury stock		(197,606)	-	-	-	-
Total equity	Before distribution	218,985,562	232,201,133	253,336,589	269,035,461	256,368,147
	After distribution	208,482,012	224,615,236	238,771,666	250,829,307	(Note 3)

Note 1 : Data from 2018 to 2022 have been audited and certified by the independent auditors.

Note 2 : No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report.

Note 3 : Distribution of earnings in 2022 had not yet been resolved by the 2023 shareholders' meeting up to the date of publication of this annual report.

(III) Summary consolidated income statement of Yuanta FHC and its subsidiaries

Unit: NT\$1,000

Item \ Year	Financial data (Note 1)					Financial information of current year ending 01/31/2023
	2018	2019	2020	2021	2022	
Interest income	40,192,428	41,006,443	36,369,194	36,986,068	45,232,088	(Note 2)
Less: Interest expense	14,256,266	14,873,524	9,450,242	7,012,317	14,530,723	
Net interest income	25,936,162	26,132,919	26,918,952	29,973,751	30,701,365	
Net non-interest income	75,343,411	81,475,158	88,709,914	89,266,752	60,800,517	
Net profit	101,279,573	107,608,077	115,628,866	119,240,503	91,501,882	
Provision for bad debt expenses, commitment and guarantee policy reserve	856,563	1,352,694	2,152,052	534,256	318,190	
Net change in provision for insurance liabilities	36,611,780	42,443,850	39,928,431	21,301,277	19,533,972	
Operating expenses	39,611,658	38,270,636	42,782,105	53,263,626	43,235,907	
Consolidated income from continuing operations before income tax	24,199,572	25,540,897	30,766,278	44,141,344	28,413,813	
Income tax expense	3,701,334	3,399,314	4,789,234	6,950,633	5,703,400	
Consolidated net income	20,498,238	22,141,583	25,977,044	37,190,711	22,710,413	
Other comprehensive (loss) income (net of tax)	(1,970,215)	2,335,038	4,638,864	(6,141,800)	(15,065,715)	
Total comprehensive income	18,528,023	24,476,621	30,615,908	31,048,911	7,644,698	
Consolidated net income attributable to parent company	18,679,208	20,445,508	24,104,576	34,865,957	21,456,327	
Consolidated net income attributable to non-controlling interests	1,819,030	1,696,075	1,872,468	2,324,754	1,254,086	
Consolidated comprehensive income attributable to parent company	16,973,756	23,571,510	28,237,885	30,263,795	5,414,225	
Consolidated comprehensive income attributable to non-controlling interests	1,554,267	905,111	2,378,023	785,116	2,230,473	
EPS	1.59	1.68	1.99	2.79	1.72	

Note 1 : Data from 2018 to 2022 have been audited and certified by the independent auditors.

Note 2 : No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report

(IV) Summary entity income statement of Yuanta FHC

Unit: NT\$1,000

Item \ Year	Financial data (Note 1)					Financial information of current year ending 01/31/2023
	2018	2019	2020	2021	2022	
Share of the profit or loss of associates and joint ventures accounted for under the equity method	19,979,027	21,974,067	25,658,736	36,575,675	22,907,800	(Note 2)
Realized gains on financial assets at fair value through other comprehensive income	974	1,076	1,103	1,453	1,518	
Other revenues	150,747	138,724	40,201	19,817	126,782	
Operating expenses	751,302	836,662	941,174	1,350,334	974,686	
Other expenses and losses	227,426	300,438	336,651	282,217	299,464	
Income from continuing operations before income tax	19,152,020	20,976,767	24,422,215	34,964,394	21,761,950	
Income tax expense	472,812	531,259	317,639	98,437	305,623	
Net income	18,679,208	20,445,508	24,104,576	34,865,957	21,456,327	
Other comprehensive (loss) income (net of tax)	(1,705,452)	3,126,002	4,133,309	(4,602,162)	(16,042,102)	
Total comprehensive income	16,973,756	23,571,510	28,237,885	30,263,795	5,414,225	
EPS	1.59	1.68	1.99	2.79	1.72	

Note 1 : Data from 2018 to 2022 have been audited and certified by the independent auditors.

Note 2 : No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report.

(V) Independent auditors over the past five years and their audit opinions

1. 2018: Puo-Ju Kuo, CPA, Hsien-I Chen, CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2018 financial statements.
2. 2019: Chien-Hung Chou, CPA, Hsien-I Chen CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2019 financial statements.
3. 2020: Chien-Hung Chou, CPA, Hsien-I Chen CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2020 financial statements.
4. 2021: Chien-Hung Chou, CPA, Chiao Sen Lo CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2021 financial statements.
5. 2022: Puo-Ju Kuo, CPA, Chien-Hung Chou CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2022 financial statements.

II. Financial analysis for the most recent five years

(I) Financial analysis

Analysis Item (Note 2)		Financial analysis					Financial information of current year ending 01/31/2023
		2018	2019	2020	2021	2022	
Operational ability	Total asset turnover (times)	0.04	0.04	0.04	0.04	0.03	N/A
	Deposit to loan ratio of subsidiary bank (%)	69.55	66.51	62.55	59.36	66.48	
	NPL ratio of subsidiary bank (%)	0.23	0.16	0.14	0.10	0.02	
	Average revenues per employee (NT\$1,000)	7,169	7,601	8,100	8,257	6,202	
	Average earnings per employee (NT\$1,000)	1,451	1,564	1,820	2,575	1,539	
Profitability	Return on assets (%)	1.40	1.45	1.30	1.48	1.14	
	Return on shareholders' equity (%)	8.83	9.09	9.92	13.22	8.02	
	Profit margin (%)	20.24	20.58	22.47	31.19	24.82	
	Earnings per share (NT\$)	1.59	1.68	1.99	2.79	1.72	
Financial structure	Ratio of liabilities to assets (%)	89.64	89.64	90.08	90.44	90.80	
	Ratio of liabilities to net value (%)	865.67	864.93	907.88	945.74	987.35	
	Double leverage ratio of financial holding companies (%)	111.73	108.32	112.05	112.01	113.44	
Leverage	Operating leverage	4.19	4.21	3.76	2.70	3.22	
	Financial leverage of financial holding companies	1.01	1.01	1.01	1.01	1.01	
Growth rate	Asset growth rate (%)	0.59	5.56	14.29	9.62	(0.23)	
	Profit growth rate (%)	18.54	5.54	20.46	43.47	(7.65)	
Cash flow	Cash flow ratio (%)	1.60	7.87	3.50	5.49	1.20	
	Cash flow adequacy ratio (%)	(Note 4)	(Note 4)	(Note 4)	9.91	177.91	
	Cash flow satisfaction ratio (%)	113.82	3,093.60	357.96	2,212.25	415.58	
Operating scale	Asset market share (%)	4.11	4.01	4.19	4.29	4.08	
	Net-worth market share (%)	6.42	5.58	5.58	5.51	6.63	
	Deposit market share of bank subsidiary (%)	2.50	2.64	2.65	2.90	2.69	
	Loan market share of bank subsidiary (%)	2.32	2.32	2.31	2.41	2.51	
Capital adequacy	Capital adequacy of subsidiaries calculated according to capital adequacy regulations for the industry in question (%)	Yuanta Securities	344.09	330.39	319.18	414.07	481.01
		Yuanta Bank	15.39	15.57	16.98	15.41	14.65
		Yuanta Securities Finance	874.32	-	-	-	-
		Yuanta Life	366.96	300.45	597.29	560.53	502.51
	Authorized capital of each subsidiary (NT\$1,000)	Yuanta Securities	44,738,399	52,673,959	64,396,654	86,322,796	85,003,269
		Yuanta Bank	131,000,585	133,957,094	135,484,353	134,478,132	134,758,411
		Yuanta Securities Finance	9,669,905	-	-	-	-
		Yuanta Life	11,534,747	11,628,575	27,988,739	28,304,178	30,521,303

Year (Note 1) Analysis Item (Note 2)			Financial analysis					Financial information of current year ending 01/31/2023
			2018	2019	2020	2021	2022	
Capital adequacy	Authorized net capital of group (NT\$1,000)		168,043,480	178,231,116	199,573,780	221,452,769	217,694,434	N/A
	Statutory capital requirements of each subsidiary (NT\$1,000)	Yuanta Securities	19,502,984	23,914,482	30,263,028	31,271,253	26,507,976	
		Yuanta Bank	84,066,025	90,332,625	83,760,534	91,635,561	96,564,581	
		Yuanta Securities Finance	1,658,990	-	-	-	-	
		Yuanta Life	6,286,674	7,740,748	9,371,832	10,099,034	12,147,468	
	Group’s regulatory capital requirement (NT\$1,000)		121,153,812	133,907,284	136,691,245	148,912,046	147,704,174	
	Group’s capital adequacy ratio (%)		138.70	133.10	146.00	148.71	147.39	
Total amount (NT\$1,000) of loans, endorsements, or other transactions with the same individual, same related party, or same affiliate of all subsidiaries pursuant to Article 46 of the Financial Holding Company Act.			865,705,000	1,018,067,000	1,409,804,000	1,582,101,000	1,670,323,000	

Note 1 : Data from 2018 to 2022 have been audited and certified by the independent auditors.

Note 2 : The following calculation formulas must be listed at the end of the foregoing table:

1. Operational ability
 - (1) Total asset turnover = net profit/total assets
 - (2) Deposit to loan ratio of subsidiary bank = total loans made by subsidiary bank/total deposits.
 - (3) NPL ratio of subsidiary bank = total value of NPLs at subsidiary bank/total value of loans.
 - (4) Average revenues per employee = net profit/total number of employees.
 - (5) Average earnings per employee = net earnings after tax/total number of employees.
2. Profitability
 - (1) Return on assets = [after -tax income (loss) + interest expense × (1 - tax rate)]/average total assets.
 - (2) Return on shareholders' equity = after -tax income (loss)/average shareholders' equity.
 - (3) Net profit margin = after -tax income (loss)/net profit.
 - (4) EPS = (after -tax income (loss) - preferred stock dividends)/weighted average number of outstanding shares.
3. Financial structure
 - (1) Ratio of liabilities to assets = total liabilities/total assets.
 - (2) Ratio of liabilities to net value = total liabilities/shareholders' equity.
 - (3) Double leverage ratio of financial holding company = equity investment made in accordance with Article 36, Paragraph 2 and Article 37 of this Act/net value.
4. Leverage
 - (1) Operating leverage = (net profit - variable cost losses) / pre -tax income (loss).
 - (2) Financial leverage of financial holding company = pre -tax income (loss) + interest expense/pre -tax income (loss).
5. Growth rate
 - (1) Asset growth rate = (total assets during the current year - total assets during the previous year)/total assets during the previous year.
 - (2) Profit growth rate = (pre -tax income (loss) during the current year - pre -tax income (loss) during the previous year)/pre -tax income (loss) during the previous year.
6. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/(bank and interbank lending and overdrafts + payable commercial paper + financial liabilities stated as gain (loss) due to change in fair value + RP bill and bond liabilities + accounts payable with a maturity date within one year).
 - (2) Cash flow adequacy ratio = net cash flow from operating activities during the most recent five years/(capital spending + cash dividends during the most recent five years).
 - (3) Cash flow satisfaction ratio = net cash flow from operating activities/net cash flow from investment activities.
7. Operating scale
 - (1) Asset market share = total assets/total assets of all financial holding companies.
 - (2) Net-worth market share = net value/total net worth of all financial holding companies.

- (3) Market share of Bank subsidiary savings deposits = savings deposits total/the total amount of deposits for all financial institutions allowed to engage in savings deposits business.
 - (4) Market share of Bank subsidiary loans = loan total/the total amount of loans for all financial institutions allowed to engage in the lending business.
8. Capital adequacy
- (1) Net authorized capital of the group = authorized capital of the financial holding company + (financial holding company shareholding ratio × authorized capital of each subsidiary) - items to be subtracted in accordance with regulations.
 - (2) Total group statutory capital requirements = capital requirements specified in the Financial Holding Company Act + financial holding company shareholding ratio × each subsidiary's statutory capital requirement.
 - (3) Group capital adequacy = net value of the group's authorized capital/the group's statutory capital requirement.

Note 3 : No financial information which has not yet been audited or reviewed by an independent external auditor before the date of publication of the annual report.

Note 4 : This ratio was not calculated because the net cash flow from operating activities was negative.

Note 5 : The net cash flow of investment activities is an inflow, so the cash flow satisfaction ratio is not calculated.

III. Audit Committee's Report on the Latest Financial Statements

Yuanta Financial Holding Co., Ltd.

Audit Report from the Audit Committee

Yuanta FHC's Financial Statements 2022, together with the Business Report and Earnings Distribution Plan, were submitted by the Board of Directors to the Audit Committee for audit. The Financial Statements were audited by independent auditors, Pao-Ju Kuo and Chien-Hung Chou, CPAs of PricewaterhouseCooper Certified Public Accountants, who issued the Audit Report with Unqualified Opinions.

The Audit Committee, after completing the audit of said reports and statements, believes that they are free of material misstatement, and thus has produced this report according to Article 14-4 of the *Securities and Exchange Act* and Article 219 of the *Company Act* after obtaining the consent of all Audit Committee members. The report is hereby attached for review accordingly.

Submitted to:

2023 General Shareholders' Meeting of Yuanta Financial Holding Co., Ltd.

Audit Committee of Yuanta Financial Holding Co., Ltd.

Convener: Ming Ling Hsueh

Dated: March 15, 2023

- IV. The Latest Consolidated Financial Statements of the Company and Its Subsidiaries Audited and Certified by CPAs: See Appendix.**
- V. Any Financing Problems Encountered by the Company or Its Affiliates Which Might Affect the Company's Financial Status: None.**

Seven. Discussion and Analysis of Financial Status and Financial Performance, and Risk Management

I. Comparative Analysis of Financial Conditions

(I) Consolidated Balance Sheet of the Company and Its Subsidiaries

Unit: NT\$1,000

Item \ Year	2022/12/31	2021/12/31	Increase/Decrease	
	Amount	Amount	Amount	(%)
Cash and cash equivalents	76,338,164	80,735,621	(4,397,457)	(5)
Due from Central Bank and call loans to other banks	79,690,160	80,343,357	(653,197)	(1)
Financial assets	1,414,779,023	1,487,325,327	(72,546,304)	(5)
Investments in bills and bonds under resale agreements	94,073,224	46,454,964	47,618,260	103
Receivable – net	202,341,992	263,703,360	(61,361,368)	(23)
Bills discounted and loans – net	995,199,165	884,291,862	110,907,303	13
Equity investments accounted for under the equity method – net	3,431,913	3,115,594	316,319	10
Investment property – net	10,487,451	10,693,522	(206,071)	(2)
Property and equipment – net	25,503,491	24,468,584	1,034,907	4
Right-of-use assets – net	11,515,532	12,443,951	(928,419)	(7)
Intangible assets – net	30,959,908	31,046,281	(86,373)	(0)
Other assets – net	71,798,514	98,396,879	(26,598,365)	(27)
Total assets	3,016,118,537	3,023,019,302	(6,900,765)	(0)
Deposits from Central Bank and other banks, due to Central Bank and other banks	38,607,095	26,463,824	12,143,271	46
Financial liabilities	275,142,074	285,305,167	(10,163,093)	(4)
Bills and bonds payable under repurchase agreements	224,137,491	183,865,849	40,271,642	22
Commercial paper payable – net	47,836,070	49,983,502	(2,147,432)	(4)
Payables	154,026,563	214,482,994	(60,456,431)	(28)
Deposits and remittances	1,407,441,499	1,375,002,383	32,439,116	2
Bonds payable	102,487,542	82,539,085	19,948,457	24
Other borrowings	48,460,199	59,998,200	(11,538,001)	(19)
Liabilities reserve	363,676,625	336,342,258	27,334,367	8
Lease liabilities	4,712,163	5,720,785	(1,008,622)	(18)
Other liabilities	72,208,308	114,235,550	(42,027,242)	(37)
Total liabilities	2,738,735,629	2,733,939,597	4,796,032	0
Share capital	125,015,590	121,374,360	3,641,230	3
Additional paid-in capital	38,010,564	37,885,949	124,615	0
Retained earnings	100,310,163	101,364,961	(1,054,798)	(1)
Other equity	(6,968,170)	8,410,191	(15,378,361)	(183)
Non-controlling interests	21,014,761	20,044,244	970,517	5
Total equity	277,382,908	289,079,705	(11,696,797)	(4)

Explanation of significant changes:

1. The increase in Investments in bills and bonds under resale agreements from the previous period was primarily a result of the increase in investment positions of RS bills and bonds.
2. The decrease in Receivable-net from the previous period was primarily a result of the decrease in securities financing receivable, consideration of settlement and settlement money receivable.
3. The decrease in Other assets – net from the previous period was primarily a result of the decrease in deposit and lending margin.
4. The increase in due from Deposits from Central Bank and other banks, due to Central Bank and other banks from the previous period was primarily a result of the increase in interbank lending.
5. The increase in liabilities of Bills and bonds payable under repurchase agreements from the previous period was primarily a result of the increase in liabilities of RP bills and bonds.
6. The decrease in Payables from the previous period was primarily a result of the decrease in accounts payable and settlement money payable.
7. The increase in Bonds payable from the previous period was primarily a result of the increase in financial debentures and unsecured corporate bonds payable.
8. The decreased in Other liabilities from the previous period was primarily a result of the decrease in deposit of securities borrowing margin and collection and underwriting of shares.
9. The decrease in Other equity from the previous period was primarily a result of the decrease in gains on valuation of financial assets at fair value through other comprehensive income and other financial assets reclassified using the overlay method.

(II) Balance Sheet of Individual Entity

Unit: NT\$1,000

Item \ Year	2022/12/31	2021/12/31	Increase/Decrease	
	Amount	Amount	Amount	(%)
Cash and cash equivalents	6,508,655	841,258	5,667,397	674
Financial assets at fair value through other comprehensive income	66,320	45,653	20,667	45
Receivables – net	1,040,134	4,344,257	(3,304,123)	(76)
Current income tax assets	2,670,949	-	2,670,949	NA
Equity investments accounted for under the equity method – net	290,751,677	301,303,505	(10,551,828)	(4)
Property and equipment – net	45,973	47,060	(1,087)	(2)
Right-of-use assets – net	127,440	54,468	72,972	134
Intangible assets – net	17,102	14,504	2,598	18
Deferred income tax assets	78,612	50,332	28,280	56
Other assets – net	10,158	12,007	(1,849)	(15)
Total Assets	301,317,020	306,713,044	(5,396,024)	(2)
Commercial paper payable – net	0	2,788,125	(2,788,125)	(100)
Payables	6,139,991	3,232,641	2,907,350	90
Current income tax liabilities	2,132,045	5,657,148	(3,525,103)	(62)
Bonds payable	36,500,000	25,900,000	10,600,000	41
Liabilities reserve	35,069	37,629	(2,560)	(7)
Lease liabilities	131,618	56,625	74,993	132
Other liabilities	10,150	5,415	4,735	87
Total Liabilities	44,948,873	37,677,583	7,271,290	19
Share capital	125,015,590	121,374,360	3,641,230	3
Additional paid-in capital	38,010,564	37,885,949	124,615	0
Retained earnings	100,310,163	101,364,961	(1,054,798)	(1)
Other equity	(6,968,170)	8,410,191	(15,378,361)	(183)
Total equity	256,368,147	269,035,461	(12,667,314)	(5)

Explanation of significant changes:

1. The increase in Cash and cash equivalents from the previous period was primarily a result of the issuance of corporate bonds.
2. The increase in Financial assets at fair value through other comprehensive income was primarily a result of the increase in gains on valuation of financial assets at fair value through other comprehensive income.
3. The decrease in Receivables-net from the previous period was primarily a result of the decrease in other receivables-linked tax system.
4. The increase in Current income tax assets – current period from the previous period was primarily a result of the increase in refund of income tax receivable.
5. The increase in Right-of-use assets – net and lease liabilities from the previous period was primarily a result of the new lease in the current period upon expiration of the office premises lease contract.
6. The increase in Deferred income tax assets from the previous period was primarily a result of the increase in temporary difference.
7. The decrease in Commercial paper payable – net was primarily a result of the decrease in the issued commercial paper positions.
8. The decrease in Payables from the previous period was primarily a result of the increase in other payables linked tax system.
9. The decrease in Current income tax liabilities from the previous period was primarily a result of the decrease in income tax payable in the current period.
10. The increase in Other liabilities from the previous period was primarily a result of the increase in the retirement refund payable.
11. The decrease in Other equity from the previous period was primarily a result of the decrease in gains on valuation of financial assets at fair value through other comprehensive income and other financial assets reclassified using the overlay method.

II. Analysis of Financial Performance

(I) Consolidated income statement of Yuanta FHC and its subsidiaries

Unit: NT\$1,000

Item \ Year	2022	2021	Increase/Decrease	
	Amount	Amount	Amount	(%)
Net interest income	30,701,365	29,973,751	727,614	2
Net non-interest income	60,800,517	89,266,752	(28,466,235)	(32)
Net profit	91,501,882	119,240,503	(27,738,621)	(23)
Provision for bad debt expenses, commitment and guarantee policy reserve	318,190	534,256	(216,066)	(40)
Net change in provisions for insurance liabilities	19,533,972	21,301,277	(1,767,305)	(8)
Operating expenses	43,235,907	53,263,626	(10,027,719)	(19)
Consolidated income from continuing operations before income tax	28,413,813	44,141,344	(15,727,531)	(36)
Income tax expense	5,703,400	6,950,633	(1,247,233)	(18)
Consolidated net income	22,710,413	37,190,711	(14,480,298)	(39)
Other comprehensive loss (net of tax)	(15,065,715)	(6,141,800)	(8,923,915)	145
Total comprehensive income	7,644,698	31,048,911	(23,404,213)	(75)

Explanation of significant changes:

1. The decrease in Net non-interest income from the previous period was primarily a result of the decrease in net income on service charges and commission, and income from financial assets and liabilities at fair value through profit or loss.
2. The decrease in Provision for bad debt expenses, commitment and guarantee policy reserve from the previous period was primarily a result of decrease in bad debt expenses for discount and loan.
3. The decrease in Other comprehensive loss (net of tax) from the previous period was primarily a result of the decrease in profit or loss on valuation of equity instruments at fair value through other comprehensive income and profit or loss on valuation of debt instruments at fair value through other comprehensive income.

(II) Entity income statement of Yuanta FHC

Unit: NT\$1,000

Item \ Year	2022	2021	Increase/Decrease	
	Amount	Amount	Amount	(%)
Revenue				
Share of the profit or loss of associates and joint ventures accounted for under equity method	22,907,800	36,575,675	(13,667,875)	(37)
Realized gains on financial assets at fair value through other comprehensive income	1,518	1,453	65	4
Other revenues	126,782	19,817	106,965	540
Subtotal	23,036,100	36,596,945	(13,560,845)	(37)
Expenses and losses				
Operating expenses	974,686	1,350,334	(375,648)	(28)
Other expenses and losses	299,464	282,217	17,247	6
Subtotal	1,274,150	1,632,551	(358,401)	(22)
Income from continuing operations before income tax	21,761,950	34,964,394	(13,202,444)	(38)
Income tax expense	305,623	98,437	207,186	210
Net income	21,456,327	34,865,957	(13,409,630)	(38)
Other comprehensive loss	(16,042,102)	(4,602,162)	(11,439,940)	249
Total comprehensive income	5,414,225	30,263,795	(24,849,570)	(82)

Explanation of significant changes:

1. The decrease in Share of the profit or loss of associates and joint ventures accounted for under equity method from the previous period was primarily a result of the decrease in subsidiaries' earnings.

2. The increase in Other incomes from the previous period was primarily a result of the increase in deposit and interest revenue.
3. The decrease in Operating expenses from the previous period was primarily a result of the decrease in employee welfare expenses.
4. The increase in Income tax expenses from the previous period was primarily a result of temporary difference reversal in the previous period.
5. The decrease in Other comprehensive loss from the previous period was primarily a result of the decrease in profit or loss on valuation of equity instruments at fair value through other comprehensive income and profit or loss on valuation of debt instruments at fair value through other comprehensive income.

III. Analysis of Cash Flow

(I) Analysis of liquidity in the previous two years

1. Yuanta FHC and its subsidiaries

Item \ Year	2022	2021	Increase/decrease %
Cash flow ratio (%)	1.20	5.49	(78.14)
Cash flow adequacy ratio (%)	177.91	9.91	1,695.26
Cash reinvestment ratio (%)	(1.67)	3.16	(152.85)
Explanation of ratio changes:			
1. The variance in cash flow ratios of the two periods was a result of the decrease in net cash flow from operating activities.			
2. The difference between the two periods of cash flow adequacy ratio was primarily a result of the increase in (net cash flow from operating activities in the most recent five years).			
3. The difference between the two periods of Cash reinvestment ratio was a result of the decrease in (net cash flow from operating activities - cash dividends)			

2. Yuanta FHC

Item \ Year	2022	2021	Increase/decrease %
Cash flow ratio (%)	90.76	74.9	21.17
Cash flow adequacy ratio (%)	107.82	123.67	(12.82)
Cash reinvestment ratio (%)	(0.73)	(1.25)	41.60
Explanation of ratio changes:			
1. The difference between the two periods of cash flow ratio was primarily a result of the increase in net cash flow from operating activities.			
2. The difference between the two periods of Cash flow adequacy was a result of the increase in the most recent five years (capital expenditure + cash dividend).			
3. The variance in cash reinvestment ratios of the two periods was a result of the increase (net cash flow from operating activities-cash dividend).			

(II) Analysis of liquidity in the coming year

1. Analysis of liquidity of Yuanta FHC and its subsidiaries

Unit: NT\$1,000

Initial cash balance	Net cash flow from operating activities for the year	Cash flow for the year	Cash balance	Corrective measures against insufficient cash position	
				Investment plans	Financing plans
206,929,363	13,716,007	(43,456,070)	177,189,300	-	-

(1) Analysis of cash flow in the coming year:

- A. Operating activities: 13,716,007
- B. Investment activities: (10,661,679)
- C. Financing activities: (32,794,391)

(2) Analysis of liquidity and corrective measures against projected insufficient cash position: N/A.

2. Analysis of liquidity of Yuanta FHC

Unit: NT\$1,000

Initial cash balance	Net cash flow from operating activities for the year	Cash flow for the year	Cash balance	Corrective measures against insufficient cash position	
				Investment plans	Financing plans
6,508,655	8,924,654	(9,105,406)	6,327,903	-	-

(1) Analysis of cash flow in the coming year:

- A. Operating activities: 8,924,654
- B. Investment activities: 5,490,205
- C. Financing activities: (14,595,611)

(2) Analysis of liquidity and corrective measures against projected insufficient cash position: N/A.

IV. Major capital expenditures in the most recent year: Yuanta FHC did not have any major capital expenditures in the most recent year.

V. Investment strategies, causes for investment gains and losses, and planned improvements for the most recent year and the investment plan for the coming year

(I) Investment strategies, causes for investment gains and losses, and planned improvements

Yuanta FHC will uphold the stable development policy to plan the Group's reinvestment policy. It will plan the Group's optimal investment strategies and portfolio by taking into consideration the growth potential and complementation of various business lines, as well as such financial factors as financial solidness, funding cost and rate of return on investment, insofar as it complies with related laws and regulations, in hopes of upgrading Yuanta FHC's long-term profit and stability, increasing its ROE, and maximize shareholders' equity.

For the overview of operations and business plan for various subsidiaries of Yuanta FHC, please see "Four. Overview of Operations/1. Operations/(2) Business services of subsidiaries".

(II) Investment plan for the coming year

Upon completion of the acquisition and merger of Polaris Securities and Ta Chong Bank, Yuanta Securities and Yuanta Bank have attained considerable domestic business sales. In the future, the Group's investment plan will value construction and expansion of its overseas business in order to continue to move forward toward the objective for the "Best Financial Services Provider in the Asia Pacific Region". Yuanta Life will keep expanding its scale voluntarily, in principle. Notwithstanding, if some adequate object to be acquired and merged is verified, it will also consider expanding through merger and acquisition upon evaluation. The Group will keep concerning the development of FinTech and might control new technologies and business opportunities through investment or business cooperation.

VI. Risk management

(I) Risk management structure and policy of Yuanta FHC and each of its subsidiaries

1. Risk Management structure

Yuanta FHC's risk management structure consists of the Board of Directors, Audit Committee, Risk Management Committee, senior management, and three lines of defense.

The Board of Directors shall be supreme decision-making body for Yuanta FHC's risk management, whose functions include approves the risk management policy, important risk management system and annual risk limits as well as supervises the execution of the risk management system.

The Audit Committee shall help the Board of Directors perform the Board's responsibilities for risk management, and its functions include examines the risk management policy, important risk management system and annual risk limits as well as assists the Board with supervising existing or potential risks.

The Risk Management Committee shall help the Audit Committee and Board of Directors; its functions include determines the annual risk limits, monitors the thresholds of indicators, review the risk management reports, supervises the execution of risk management system, integrate risk management issues among the subsidiaries, and coordinates important risk management affairs.

The senior management shall review all risks pertaining to operating activities and make sure that Yuanta FHC's risk management system can be completely and effectively executed.

Each business unit shall be responsible for identifying and managing the risk arising from its functions or business scope, and designing and executing the effective internal control procedures subject to the characteristics of the risk to cover the risk management functions of related business activities.

The risk management unit, compliance unit and other risk management risks shall establish the management mechanisms subject to various major risk types, supervise the overall risk tolerance and risk profile, and report the monitoring execution status.

The internal audit unit shall independently audit and assess whether the risk management and related internal control system keep operating effectively, and provide the suggestions about improvement in a timely manner.

Each subsidiary has set up its own risk management organization by adequate level and scale, subject to its business portfolio, business scale and capital scale. Yuanta FHC will continue to review each subsidiary's risk management organization to ensure that it may manage the various risks effectively.

2. Risk Management Policies

Yuanta FHC has established the risk management policy as its prime guidance, and the scope covered market risk, credit risk, market liquidity risk, capital liquidity risk, asset and liability matching risk, large exposures, insurance risk, operational risk, business risk, legal and compliance risk and climate change risk..

Each subsidiary has set up its adequate risk management policy, subject to its business portfolio, business scale and capital scale. Yuanta FHC will continue to review each subsidiary's risk management policy to ensure that it may manage the various risks effectively.

(II) Methods of risk evaluation and control used by the Company and each of its subsidiaries, and risk exposure information

1. General qualitative disclosures

- (1) Yuanta FHC's and subsidiaries' risk management principles are stated as follows:

Yuanta FHC and its subsidiaries has established various risk management mechanisms based on the board-approved risk management policy, which stated as below:

A. Market risk:

Market risk refers to the risk of losses in Yuanta FHC 's positions arising from movements in market variables like prices and volatility. The market price includes index, stock price, interest rate, foreign exchange rate, commodity or credit spread. Yuanta FHC's and subsidiaries have set up early warning indicators, risk limits and value at risk (VaR) based on risk tolerance to estimate potential losses in order to control market risk effectively. The value at risk (VaR) measurement model is the possible maximum potential loss over the exposure on the next trading day at a 99% confidence level.

B. Credit risk:

Credit risk refers to the risk over loss resulting from the following circumstances:

- (A) Where the bond (bill) issuer, lender, counterparty or custodian breaches contract, goes bankruptcy or is liquidated and fails to perform its obligation pursuant to the terms and conditions as agreed and thereby causes risk.
- (B) Where the bond (bill) issuer, lender, counterparty or custodian breaches contract, goes bankruptcy or is liquidated and fails to fulfill its liability of warranty pursuant to the terms and conditions as agreed and thereby causes risk.
- (C) Where the strength of the financial instrument-linked is weakened, credit rating is degraded, or there is any circumstance constituting breach of the financial instrument contract.

Yuanta FHC and its subsidiaries shall define the credit risk management measurement based on business nature:

- (A) Loans and credit business: Classifying the existing credit cases into groups by ratings or rating model. Enhancing quantitative mechanism of credit risk to assure the quality of loan assets. Apply an early warning mechanism integrated with the mid-term management platform to timely conduct the post-loan control over borrowers and take responsive measures as well as reduce the potential loss caused by default.
- (B) Financial position: To monitor and control Yuanta FHC's and its subsidiaries' credit exposures, the internal credit rating system has been established. Meanwhile, the early warning mechanism and reporting procedures have been implemented so as to proactively response to credit events.

C. Concentration risk:

Large exposures arises when a company has its business concentrated on specific risk factors, such as the same person (enterprise), enterprise group, industry and country. It might cause significant loss if unexpected changes occur on those factors. Yuanta FHC and its subsidiaries have set up the large exposure management system to adequately control over the positions of credit, investment and trading.

D. Market Liquidity risk:

Market liquidity risk arises when assets are sold or unwinded because of consecutive shortages of trading volume in the market or disorder in the market resulting in a significant reduction of the trading volume, if any. To mitigate the risk, Yuanta FHC and its subsidiaries have set up separate standards on limits of liquidity position and potential loss for different business and the nature of financial products to ensure sufficient market liquidity for all positions.

E. Asset and liability matching risk:

The asset and liability matching risk refers to the risk over disadvantageous changes in Yuanta FHC's overall income, net interest income or net worth caused by the changes in interest rate or foreign exchange rate, if any, due to the difference in the currency denominating assets and liabilities with interest and the method of interest computing or expiry date thereof. Yuanta FHC's and subsidiaries' interest rate risk management includes identification and measurement of interest rate re-pricing risk, yield curve risk, basis risk and option properties risk, and evaluate the warning value set up based on quantitative control indicator, so as to control the adverse effects caused by fluctuations in interest rate to the net interest income on Yuanta FHC's entire assets and liabilities with interest effectively.

F. Capital liquidity risk;

The capital liquidity risk means the risk arising from the financial structural imbalance caused by inadequate fund-raising planning or the inability to acquire sufficient funds in a timely manner by virtue of sale of assets or applying for loan with another bank and failure to repay the matured debt due to the significant changes in the overall economy or financial market. Yuanta FHC and its subsidiaries have set appropriate funding liquidity risk control indicators depending on the nature of each operational sector, and evaluate in advance the potential capital gaps for various deadlines to effectively control overall liquidity risk. To enhance the ability to manage funding liquidity risk, Yuanta FHC and each of its subsidiaries have also drawn up a capital allocation plan to cope with systemic risk events or react to abnormal capital flows.

G. Insurance risk:

It means the risk over claims and expenses made or provided

pursuant to the contract suffering loss caused by unexpected changes after collecting the insurance premium to assume the specific risk transferred by the insured. The insurance risk management shall cover the risk over product design and pricing, underwriting, reinsurance, catastrophe, claims and reserve fund.

In order to manage the insurance risk effectively, Yuanta Life has established the standard operating procedures and management mechanisms with respect to various insurance risks to strengthen the risk control function through a monitoring mechanism.

H. Operational risk:

Operational risk refers to the risk of direct or indirect losses arising from negligence or errors in internal operations, staff or systems, or from external events. Yuanta FHC and its subsidiaries have implemented standard operating procedures and control activities, regularly conducted risk and control self-assessments and reported operational risk incidents.

I. Information security risk:

The Information security risk refers to the risk caused by intention, negligence or natural calamity and resulting in unfair use, breach, tampering or destruction of the information assets, thereby damaging the business-related information system's normal operation.

J. Human resource risk:

The human resource risk refers to that related to employees' human rights issues and development and management of Yuanta FHC's human resources, such as solicitation for, retention, and development of human resources.

K. Emerging risk:

Emerging risk refers to a new business line or new risk type, for which no risk identification or assessment is conducted, thereby causing adverse effects to the future business operations

L. Reputation risk:

The reputation risk refers to the risk over the loss arising from business termination or interruption caused by the negative comments from the media or public.

M. Strategic risk:

The strategic risk refers to the risk arising from inadequate strategies or changes in the business environment.

N. Compliance risk:

Compliance risk means the risk potentially punished by the competent authority for failure to comply with the related laws and regulations when carrying out various businesses.

O. Legal risk:

Legal risk arises when a contract has no binding effect, or the

contract involves any act beyond the authority, omits some provisions, or is defective in definitions of the contract and thereby makes the contract invalid, and risk over potential loss arises.

P. ML/TF risk:

The ML/TF risk refers to that caused by abuse of the business operations in ML or TF activities.

Q. Ethical management risk:

The ethical management risk refers to that caused by the unjustified benefits provided, promised, requested or accepted, or any activities against ethics, laws or fiduciary duties conducted by Yuanta FHC's directors, supervisors, managers, employees, or any persons with substantial controlling interests, directly or indirectly, when engaging in any business conduct, in order to keep or seek interests.

R. Climate change risk:

The climate change risk refers to the potential risk arising from climate changes or in order to mitigate the climate changes, including investment and financing climate change risk and self-operation climate change risk.

(2) Information covered in risk report and frequency & procedure of risk report

A. The level, contents and frequency of Yuanta FHC's and its subsidiaries' risk report shall be adjusted subject to attributes of the risk and the impact rendered by the risk against Yuanta FHC's business, income and net worth.

B. The Risk Management Department shall report the following risk management affairs to the administration management, Audit Committee or other functional committees dedicated to risk management and Board of Directors periodically:

- (A) Overview of market risk;
- (B) Overview of market liquidity risk;
- (C) Overview of credit risk;
- (D) Overview of funding liquidity risk;
- (E) Overview of interest rate risk;
- (F) Overview of insurance risk;
- (G) Overview of operational risk;
- (H) Overview of large risk exposure;
- (I) Overview of capital adequacy ratio;
- (J) Other significant risks.

(3) The policy for hedging and mitigation of risk, strategy, and procedure for monitoring the persistent effectiveness of the risk hedging and mitigation tools

Yuanta FHC and each of its subsidiaries define the risk limit, hedging tools and hedging operation mechanism based on their risk acceptance, so as to effectively limit the risk to the extent as approved, via the reasonable hedging mechanism.

To execute the hedging, the risk structure and level for the entire position shall be adjusted until the risk is acceptance, by employing adequate financial instruments, subject to the market condition, business strategies, product characteristics, and risk management regulations. Yuanta FHC will also periodically continue to measure and control the validity of the hedging tools dedicated to hedging and mitigating risk.

2. Quantitative information on risk exposure

(1) Yuanta FHC

A. Capital adequacy ratio

	2022/12/31	Average	Highest	Lowest
Capital adequacy ratio	147.39%	147.47%	154.79%	143.05%

B. Value at risk over trading position

Unit: NT\$1,000

Risk category	2022			
	2022/12/31	Average	Highest	Lowest
Interest rate risk	137,036	150,662	103,874	211,805
Equity risk	213,011	284,584	122,786	501,653
Foreign exchange risk	676,012	433,725	219,145	762,623
Commodity risk	12,846	73,561	9,256	204,720
Less: Diversification benefit	(420,766)	(406,849)	-	-
Total VaR	618,139	535,683	442,301	701,826

Note : Under value at risk (VaR) measurement model, the possible maximum potential loss over the exposure on the next trading day should be estimated at a 99% confidence level.

(2) Yuanta Securities

A. Capital adequacy ratio

	2022/12/31	Average	Highest	Lowest
Capital adequacy ratio	481%	444%	481%	398%

B. Ratio of equivalent risk amount

As of December 31, 2022

Item	Ratio of equivalent risk amount
Market Risk	58.51%
Credit Risk	12.21%
Operational risk	29.28%
Total	100.00%

(3) Yuanta Bank

A. Capital adequacy ratio

	2022/12/31	Average	Highest	Lowest
Capital adequacy ratio	14.65%	14.60%	15.71%	13.57%

B. Exposure and accrued capital charge upon risk reduction under credit risk standardized approach

As of December 31, 2022

Unit: NT\$1,000

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Accrued capital charge
Sovereigns	351,418,655	0
Non Central-Government Public Sector Entities	1,477,568	23,641
Banks (Including multilateral development banks and centralized settlement counterparties)	119,287,957	3,539,490
Corporates(Securities firms and insurance companies included)	375,947,893	24,705,357
Retailed credit	88,903,177	5,300,094
Residential Property	636,286,648	29,315,958
Equity-securities investment	19,412,489	2,144,815
Equity securities investment in funds and venture capital businesses	0	0
Other assets	40,656,570	2,520,775
Total	1,633,390,957	67,550,130

C. Market risk – accrual capital charge and risk weighted assets of market risk

As of December 31, 2022

Unit: NT\$1,000

Type of Risk	Accrued capital charge	Risk weighted assets (Note)
Interest rate risk	2,080,713	26,008,913
Equity risk	164,286	2,053,575
Foreign exchange risk	674,307	8,428,837
Commodity risk	0	0
Total	2,919,306	36,491,325

Note : The amount stated is the accrued capital charge multiplied by 12.5.

D. Liquidity risk – asset liability maturity analysis

Structure analysis of time to maturity(NT\$)

As of December 31, 2022

Unit: NT\$1,000

	Balance until maturity					Total
	0 – 30 days	31 days – 90 days	91 days – 180 days	181 days – 1 year	Over 1 year	
Primary funds inflow upon maturity	281,428,523	179,819,096	159,284,501	173,261,491	744,369,920	1,538,163,531
Primary funds outflow upon maturity	186,448,202	267,798,728	240,447,609	350,410,602	751,377,968	1,796,483,109
Gap	94,980,321	(87,979,632)	(81,163,108)	(177,149,111)	(7,008,048)	(258,319,578)

Note : This table only includes NT\$ (not foreign currencies) held by the Head Office, domestic and overseas branches.

Structure analysis of time to maturity (US\$)

As of December 31, 20212

Units: US\$1,000

	Balance until maturity					Total
	0 – 30 days	31 days – 90 days	91 days – 180 days	181 days – 1 year	Over 1 year	
Primary funds inflow upon maturity	1,643,965	908,961	180,233	305,433	3,501,276	6,539,868
Primary funds outflow upon maturity	2,780,634	1,892,420	1,134,298	1,596,003	1,009,653	8,413,008
Gap	(1,136,669)	(983,459)	(954,065)	(1,290,570)	2,491,623	(1,873,140)

(4) Yuanta Life

Capital adequacy ratio

	2022first half of the year	2022
Capital adequacy ratio	517.52%	502.51%

(5) Yuanta Futures

Alternative net capital (ANC)

	2022/12/31	Average	Highest	Lowest
Alternative net capital (ANC)	77.5%	65.9%	77.5%	52.7%

(III) Impact on the Company’s financial standing and business operations due to changes in domestic or foreign policies and laws, and corresponding countermeasures to such changes:

The relevant department staffs of Yuanta FHC and its subsidiaries analyze all major changes to policies and laws at home and abroad before they occur and assess their impact on all business operations; relevant internal business strategies and operational procedures are also adjusted in a timely way to respond to such changes. For example, in 2022, FSC amended the “Regulations Governing the Preparation of Financial Reports by Financial

Holding Companies,” “Procedure for Reporting the Scope of Material Contingencies to be Reported by Financial Institutions and Other Compliance Matters” and “Financial Supervisory Commission Regulations on the Publication of Material Penalties for Violations of Finance Laws.” Accordingly, Yuanta FHC reviewed and amended its related internal regulations based on said regulations to help various units’ compliance.

(IV) Impact on the Company’s financial standing due to technological (including communication security risk) or industrial changes, and corresponding countermeasures:

Rapid development of financial technology. Further, the FSC release the “FinTech Development Roadmap” and the information security threat resulting from acceleration of the industrial digital transformation, e.g. the FinTech applications, including establishment and opening of the internet-only bank and pure online insurance company, insurance passbook and data sharing, caused by the epidemic is getting worse. In order to maintain the confidentiality, completeness and availability of the information operations and to prevent the information security issues, such as disclosure of data and hacker’s invasion, from damaging Yuanta FHC’s finance and goodwill, and also customers’ interest and right, Yuanta FHC continued to enhance the information security control mechanism.

The cyber security protection measures include improvement of internal self-inspection, external voluntary detection, disaster response drills and management. Meanwhile, Yuanta FHC has actively implemented various automated detection and behavior check systems to control the real-time monitoring and blocking of external threats, access control of internal data, operations and segmentation of equipment, in order to prevent any illegal or malicious activities by the multiple separation and filtration mechanism, in order to respond to the cyber security risk threats and improve the entire information security defense abilities.

Further, in order to control and verify the information security overview and development in the financial field, Yuanta FHC and its main subsidiaries have joined the Financial Information Sharing and Analysis Center (F-ISAC). Yuanta Securities and Yuanta Futures also participated in the major information security incidents response scenario drill organized by the FSC in 2022, and shared the relevant information within the Group, in order to respond to the risk threats and improve the incident response abilities as early as possible.

Before implementing any emerging technological applications, Yuanta FHC and its main subsidiaries will assess the security of the aspects including framework review, compliance, data protection and access control, and technological applications, in response to the impact posed by changes in technologies (including cyber security risk) and industrial changes to Yuanta FHC’s business and finance.

(V) Impact of changes in the corporate identity of crisis management of the company and its subsidiaries, and corresponding countermeasures:

Yuanta FHC serves its corporate and individual customers under the banner of honesty and conducts all its business operations under the principles of “Security, Liquidity and Profitability”. Yuanta FHC has long enjoyed the trust and support of its

customers, and also looks forward to upholding these ideals in serving its customers in the future, while building a good corporate image based on sound and stable management. Should there be unfounded reports about the financial status or other related operations of the Group that are likely to severely affect the Group's corporate identity, Yuanta FHC will issue a press release or post important information on the website of the Market Observation Post System to clarify the situation and let the truth be known.

(VI) Expected benefit(s), possible risk(s) and response action(s) of merger and acquisitions:

1. Yuanta FHC pursues mergers and acquisitions as part of its overall growth strategy and ultimately for achieving the following four (4) goals:
 - (1) Leverage economies of scale;
 - (2) Create competitive barriers;
 - (3) Expand scope and territories of business;
 - (4) Upgrade the operating performance.
2. Associated risks are detailed below:
 - (1) Because asymmetric information, it might be difficult to control the real operating status of the merged and acquired prior to the merger & acquisition and to reflect the factors to the transaction price and thereby Yuanta FHC had to bear unexpected asset & liability risk;
 - (2) Given that the profitability of the merged and acquired is less than the expectation or certain adverse changes arise, the value of merger & acquisition is overestimated;
 - (3) The integration of enterprise culture and organizational framework results in loss of human resource and business and the declination or deferred production of merger & acquisition benefit;
 - (4) The overseas merger & acquisition projects shall bear the risk over the local economic and political changes and variance in the governing laws.

Yuanta FHC has strictly followed the standard operating procedures for the decision-making process of mergers and acquisitions (Yuanta FHC' Notes to and SOP for Merger & Acquisition). During the valuation process, consultants and lawyers are retained to conduct due diligence and the knowledge and expertise of the Group is enlisted to ensure careful evaluation before the merger & acquisition. Upon merger and acquisition, the Group would reduce the potential risk and loss related to the merger & acquisition through well-founded integration plans and thorough execution to have the merger & acquisition benefit exerted fully. Therefore, the Group's control over the risk related to merger & acquisition shall be considered adequate.

(VII) Risk and response action from concentrated operations:

Yuanta FHC and each of its subsidiaries cover a wide range of activities including securities, banking, insurance, futures, investment trust, venture capital, investment consulting, and asset management. With diversified operations, the concentration risk may lower constantly. Each subsidiary has established and revised large exposure limits on a yearly basis with board approval to appropriately diversify potential risk, which in compliance with relevant regulations and Yuanta FHC's risk management mechanism.

(VIII) Impact or risk associated with large transfers or changes in shareholdings by directors or major shareholders holding over 1%:

Yuanta FHC and each of its subsidiaries are run by professional managers, and have established a full set of regulations on the empowerment of managers as well as the scope of powers at each level of the managerial hierarchy to expressly define the division of labor and responsibilities. Therefore, there will be no significant impact on Yuanta FHC in the event of transfers or changes in shareholdings by a director or major shareholder holding a stake of more than 1%.

(IX) Effect and risk caused by the changes of the right to manage to the Company, and the countermeasures thereof:

Yuanta FHC and each of its subsidiaries are run by professional managers, and have established a full set of regulations on the empowerment of managers as well as the scope of powers at each level of the managerial hierarchy to expressly define the division of labor and responsibilities. Therefore, there will be no significant impact on Yuanta FHC in the event of the changes of the right to manage.

(X) Litigation and non-litigation matters:

1. Material litigation, non-litigious or administrative court cases, adjudicated or pending, involving Yuanta FHC or its subsidiaries:

As of January 31, 2023
Unit: Dollar (NT\$/KRW/HK\$/US\$/THB)

Facts	Claim/Dispute Amount	Commencing Date of Litigation	Major Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
Anbang Group Holdings Co. Limited and Anbang Life Insurance Co., Ltd. (now known as Dajia Insurance Group Co., Ltd.) filed a counterclaim against Yuanta Securities (Korea) and the other four parties in an arbitration proceeding. A petition for recognition and enforcement of arbitral award was filed subsequently.	About KRW 131,801 million	June 2017	Yuanta Securities (Korea) and the other four parties as respondents, and Anbang Group Holdings Co. Limited and Anbang Life Insurance Co., Ltd. (now known as Dajia Insurance Group Co., Ltd.) as the claimants, in the counterclaim filed in the arbitration proceeding.	The arbitration tribunal rendered the arbitral award on August 24, 2020, holding that the five parties including Yuanta Securities (Korea) should pay Anbang Group Holdings Co. Limited and Anbang Life Insurance Co., Ltd. (now known as Dajia Insurance Group Co., Ltd.) KRW 166,600 million as the compensation, and the related expenses and interests. As a result, Anbang petitioned with the Seoul Central District Court for recognition and enforcement of the arbitral award. On December 17, 2021, Yuanta Securities (Korea) received the Court's judgment that recognized the arbitral award to allow Anbang to enforce its claims no greater than the amount of KRW 131,801 million plus interests accrued thereon. Notwithstanding, both Yuanta Securities (Korea) and Anbang have filed an appeal against the court's judgment. The actual amount of damages to be paid by Yuanta Securities (Korea) for this case might vary depending on the following legal proceedings.	Upon evaluation, no material effect would be produced to Yuanta Securities (Korea)'s operation or shareholders' equity for the time being.
1,246 investors initiated the class action against Tong Yang Securities (now known as Yuanta Securities (Korea)) for the dispute over sales of financial products.	About KRW 113,516 million	July 2014	1,246 investors and Tong Yang Securities (now known as Yuanta Securities (Korea))	The plaintiffs initially claimed KRW 492,565 million, but petitioned with the court to reduce the claim to KRW 113,516 million on November 16, 2022. The Seoul Central District Court dismissed the plaintiffs' claim on January 19, 2023. Notwithstanding, the plaintiffs appealed the judgment on February 9, 2023 with a claim amount of KRW 113,007 million.	Upon evaluation, no material effect would be produced to Yuanta Securities (Korea)'s operation or shareholders' equity for the time being.

Facts	Claim/Dispute Amount	Commencing Date of Litigation	Major Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
Yuanta Securities (HK) raised a litigation proceeding against its account executive, claiming the guarantee liability owed by the account executive.	About HK\$135 million	June 2017	Yuanta Securities (HK) and its former account executive	The court of the first instance rendered a summary judgment on February 22, 2021, holding that the account executive should take the full responsibility and the counterclaim brought by the account executive should be dismissed. Notwithstanding, the account executive has appointed an attorney-at-law to file an appeal with the High Court of the Hong Kong Special Administrative Region Court of Appeal.	Upon evaluation, no material effect would be produced to Yuanta Securities (HK)'s operation or shareholders' equity.
The former employee of Yuanta Securities (Thailand) (formerly known as KKTrade Securities Co., Ltd.) was suspected of committing a fraud. The clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for defendants' joint liability to pay the compensation.	About THB 149 million	August 2017	Yuanta Securities (Thailand) and another person on the one side, and Plaintiff Mr. Amnaj ○○ and the other four (4) persons on the other side.	The court of the first instance rendered the judgment to dismiss all of the plaintiffs' claims on October 8, 2020. Notwithstanding, both defendants and the plaintiffs filed an appeal to the judgment. The court of the second instance dismissed all of the plaintiffs' claims on April 7, 2022. The plaintiffs filed an appeal for the third-instance trial, and reduced the claim amount from THB 301 million to THB 149 million.	Upon evaluation, no material effect would be produced to Yuanta Securities (Thailand)'s operation or shareholders' equity.
Seventy-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital claimed the damages against two (2) persons including Yuanta Securities regarding the dispute over the purchase and sale contract of land and parking lots.	NT\$722,378,466	January 2018	Yuanta Securities and the other person as the defendants and Seventy-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital as the plaintiffs.	The plaintiffs initiated a mediation procedure on January 9, 2018 and expanded the claim amount to NT\$952,511,840 (of which NT\$950,861,840 was claimed on a jointly-lie basis) on January 17, 2018. The Taiwan Taipei District Court held that the mediation failed. The plaintiffs then initiated a separate action for the same case on July 11, 2018 with the same claim amount. The Taiwan Taipei District Court dismissed all of the plaintiffs' claims (i.e., the two defendants, including Yuanta Securities, won the litigation) on January 27, 2022. The plaintiffs, Seventy-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital, subsequently filed an appeal and claimed NT\$512,454,465 and NT\$209,924,001,	Upon evaluation, no material effect would be produced to Yuanta Securities' operation or shareholders' equity.

Facts	Claim/Dispute Amount	Commencing Date of Litigation	Major Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
				respectively, reducing the total claim amount to NT\$722,378,466. Yuanta Securities will respond to the appeal pursuant to laws.	
Pentagon City claimed that Yuanta Savings Bank Korea Co., Ltd., a subsidiary of Yuanta Bank, violated the restriction on the threshold (10%) of shareholdings in unlisted companies under the Mutual Savings Bank Act (old) of the Republic of Korea and, therefore, filed the civil action claiming a refund of the unjustified enrichment (KRW 19,599,160 thousand) with respect to the capital reduction amount in excess of the 10% threshold received by Yuanta Savings Bank Korea Co., Ltd. from Pentagon City.	KRW 19,599,160 thousand	September 2018	Plaintiff: Pentagon City Defendant: Yuanta Savings Bank Korea Co., Ltd.	<p>1. Yuanta Savings Bank Korea Co., Ltd. (formerly known as HanShin Bank) granted the loan to Pentagon City from 2006 to 2008 and exercised the pledge several times to acquire 33.3% of the shares in Pentagon City. Given the exceptional nature of the case, the restriction of the threshold (10%) of shareholdings in unlisted companies held by a savings bank under the Mutual Savings Bank Act (old version) of the Republic of Korea shall not apply. Besides this, the relevant regulations under said Mutual Savings Bank Act (old version) of the Republic of Korea served merely as a restriction on certain actions, which would not render the relevant actions void. The related transactions shall still be held effective. Therefore, the claim raised by Pentagon City is groundless.</p> <p>2. The Seoul Central District Court rendered the judgment in favor of Yuanta Savings Bank Korea Co., Ltd. in the first instance on June 20, 2019. Pentagon City disagreed with the judgment and filed an appeal on July 8, 2019. The Seoul High Court dismissed the appeal on November 3, 2020. Yuanta Savings Bank Korea Co., Ltd. won the case in the second instance. Notwithstanding, Pentagon City, still disagreeing to the judgment of the second instance, filed an appeal for the third-instance trial on</p>	Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity.

Facts	Claim/Dispute Amount	Commencing Date of Litigation	Major Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
				November 18, 2020. The case is still pending trial in the Korean Supreme Court.	
Yuanta Securities Investment Trust handled the discretionary investment management under the domestic investment contract for the Bureau of Labor Funds, Ministry of Labor (formerly known as Labor Pension Fund Supervisory Committee, reformed as of February 17, 2014, hereinafter referred to as the "Bureau"). Because Mr. Chu, the former manager of the discretionary investment management department of Polaris Securities Investment Trust Co., Ltd., was suspected of violating laws when trading domestic stocks under the discretionary investment management mandate of the Bureau from 2011 to 2012. The Bureau filed an ancillary civil action in the relevant criminal proceedings against Yuanta Securities Investment Trust and manager Chu with the Taiwan Taipei District Court based on the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, claiming the joint and several liability for compensations, on January 28, 2014.	NT\$71,574,700 (for the damages) and a part of the punitive damages equivalent to 3 times the damages, NT\$500,000 (claimed in part).	January 28, 2014	Plaintiff: Bureau of Labor Funds, Ministry of Labor Defendant: Yuanta Securities Investment Trust (Co-defendant: Manager Chu)	1. The Taiwan Taipei District Court as the first-instance court and the Taiwan High Court as the second-instance court ruled to reject the plaintiff's claims on May 15, 2020 and December 8, 2021, respectively. The plaintiff filed an appeal for the third-instance trial on January 7, 2022. 2. Yuanta Securities Investment Trust reached the settlement with the plaintiff. As a result, the plaintiff withdrew the complaint against Yuanta Securities Investment Trust from the Supreme Court on March 30, 2022. The case was concluded accordingly.	Upon evaluation, no material effect would be produced to Yuanta Securities Investment Trust's operation or shareholders' equity.
Due to the drastic market fluctuation on February 6, 2018, the risk indicator of the account of Mr. Li, a customer of Yuanta Futures, was below 25%. The account suffered excessive losses from the settlement. Yuanta	1st instance: NT\$42,435,140	July 13, 2018	Plaintiff: Yuanta Futures Defendants: Customer Mr. Li, and his agent, Mr. Kuo	1. The Taiwan Ciaotou District Court as the court of the first instance rendered the judgment in favor of Yuanta Futures on July 31, 2020. 2. The defendants filed an appeal, which is pending trial by the Taiwan High	Upon evaluation, no material effect would be produced to Yuanta Futures's operation or

Facts	Claim/Dispute Amount	Commencing Date of Litigation	Major Parties involved in the litigation	Status as of the date of publication of the annual report	Remarks
Futures reported the customer's breach of contract. Notwithstanding, the customer has not yet repaid the debt. Therefore, a civil action was initiated.				Court, Kaohsiung Branch Court as the court of the second instance.	shareholders' equity.
A customer of Yuanta Futures, Mr. Tseng, traded the e-mini crude oil products on April 20, 2020 overseas (i.e., April 21, 2020 Taiwan time); his overseas futures account suffered excessive losses accordingly. Yuanta Futures has reported the customer's breach of contract. The customer has not yet repaid the debt. Therefore, a civil action was initiated against the customer.	1st instance: NT\$15,619,670	July 13, 2020	Plaintiff: Yuanta Futures Defendant: Customer Mr. Tseng	1. The Taiwan Tainan District Court rendered the judgment partially in favor of Yuanta Futures on January 11, 2022. Yuanta Futures filed an appeal. 2. Yuanta Futures and the defendant have reached the settlement in the second instance trial conducted by the Taiwan High Court Tainan Branch Court. The case was concluded accordingly.	Upon evaluation, no material effect would be produced to Yuanta Futures's operation or shareholders' equity.
7 Yuanta Futures' customers, including Mr. Li, engaged in the leveraged trading. They attributed their losses to Yuanta Futures' increase in the margin and prohibition of the trading of ZAR products and initiated the civil action against Yuanta Futures to claim compensation.	1st instance: NT\$36,843,042	March 31, 2022	Plaintiffs: 7 persons including the customer, Mr. Li Defendant: Yuanta Futures	Pending trial by the Taiwan Taipei District Court as the court of the first instance.	Upon evaluation, no material effect would be produced to Yuanta Futures's operation or shareholders' equity.

(XI) Other significant risks and response actions:

Yuanta FHC assesses the internal and external business risks potentially suffered by the financial business affairs and reports the results to the Board of Directors annually. Meanwhile, Yuanta FHC will propose a response action plan. The internal and external risk factors include macroeconomic variations, changes of financial market, cross-border compliance and management, investees' management, information security and consumer protection, etc. The major internal and external business risks are enumerated as follows:

Risk factor	Cause	Response measure
Macroeconomic variations	The International Monetary Fund (hereinafter referred to as "IMF") indicates that the global economy is experiencing a series of challenges, including the inflation rate reaching the top over several decades, the tightening financial conditions in multiple regions, Russia's invasion into Ukraine, and the COVID-19 epidemic, which it is impossible to eliminate. IMF adjusts	Yuanta FHC and its subsidiaries have established the country grading standards and the limit of concentration by nation, limit of various market risks. They also periodically monitor the changes in the price of market foreign exchange rate, interest rate and stock price and keep watching the changes in various risk indicators in main trading countries, such as economic growth, lift rates/rate

Risk factor	Cause	Response measure
	<p>the 2023 global economic growth rate downward as 2.7%, and warns that the risk over the financial market disorder is growing.</p> <p>In order to deal with the increasing inflation, various countries have successively adopted a tight monetary policy in 2022. The European Central Bank has escalated the interest rate three times, while the Fed has done so six times. As a result, the interest rate was escalated by 3.75% in total.</p> <p>Given the impact posed by the COVID-19 has been mitigated increasingly, Asia is facing new economic headwinds resulting from the tight monetary policy adopted in the world and sluggish external demand. The IMF adjusted Asia's 2022 economic growth rate downward as 4%, and indicated that the rapid and extensively sluggish economic growth in China is the largest obstacle in the process of economic recovery in Asia. China's strict epidemic prevention measures have caused economic burden gradually, which affected the national and global economic recovery. Besides this, the real estate issue is getting worse in China. More and more real estate developers tend to default on their debts and the spillover effect extends to other economic fields.</p>	<p>reduction and credit spread, as well as the negative impact posed by the inflation risk.</p> <p>In addition to controlling self-investment and loan positions, the subsidiaries also strengthen the management of customers' exposure to risk, care for the customers investing in high-income and high-risk products voluntarily and enable the customers to control and verify the risk over the products held by them.</p>
Emerging risk	<p>FinTech has driven the changes in the financial industry's business model. The financial institutions, such as banks, insurance companies and securities houses, applied the digitalization and AI to develop the digital financial services, such as e-payment, online insurance application and wealth management through RPA.</p> <p>Meanwhile, FSC has strongly promoted the ESG in recent years. It has activated the "Corporate Governance 3.0 – Sustainable Development Roadmap" officially in August 2020, and also launched the "Green Finance Action Plan 3.0" in October 2022.</p> <p>Global warming results in extreme climate events that occur frequently and also damages to the natural ecology and human society. According to the sixth assessment report on climate changes of the Intergovernmental Panel on Climate Change (IPCC), once the temperature exceeds the critical point before the industrialization period, 1.5°C, the climate crisis will become intensified and cause irreversible effects.</p>	<p>Yuanta FHC has assisted its subsidiary to upgrade the software/hardware equipment and advance information talents & technologies proactively by promoting the 3-year information investment project amounting to NT\$3.5 billion, in order to be prepared for the future business development.</p> <p>Yuanta FHC, as one of the "Sustainable Finance Pioneers Alliance" members, has committed to taking initiative actions on the issues including "Green Procurement," "Investment, Financing and Engagement," "Information Disclosure," "Assistance and Promotion" and "Connection to the World" more proactively.</p> <p>The Group has included the climate changes in the considerations for strategic planning and investment/financing, and connected the international trend proactively, including initiation of advocacy based on "SBT" and "TCFD," implementation of "ICP," voluntary compliance with the "PCAF," and execution of the "PPA." The Group released the "TCFD Report" for the first time in 2022 to improve the completeness and transparency of the information disclosure related to climate.</p> <p>Yuanta FHC continues to improve the communication and cooperation with stakeholders, hoping to move toward the sustainable development goals at the same time when pursuing business performance and corporate value.</p>
Cross-border risk	<p>Given the opening of foreign currency business and increase in foreign investment projects, Yuanta FHC orients its development toward the</p>	<p>Yuanta Securities and Yuanta Bank have set the limit of position denominated in various main</p>

Risk factor	Cause	Response measure
	<p>multi-currency and multi-national business. The multi-currency business relies on flexible and resilient fund allocation ability. The multi-national investment management needs to establish flexible and stable multi-currency financing channels. Therefore, the flexibility of replenishment and financing of foreign currency positions and control over foreign currency positions become more important.</p> <p>For the time being, most of the Group's investees are located in emerging countries. Therefore, it is necessary to strengthen the supervision on the impact to be posed by the lift rates in the USA to the movement of funds in emerging markets, and care for the local economic condition, interest and foreign exchange rate volatility, and movement of fund in overseas investees. Besides this, it is also necessary to strengthen the analysis and control over exposure of foreign investments and loans, and take into consideration the foreign governments' ability to perform commitments, political, economic and social risk, business investment environment and national competitiveness, in order to establish the country risk level.</p> <p>The percentage of Yuanta Life's foreign investment is higher than that of its domestic investment. It needs to manage the hedging costs and also the risk over NTD appreciation/depreciation.</p>	<p>currencies with respect to the exposure of foreign exchange rate, and keep monitoring the same. Each subsidiary has set the correspondent country risk limit to avoid the risk over excessive concentration.</p> <p>Yuanta Life has established the foreign exchange rate risk management mechanism, set the three measurement indicators, including foreign exchange exposure ratio, foreign exchange risk ratio and foreign exchange valuation reserve ratio, regularly monitored the changes in various indicators, mitigated the income volatility via the foreign exchange valuation reserve mechanism, and regularly assessed the impact posed by foreign exchange risk to capital adequacy ratio, for dynamic adjustment and response.</p>
Corporate governance, wealth management, consumers' protection	<p>The FSC imposed the fine on the banking, securities and insurance industries, totaling NT\$199 million, in the first nine months of 2022. Among them, the fine imposed on the banking industry, NT\$91 million, was the most, as a result of the defects on corporate governance and wealth management specialist's misappropriation of customers' funds.</p> <p>In response to the aged society in Taiwan, the FSC indicated on September 7, 2022 that it would strengthen elderly financial consumers' protection and rights from the four major aspects, namely "financial product sales and service protection measures, friendly dealing with elderly customers, friendly dispute settlement and prevention of financial fraud."</p> <p>The FSC emphasized that with respect to the cases involving elderly financial consumers, such as financial exploitation, consumer fraud, improper solicitation and misconduct, it would increase the punishment subject to the severity of the case and impact posed to the elderly customers' interest and rights.</p>	<p>Yuanta FHC has expressly stated in its regulations that the institutional shareholders with controlling power and their representatives shall not interfere with Yuanta FHC's decision or disrupt Yuanta FHC's business activities, and also defined the related procedures through which directors may access Yuanta FHC's data or other assistance.</p> <p>Yuanta Bank has set forth the correspondent control measures against the patterns listed in the twenty-one commandments for wealth management specialists. Each subsidiary has also adjusted its own internal regulations and information system in accordance with the self-discipline regulations governing the relevant business type.</p>
Non-interrupted operations, and backup plans	<p>The financial industry is an industry that engages in utilizing the information technology extensively. All of the financial institutions' business lines are closely related to the information system. Once the information equipment or system functions abnormally,</p>	<p>Considering that the switch to the backup mechanism involves the adjustment and interface of information network and host, recovery of backup data and assistance from related departments, in order to ensure that related personnel are aware of the backup plan and various</p>

Risk factor	Cause	Response measure
	some inconvenience might arise for a short term, if the case is considered minor, or Yuanta FHC's business or service would be paralyzed, if the case is considered serious. In order to mitigate the risk over the information business interruption, a backup plan shall be prepared for the system that might cause significant effects to the business in advance, in order to shorten the hours spent in recovering the information system from the abnormality and keep the information system service uninterrupted.	recovery procedures, Yuanta FHC organizes backup drills for important systems on a semi-annual basis, hoping to substantiate the validity of the backup plan and ensure that the backup equipment and mechanism may operate effectively at critical moments, so as to mitigate the operational risk and loss caused by the information system interruption, if any.

VII. Crisis Management and Emergency Response

In order to enable Yuanta FHC to judge the related scenario and integration of personnel organization and resources to deal with related harm effectively and rapidly when facing any crisis, so as to mitigate the damage and loss arising from the crisis and recover the organization's normal operation rapidly, Yuanta FHC has established the "policy and procedural rules for crisis management" as the ultimate guideline upon outbreak of any crisis, which shall be enforced upon approval of the Board of Directors.

Upon outbreak of any crisis, Yuanta FHC shall form a crisis response taskforce as soon as is possible. The Chairman shall serve as the taskforce's convener, and appoint the Vice Chairman or President as the vice convener. Meanwhile, subject to the level and nature of the incident, the taskforce shall consist of, at least, various executive vice presidents, spokesman, Auditing Dept., Risk Management Dept., Compliance Affairs Dept., Legal Affairs Dept., Corporate Planning Dept., related departments' supervisors or heads, and other related personnel, which shall engage in analyzing and evaluating proposed response measures, keeping abreast of the latest developments, or proposing or submitting revised response plans to meet actual needs. In line with the policy and procedural rules, each subsidiary has also established a set of disaster emergency response measures for effective management.

VIII. Other Significant Events: No

Eight. Special Items

I. Information on Affiliates

(I) Consolidated business reports of affiliated enterprises

1. Organizational chart of affiliates: See page 22.

(1) Basic information on affiliates

Units: \$1,000 (including TWD, USD, HKD, CNY, KRW, PHP, IDR, THB, VND)
As of January 31, 2023

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
Yuanta Securities Co., Ltd. <small>Note 1</small>	1996.06.26	11F., No. 219, Sec. 3, Nanjing E. Rd., Taipei City	65,924,526	See Yuanta Securities business scope in "Five. Overview of Operations".
Yuanta Commercial Bank Co., Ltd.	1992.01.14	1F.-10F. & 13F., No. 66 and 1F., 2F., 2F.-1, 7F. and 9F., No. 68, Sec. 1, Dunhua S. Rd., Taipei City	73,940,390	See Yuanta Bank business scope in "Five. Overview of Operations".
Yuanta Life Insurance Co., Ltd.	2002.03.21	17F., No. 156, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City	23,735,695	See Yuanta Life business scope in "Five. Overview of Operations".
Yuanta Securities Investment Trust Co., Ltd.	1992.08.14	18F., No. 69, and B1F., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	2,269,235	See Yuanta Securities Investment Trust business scope in "Five. Overview of Operations".
Yuanta Futures Co., Ltd. <small>Note 2</small>	1997.04.09	2F. (part) -5F., No. 77, Sec. 2, Nanjing E. Rd., Taipei City	2,899,763	See Yuanta Futures business scope in "Five. Overview of Operations".
Yuanta Venture Capital Co., Ltd.	2002.12.13	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City	2,715,221	See Yuanta Venture Capital business scope in "Five. Overview of Operations".
Yuanta Asset Management Co., Ltd.	2003.04.16	13F., No. 77, Sec. 2, Nanjing E. Rd., Taipei City	3,346,138	See Yuanta Asset Management business scope in "Five. Overview of Operations".
Yuanta Securities Investment Consulting Co., Ltd.	1988.02.11	10F., No. 65 & 10F., No. 71, Sec. 2, Dunhua S. Rd., Taipei City	100,000	See Yuanta Securities Investment Consulting business scope in "Five. Overview of Operations".
Yuanta Securities Asia Financial Services Pte. Ltd.	1996.06.11	7 Temasek Boulevard, #32-01, Suntec Tower 1, Singapore 038987	USD 390,909	Investment holdings
Yuanta International Insurance Brokers Co., Ltd.	2001.07.05	2F., No. 79, Sec. 2, Nanjing E. Rd., Taipei City	5,000	Insurance broker
Yuanta Securities Finance Co., Ltd.	1980.03.10	12F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City	4,000,000	Securities finance services
Yuanta International Leasing Co., Ltd.	2012.11.15	6F.-1, No. 171, Sec. 4, Nanjing E. Rd., Taipei City	100,000	Leasing services

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
Yuanta Savings Bank Philippines, Inc.	1997.11.05	Ground Floor, Chatham House Building, 116 Valero corner Rufino Streets, Salcedo Village, Makati City, Philippines	PHP 2,400,000	Deposit, loan, and foreign exchange
Yuanta Savings Bank Korea Co., Ltd.	1988.06.20	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	KRW 67,580,120	Deposit and loan
Yuanta Futures (Hong Kong) Co., Ltd.	2010.12.02	23F., Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	USD 34,000	Securities exchange, futures contract trading, advice on securities, advice on futures contract, asset management
SYF Information Co., Ltd.	2012.11.09	2F., No. 895, Sec. 4, Bade Rd., Nangang Dist., Taipei City	350,000	IT management, IT software service, IT software wholesale & retail
Yuanta I Venture Capital Co., Ltd.	2002.12.19	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City	850,000	Venture capital services
Yuanta Securities (Hong Kong) Co., Ltd.	1992.10.22	23F., Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	HKD 2,268,133	Securities exchange, futures contract trading, advice on securities, advice on futures contract, advice on corporate finance, asset management
Yuanta Asia Investment (Hong Kong) Limited	1993.07.08	23F., Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	HKD 293,892	Securities exchange, asset management
Yuanta Hong Kong Holdings (Cayman) Limited	1996.11.05	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD 74	Investment holdings
Yuanta Investment Consulting (Beijing) Co., Ltd.	2013.06.17	Rm. 0706, No. 113, Zhichun Str., Haidien District, Beijing 100080, P. R. China	CNY 18,428	Investment management consulting, financial consultation, business management consultation, commercial information consultation, economic and trading consultation, merchandising, technical promotion, technical service
Yuanta Securities (Korea) Co., Ltd.	1962.06.04	Yuanta Securities Bldg. #76, Euljiro, Jung-gu, Seoul, Korea	KRW 1,062,543,940	Investment trading business, investment intermediary business, trust business, investment consulting business, discretionary business, concurrent business and subsidiary business, etc.
Yuanta Securities (Thailand)	1998.10.27	127 Gaysorn Tower, 14th-16th Floor, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330	THB 4,500,000	Securities brokerage and proprietary trading, underwriting, investment advisor, mutual fund management, private fund management, securities borrowing/lending, venture capital fund management, financial derivatives brokerage and proprietary trading, etc.
Yuanta Securities Vietnam Limited Company ^{Note 3}	1999.12.28	4th Floor, Saigon Centre Building, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	VND 2,500,000,000	Brokerage, proprietary trading, underwriting, securities investment consulting business, and financial derivatives

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
SYF Information (Shanghai) (in liquidation)	2013.04.02	Room A113, 1F, Building 4, No. 88 North Zhangjiabang Road, Pudong New District, Shanghai City	CNY 33,080	R&D and production of computer software, e-commerce software and financial software, sale of own products, and supply of the relevant technology consulting service; investment consulting services; wholesale, agency (other than auction) and import/export of metal materials (other than precious metals, rare metals and steel materials) and the products thereof, raw materials for chemical engineering (other than special chemicals and hazardous chemicals, etc.) and the products thereof, plastics and the products thereof, rubber products, mineral products (other than commodities under special control), wholesale of asphalt, commission agency (other than auction), and import/export. (Not involve state-run enterprise's trading management product but involve quota and products requiring license to be requested pursuant to the national requirements; for the scope approved pursuant to laws, the operating activities may be initiated upon approval of the related department.)
GC Investment Consultant (Shanghai) (in liquidation)	2001.09.10	Suite A & B, 12F., No. 138, Putong Avenue, Putong New District, Shanghai City	CNY 4,138	Investment advisory services
Yuanta Finance (Hong Kong) Ltd.	2014.12.31	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, HK	HKD 50,000	Credit loan business
Yuanta International Investment (Hong Kong) Ltd.	2015.01.12	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, HK	HKD 50,000	Offering of financial instruments, proprietary trading
PT Yuanta Sekuritas Indonesia	1989.11.22	Equity Tower 10th Floor, Unit EFGH, SCBD Lot 9, Jl. Jendral Sudirman Kav 52-53 Jakarta 12190, Indonesia	IDR 478,816,000	Securities exchange, underwriting
Yuanta Investment Co., Ltd.	1989.04.22	12F, Yuanta Securities Bldg #76 Euljiro, Jung-gu, Seoul, Korea	KRW 32,003,805	Investment business
Yuanta Financial (Hong Kong) Ltd.	2009.04.29	Suite 22D, 24/F., Block D, Mai Luen Industrial Bldg., Kwai Chung, Hong Kong	HKD 189,540	Investment holdings
Yuanta Securities (Cambodia) Plc.	2010.02.24	4th Floor, Emerald Building, No. 64 (corner St. 178), Preah Norodom Blvd, Sangkat Chey Chumneah, Khan Daun Penh, Phnom Penh, Cambodia	USD 12,500	Guidance to underwriting, financial consulting, securities brokerage and proprietary trading, investment advisor

Note 1: Yuanta Wealth Management (Singapore) Pte. Ltd. was established by Yuanta Securities on April 29, 2022. Its business license application is under review by the competent authority in Singapore.

Note 2: Yuanta Global (Singapore) Pte. Ltd. was established by Yuanta Futures on November 23, 2022. Its business license application is under review by the competent authority in Singapore.

Note 3: Yuanta Securities Vietnam Limited Company completed a capital increase of VND 500 billion on February 17, 2023, and the current capital is VND 2.5 trillion.

(2) Information on shareholders presumed to have a controlling and dependent relationship: None.

(3) Information on business scope of the company's affiliates and division of labor

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
Yuanta Securities Co., Ltd. ^{Note 1}	Securities services	Yes	<ol style="list-style-type: none"> 1. Yuanta Bank and Yuanta Securities have established an integrated cross-marketing relationship. 2. Yuanta Futures is appointed by Yuanta Securities to act the futures introducing broker of Yuanta Securities. 3. Yuanta Securities is appointed by Yuanta Futures to act as the securities introducing broker for Yuanta Futures. 4. Yuanta Securities sells mutual funds issued by Yuanta Securities Investment Trust. 5. Yuanta Securities sells insurance products of Yuanta International Insurance Brokers. 6. Yuanta Securities Investment Consulting provides research analysis reports and consulting services to Yuanta Securities. 7. Yuanta Securities Finance provides refinancing services for Yuanta Securities.
Yuanta Commercial Bank Co., Ltd.	Commercial Bank	Yes	<ol style="list-style-type: none"> 1. Yuanta Bank and Yuanta Securities cooperate with Taiwan Stocks/Re-entrustment/Wealth Management Trust/Accounting and other securities fund transfer operations and the establishment and management of securities receipt and payment offices. 2. Yuanta Bank sells mutual funds issued by Yuanta Securities Investment Trust. 3. Yuanta Bank sells domestic structured products issued by Yuanta Securities. 4. Yuanta Life insurance products is sold by Yuanta Bank as an agent. 5. Yuanta Bank serves as the custodian of Yuanta Life insurance business.
Yuanta Life Insurance Co., Ltd.	Insurance Services	Yes	<ol style="list-style-type: none"> 1. Yuanta Life insurance business is solicited by Yuanta Bank. 2. Yuanta Life insurance business is solicited by Yuanta International Insurance Brokers. 3. Yuanta Securities handles the domestic stock trading for Yuanta Life. 4. Yuanta Securities (HK) handles Foreign stock trading for Yuanta Life. 5. Yuanta Life refers to the insurance company engaged in providing group insurance

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
			<p>products and group annuity products for Yuanta FHC.</p> <p>6. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities.</p> <p>7. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Bank.</p> <p>8. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Finance.</p> <p>9. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Investment Trust.</p> <p>10. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Investment Consulting.</p> <p>11. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Futures.</p> <p>12. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Venture Capital.</p> <p>13. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Asset Management.</p> <p>14. Yuanta Life refers to the insurance company engaged in providing group insurance products for Yuanta International Insurance Brokers.</p>
Yuanta Securities Investment Trust Co., Ltd.	Securities investment trust services	Yes	<p>1. Yuanta Securities is the fund sales agent and securities firm of fund transactions and fund trader for Yuanta Securities Investment Trust.</p> <p>2. Yuanta Bank is the fund sales agent and fund trader for Yuanta Securities Investment Trust.</p> <p>3. Yuanta Futures is the fund exchange futures firm and futures trust fund sales agent for Yuanta Securities Investment Trust.</p> <p>4. Yuanta Securities Investment Consulting provides research analysis reports and consulting services to Yuanta Securities Investment Trust.</p> <p>5. Yuanta Life provides the policyholders with fund & wealth management services for Yuanta Securities Investment Trust.</p>
Yuanta Futures Co., Ltd. <small>Note 2</small>	Futures services	Yes	<p>1. Yuanta Futures is appointed by Yuanta Securities to act the futures introducing broker of Yuanta Securities.</p>

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
			2. Yuanta Securities is appointed by Yuanta Futures to act as the securities introducing broker for Yuanta Futures. 3. Yuanta Futures sells futures trust funds issued by Yuanta Securities Investment Trust.
Yuanta Venture Capital Co., Ltd.	Venture capital services	Yes	Yuanta Venture Capital is a subsidiary wholly owned by Yuanta FHC, which is develop, evaluate, invest and dispose of investment cases.
Yuanta Asset Management Co., Ltd.	Financial services	None	None
Yuanta Securities Investment Consulting Co., Ltd.	Securities investment consulting services	Yes	Yuanta Securities Investment Consulting provides securities investment research and analysis reports and information services to Yuanta Securities et al.
Yuanta Securities Asia Financial Services Pte. Ltd.	Holdings	Yes	Yuanta Securities invested in Yuanta Securities Asia Financial Services in order to expand overseas operations and establish overseas branches.
Yuanta International Insurance Brokers Co., Ltd.	Insurance broker services Property insurance broker services		1. Yuanta Securities is an insurance services sales channel for Yuanta International Insurance Brokers.
		Yes	2. Yuanta International Insurance Brokers helps sell the insurance products of Yuanta Life.
			3. Yuanta Life refers to the insurance company engaged in providing group insurance products for Yuanta International Insurance Brokers.
Yuanta Securities Finance Co., Ltd.	Securities finance services	Yes	1. Yuanta Securities provides refinancing services for Yuanta Securities Finance. 2. Yuanta Securities Investment Consulting provides securities investment research and analysis reports and information services to Yuanta Securities Finance.
	Leasing services	None	None
	Banking services	None	None
	Banking services	None	None
Yuanta Futures (Hong Kong) Co., Ltd.	Financial services	Yes	Futures contract trading, futures contract consultation
SYF Information Co., Ltd.	Computer & IT management	None	None

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
Yuanta I Venture Capital Co., Ltd.	Venture capital services	Yes	Yuanta I Venture Capital was established by Yuanta Venture Capital to handle development, assessment, investment, and disposal matters in relation to invested projects and wholly owned by Yuanta Venture Capital.
Yuanta Securities (Hong Kong) Co., Ltd.	Securities services	Yes	1. Yuanta Securities handles domestic stock trading for Yuanta Securities (HK). 2. Yuanta Securities (HK) is the Group's securities firm in Hong Kong.
Yuanta Asia Investment (Hong Kong) Limited	Securities services	None	None
Yuanta Hong Kong Holdings (Cayman) Limited	Holdings	Yes	To develop its international business, invested in Yuanta HK Holdings (Cayman) to execute its overseas investments.
Yuanta Investment Consulting (Beijing) Co., Ltd.	Investment advisory services	None	None
Yuanta Securities (Korea) Co., Ltd.	Securities services	Yes	1. Yuanta Securities (Korea) is the Group's securities firm engaged in trading securities in Korea. 2. Yuanta Securities handles domestic stock trading for Yuanta Securities (Korea).
Yuanta Securities (Thailand)	Securities services	Yes	Yuanta Securities (Thailand) is the securities firm appointed by the Yuanta Securities (HK).
Yuanta Securities Vietnam Limited Company	Securities services	None	None
SYF Information (Shanghai) (in liquidation)	Software development, wholesale of computer, software and auxiliary equipment, wholesale of metal and metal minerals, wholesale of other chemical engineering products, trading agents, and other unspecified wholesale products	None	None

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
GC Investment Consultant (Shanghai) (in liquidation)	Investment advisory services	None	None
Yuanta Finance (Hong Kong) Ltd.	Financial services	None	None
Yuanta International Investment (Hong Kong) Ltd.	Financial services	None	None
PT Yuanta Sekuritas Indonesia	Securities exchange Underwriting	Yes	1. PT Yuanta Sekuritas Indonesia is the securities firm appointed by the Yuanta Securities Investment Trust. 2. PT Yuanta Sekuritas Indonesia is the securities firm appointed by the Yuanta Securities (HK).
Yuanta Investment Co., Ltd.	Venture capital services	None	None
Yuanta Financial (Hong Kong) Ltd.	Holdings	None	None
Yuanta Securities (Cambodia) Plc.	Securities services	None	None

Note 1 : Yuanta Wealth Management (Singapore) Pte. Ltd. was established by Yuanta Securities on April 29, 2022. Its business license application is under review by the competent authority in Singapore.

Note 2 : Yuanta Global (Singapore) Pte. Ltd. was established by Yuanta Futures on November 23, 2022. Its business license application is under review by the competent authority in Singapore.

(4) Information on directors, supervisors and presidents of the company's affiliates

Units: 1,000 shares; %
As of January 31, 2023

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio (%)	Shares (1,000)	Shareholding ratio (%)
Yuanta Securities Note 1		Representative of Yuanta Financial Holding Co., Ltd.:	6,592,453	100%	-	-
	Chairman	Hsiu Wei Chen (Vincent)				
	Vice Chairman	Wei Cherng Hwang (Bobby)				
	Director	Yi Ming Wang				
	Director	Ting Chien Shen (Tony)				
	Director	Victor Ma				
	Director	Tien Fu Lin				
	Director	Yueh Tsang Lee				
	Director	Hsien Tao Chiu				
	Director	Lung Fan Lin				
	Director	Rui Chen Ma				
	Director	Ming Hong Ho				
	Director	Pin Cheng Chen				
	Independent Director	Ching Shan Hung	-	-	-	-
	Independent Director	Yu Chun Wu	-	-	-	-
	Independent Director	Hsing Yi Chow	-	-	-	-
	Independent Director	An Pin Chen	-	-	-	-
	Independent Director	Chung Chuan Wu	-	-	-	-
	Independent Director	Ya Li Sun	-	-	-	-
	President	Yi Ming Wang	-	-	-	-
Yuanta Commercial Bank Co., Ltd.		Representative of Yuanta Financial Holding Co., Ltd.:	7,394,039	100%	-	-
	Chairman	Chien Weng				
	Vice Chairman	Tsai Yu Chang				
	Director	Wei Chen Ma (Michael)				
	Director	Chung Yuan Chen				
	Director	Yu Feng Ko				
	Director	Daniel Y.M. Song				
	Director	Kuo Yuan Liang				
	Director	Da Jing Li				
	Director	Hsiao Ling Chou				
	Director	Wen Ching Chiu				
	Independent Director	Ming Ling Hsueh	-	-	-	-
	Independent Director	Ching Shan Hung	-	-	-	-
	Independent Director	Kuang Si Shiu	-	-	-	-
	Independent Director	Chuan Li Chang	-	-	-	-
	Independent Director	Chin Ting Pan	-	-	-	-
	Independent Director	Chi Chun Liu	-	-	-	-
	President	Tsai Yu Chang	-	-	-	-

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio (%)	Shares (1,000)	Shareholding ratio (%)
Yuanta Life Insurance Co., Ltd.		Representative of Yuanta Financial Holding Co., Ltd.:	2,373,570	100%	-	-
	Chairman	Chao Kuo Chiang				
	Director	Hsiao Chih Yuan				
	Director	Victor Ma				
	Director	Wei Chen Ma (Michael)				
	Director	Daniel Y.M. Song				
	Director	Chieh Wu				
	Director	Hsuan Min Kuo				
	Director	Ming Lang Liu				
	Independent Director	Chi Chun Liu	-	-	-	-
	Independent Director	Chung Chuan Wu	-	-	-	-
Yuanta Securities Investment Trust Co., Ltd.	Independent Director	Sharon S. Yang	-	-	-	-
	Independent Director	Huei Er Yuan	-	-	-	-
	Independent Director	Ya Li Sun	-	-	-	-
	President	Hsiao Chih Yuan	-	-	-	-
		Representative of Yuanta Financial Holding Co., Ltd.:	169,538	74.71%	-	-
	Chairman	Tsung Sheng Liu			3	0%
	Vice Chairman	Ting Hsien Huang			0	0%
	Director	Chung Hsien Hsieh			0	0%
Yuanta Futures Co., Ltd. Note 2	Director	Pei Yu Chen			0	0%
	Director	Da Jing Li			0	0%
	Supervisor	Kun Hong Lai			0	0%
	Supervisor	Hung Chuan Huang			0	0%
	President	Chung Hsien Hsieh			0	0%
		Representative of Yuanta Financial Holding Co., Ltd.:	192,167	66.27%	-	-
	Chairman	Tien Fu Lin			87	0.03%
	Vice Chairman	Hsiao Ling Chou			32	0.01%
	Director	Hsien Tao Chiu (2021.7.5-2022.5.23)			0	0%
	Director	Yueh Tsang Lee (2021.7.5-2022.5.23)			0	0%
	Director	Guo Cun Hsu			0	0%
	Director	Mei Ling Kuo			0	0%
	Director	Pin Cheng Chen (2022.5.24)			0	0%
	Director	Wei Chen Chang (2022.5.24)			0	0%
	Independent Director	Yu Chun Wu			-	-
	Independent Director	Nai Kuan Huang (2021.7.5-2023.1.28)			-	-
	Independent Director	Huei Er Yuan			-	-
	President	Guo Cun Hsu			0	0%

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio (%)	Shares (1,000)	Shareholding ratio (%)
Yuanta Venture Capital Co., Ltd.		Representative of Yuanta Financial Holding Co., Ltd.:	271,522	100%	-	-
	Chairman	Chi Chang Chen				
	Director	Hsiao Ling Chou				
	Director	Chieh Wu				
	Director	Chun Hao Peng				
	Supervisor	Yung Chu Su				
	President	Chun Hao Peng			-	-
Yuanta Asset Management Co., Ltd.		Representative of Yuanta Financial Holding Co., Ltd.:	334,614	100%	-	-
	Chairman	Daniel Y.M. Song				
	Vice Chairman	Chieh Wu				
	Director	Chien Yu Chou				
	Supervisor	Robert C.S. Yang				
	President	Chien Yu Chou	-	-	-	-
Yuanta Securities Investment Consulting Co., Ltd.		Representative of Yuanta Financial Holding Co., Ltd.:	10,000	100%	-	-
	Chairman	Jui Han Hu				
	Director	Chien Hung Lai				
	Director	Fu Jung Tu				
	Supervisor	Yi Ju Wei				
	President	Chien Hung Lai	-	-	-	-
Yuanta Securities Asia Financial Services Pte. Ltd.	Chairman	Tien Yi Huang	-	-	-	-
	Director	Pei San Chen				
	Director	Hsiu Wei Chen (Vincent)				
	Director	Wei Cherng Hwang (Bobby)				
	Director	Ai Khim Tay				
	President	Pei San Chen	-	-	-	-
Yuanta International Insurance Brokers Co., Ltd.		Representative of Yuanta Securities Co., Ltd.:	500	100%	-	-
	Chairman	Shih Ya Chang				
	Director	Feng Hsiang Ku				
	Director	Pao Hui Hsu				
	Supervisor	Hui-Jung Lu				
	President	Shih Ya Chang	-	-	-	-
Yuanta Securities Finance Co., Ltd.		Representative of Yuanta Securities Co., Ltd.:	400,000	100%	-	-
	Chairman	Shao Sing Gong				
	Director	Fang Ming Lo				
	Director	Li Hua Yang				
	Director	Ming Lang Liu				
	Director	Mei Ling Kuo				
	Supervisor	Hsu Shu Mai				
	Supervisor	Shih Chiang Li				
	President	Li Hua Yang	-	-	-	-

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio (%)	Shares (1,000)	Shareholding ratio (%)
Yuanta International Leasing Co., Ltd.		Representative of Yuanta Commercial Bank Co., Ltd.:	10,000	100%	-	-
	Chairman	Hui Kuo Chien				
	Director	Li Yun Chen				
	Director	Pei Wen Yang				
	Supervisor	Wei Ning Chang				
	President	Pei Wen Yang	-	-	-	-
Yuanta Savings Bank Philippines, Inc.	Chairman	Allen Wu	-	-	-	-
	Director	Regina V. Saga				
	Independent Director	ARTURO E. MANUEL, JR.	-	-	-	-
	Independent Director	CELIA MOJICA ESCAREAL-SANDEJAS	-	-	-	-
	Independent Director	SENEN L. MATOTO	-	-	-	-
	President	Regina V. Saga	-	-	-	-
Yuanta Savings Bank Korea Co., Ltd.	Chairman of Board	Yu Chun Lin	-	-	-	-
	Representative director	JUNG, YOUNG-SEOK	-	-	-	-
	External director	PARK, CHANG-GYUN	-	-	-	-
	President	JUNG, YOUNG-SEOK	-	-	-	-
Yuanta Futures (Hong Kong) Co., Ltd.	Director	Chun Hsing Jen	-	-	-	-
	Director	Chun Hao Chang				
	Director	Ching Yi Chang				
	President	Chun Hsing Jen	-	-	-	-
	Chief Operating Officer (COO)	Fu Chi Hsieh				
SYF Information Co., Ltd.		Representative of Yuanta Futures Co., Ltd.:	35,000	100%	-	-
	Chairman	Ching Jen Chen				
	Director	Hsiao Ling Chou				
	Director	Hsin Hsien Li				
	Supervisor	Chien Wan Lai				
Yuanta I Venture Capital Co., Ltd.		Representative of Yuanta Venture Capital Co., Ltd.:	85,000	100%	-	-
	Chairman	Chi Chang Chen				
	Director	Hsiao Ling Chou				
	Director	Chieh Wu				
	Director	Chun Hao Peng				
	Supervisor	Yung Chu Su				
	President	Chun Hao Peng	-	-	-	-
Yuanta Securities (Hong Kong) Co., Ltd.	Director	Yi Ming Wang	-	-	-	-
	Director	Miao Ju Chen				
	Director	Tsung Hsien Wen				
	Director	Wei Cherng Hwang (Bobby)				
	Director	Yung Chu Su				
	Director	Pei San Chen				
	Director	Shih Chiang Li				
	CEO	Miao Ju Chen	-	-	-	-

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio (%)	Shares (1,000)	Shareholding ratio (%)
Yuanta Asia Investment (Hong Kong) Limited	Director	Yi Ming Wang	-	-	-	-
	Director	Miao Ju Chen				
	Director	Hsiao Tsui Yu				
	Director	Wei Cherng Hwang (Bobby)				
	Director	Shih Chiang Li				
	Director	Chun Hao Peng				
	President	Hsiao Tsui Yu	-	-	-	-
Yuanta Hong Kong Holdings (Cayman) Limited	Director	Yi Ming Wang	-	-	-	-
Yuanta Investment Consulting (Beijing) Co., Ltd.	Executive Director	Ching Wang	-	-	-	-
	Supervisor	Ming Jen Ku				
	CEO	Ching Wang	-	-	-	-
Yuanta Securities (Korea) Co., Ltd.	Director	Ming Cheng Kuo (Frank)	-	-	-	-
	Non-executive Director	Wei Cherng Hwang (Bobby)			79	0.04%
	Independent Director	Seung Hoon LEE	-	-	-	-
	Independent Director	Jung Jin LEE	-	-	-	-
	Independent Director	Duk Yi KIM	-	-	-	-
	CEO	Ming Cheng Kuo (Frank)	-	-	-	-
Yuanta Securities (Thailand)	Director	Kiattisak Sirirattanakit	-	-	-	-
	Director	Tien Yi Huang				
	Director	Pei San Chen				
	Director	Ai Khim Tay				
	Director	Wei Cherng Hwang (Bobby)				
	Director	Chao Ching Wang				
	Director	Feng Hsiang Kuo				
	Director	Boonporn Boriboonsongsilp				
	Director	Wei Ching Chien				
	Director	I Wen Lai			0.001	0.00000022%
	CEO	Boonporn Boriboonsongsilp	-	-	-	-

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio (%)	Shares (1,000)	Shareholding ratio (%)
Yuanta Securities Vietnam Limited Company	Chairman	Jen Kai Chao	-	-	-	-
	Authorized representative	Ooi Thean Yat Ronald Anthony				
	Authorized representative	Le Minh Tam				
	Authorized representative	Pei San Chen				
	Authorized representative	Feng Hsiang Kuo				
	Authorized representative	Wei Ching Chien				
	Authorized representative	Jen Kai Chao				
	Authorized representative	Wei Cherng Hwang (Bobby)				
	Authorized representative	Yi Ming Wang				
	Authorized representative	Nguyen Thanh Tung				
SYF Information (Shanghai) (in liquidation)	Controller	Ong Cheow Kheng				
	Controller	Mai Thi Ngoc Duyen				
	Controller	Mac Huu Danh				
	CEO	Nguyen Thanh Tung	-	-	-	-
Responsible Person of the Liquidation Group		Chun Hsing Jen	-	-	-	-
	Liquidation Group Member	Chun Chieh Wang				
	Liquidation Group Member	Ching Ying Chen				
Yuanta Finance (Hong Kong) Ltd.	Director	Miao Ju Chen	-	-	-	-
	Director	Tsung Hsien Wen				
	Director	Kuei Ling Pan				
	CEO	Tsung Hsien Wen	-	-	-	-
Yuanta International Investment (Hong Kong) Ltd.	Director	Miao Ju Chen	-	-	-	-
	Director	Wu Kuang Yang				
	Director	Chin Huang				
PT Yuanta Sekuritas Indonesia	Director	Surya Widjaja	-	-	4	1%
	Director	Luki Suryanto				
	Director	Helda Gunawan				
	Director	Setiawan Darmawidjaja				
	Commissioner	Tien Yi Huang				
	Independent Commissioner	Mohamad Fiscana, Se, Mh				
	Commissioner	Tung Tai Yu				
	CEO	Surya Widjaja	-	-	4	1%
	President Director	Surya Widjaja	-	-	4	1%

Company name	Title	Name of individual or representative(s)	Shares held		Remarks (shareholding of individual or representative(s))	
			Shares (1,000)	Shareholding ratio (%)	Shares (1,000)	Shareholding ratio (%)
Yuanta Investment Co., Ltd.	Director	Ki Suk YANG	-	-	-	-
	Director	Choong Hoon KIM				
	Director	Dong Bin Yang				
	Director	Joon Hyuk Choi				
	Supervisor	Ho Young Park	-	-	-	-
	CEO	Ki Suk YANG	-	-	-	-
Yuanta Financial (Hong Kong) Ltd.	Director	Sang Eun LEE	-	-	-	-
Yuanta Securities (Cambodia) Plc.	Director	Kyung Tae HAN	-	-	-	-
	Director	Yeo Cheol Yoon				
	Director	Guen Woo LEE				
	Director	Sim Dara				
	CEO	Kyung Tae HAN	-	-	-	-
GC Investment Consultant (Shanghai) (in liquidation)	Executive Director	Ku Pin Huang	-	-	-	-

Note 1 : Yuanta Wealth Management (Singapore) Pte. Ltd. was established by Yuanta Securities on April 29, 2022. Its business license application is under review by the competent authority in Singapore.

Note 2 : Yuanta Global (Singapore) Pte. Ltd. was established by Yuanta Futures on November 23, 2022. Its business license application is under review by the competent authority in Singapore.

(5) Operating profile of affiliated companies

Unit: NT\$1,000
As of December 31, 2022

Company name	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating profit	Current Profit and Losses (After-tax)	EPS (NT\$) (After-tax)
Yuanta Securities	65,924,526	430,070,051	294,184,487	135,885,564	29,976,467	10,164,148	12,051,504	1.83
Yuanta Bank	73,940,390	1,712,135,805	1,600,255,848	111,879,957	20,364,439 (Note 1)	8,840,615 (Note 1)	7,288,388	0.99
Yuanta Life	23,735,695	415,054,660	392,201,156	22,853,504	51,389,606	1,672,691	1,376,517	0.58
Yuanta Securities Investment Trust	2,269,235	7,157,085	1,091,839	6,065,246	3,995,132	2,437,074	1,820,634	8.02
Yuanta Futures	2,899,763	109,878,680	97,007,831	12,870,849	3,921,823	298,190	1,145,348	3.95
Yuanta Venture Capital	2,715,221	2,913,675	165,831	2,747,844	(126,293)	(167,086)	(197,272)	(0.73)
Yuanta Asset Management	3,346,138	4,121,624	106,185	4,015,439	399,953	180,584	126,379	0.38
Yuanta Securities Investment Consulting	100,000	307,872	159,136	148,736	261,384	12,039	10,850	1.09
Yuanta I Venture Capital	850,000	981,244	32,555	948,689	88,006	87,646	58,399	0.69
Yuanta International Leasing	100,000	105,269	551	104,718	596	24	139	0.01
Yuanta Savings Bank (Korea)	1,645,846	19,847,157	16,119,833	3,727,324	468,388 (Note 1)	170,139 (Note 1)	156,889	11.61
Yuanta Savings Bank (Philippines)	1,322,880	1,404,093	304,339	1,099,754	54,453 (Note 1)	(10,523) (Note 1)	(19,509)	(0.01)
Yuanta Futures (HK)	1,046,030	4,321,816	3,394,065	927,751	95,232	(50,630)	(20,155)	(0.59)
SYF Information	350,000	291,992	835	291,157	-	(484)	(6,969)	(0.20)
Yuanta Global (Singapore) ^{Note 4}	-	4	152	(148)	-	(140)	(140)	-
SYF Information (Shanghai)(in Liquidation)	145,807	118,816	-	118,816	-	(1)	3,514	-
Yuanta Securities Asia Financial Services	12,004,038	44,806,682	2,497,542	42,309,140	104,880	(149,108)	1,430,432	3.66
Yuanta International Insurance Brokers	5,000	266,644	45,712	220,932	763,257	262,653	210,416	420.83
Yuanta Securities Finance	4,000,000	43,426,782	26,896,646	16,530,136	1,074,684	417,579	602,721	1.51
Yuanta Wealth Management (Singapore) ^{Note 3}	-	1	2,691	(2,690)	(9)	(2,609)	(2,609)	-
Yuanta Securities (HK)	8,932,586	33,692,702	25,716,210	7,976,492	1,216,292	(107,048)	186,865	0.08
Yuanta Asia Investment (HK)	1,157,434	1,374,577	18,825	1,355,752	90,777	49,443	62,441	0.21
Yuanta Investment Consulting (Beijing)	81,227	16,111	1,046	15,065	11,350	3,003	3,013	-
Yuanta HK Holdings (Cayman)	2,259	41,083	1,188	39,895	91	(381)	(605)	(8.23)
Yuanta Securities (Thailand)	4,000,950	33,944,470	28,348,636	5,595,834	2,338,493	552,269	475,097	1.06
Yuanta Securities Vietnam	2,608,000	6,387,163	3,279,802	3,107,361	687,220	170,339	158,888	-
Yuanta Securities (Korea)	25,877,195	326,777,040	288,940,420	37,836,620	13,395,631	1,033,772	959,500	4.44
Yuanta Investment	779,421	2,262,763	72,735	2,190,028	161,266	12,551	78,095	12.20
Yuanta Financial (HK)	746,465	453,239	105	453,134	962	(404)	(404)	(0.02)

Company name	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating profit	Current Profit and Losses (After-tax)	EPS (NT\$) (After-tax)
Yuanta International Investment (HK)	196,915	1,511,131	1,281,368	229,763	(27,331)	(33,351)	(19,964)	(0.40)
Yuanta Finance (HK)	196,915	231,231	634	230,597	(51)	(620)	3,759	0.08
PT Yuanta Sekuritas Indonesia	945,183	2,825,994	2,314,879	511,115	384,899	73,826	97,612	203.86
GC Investment Consultant (Shanghai) (in Liquidation)	18,237	25,872	1,006	24,866	-	214	219	-
Yuanta Securities (Cambodia)	383,850	374,156	10,481	363,675	26,829	2,463	2,796	0.22

Note 1 : Operating revenue for Yuanta Bank refers to net income, and operating profit refers to net profit before tax of the continuing operating departments.

Note 2 : Foreign exchange rate on December 31, 2022

	(P Rate) January~December	End of December
HKD-->TWD	3.804545	3.938300
SGD-->TWD	21.605632	22.862700
USD-->TWD	29.792359	30.70800
CNY-->TWD	4.422764	4.407700
KRW-->TWD	0.023089	0.024354
PHP-->TWD	0.546945	0.551200
IDR-->TWD	0.002007	0.001974
GBP-->TWD	36.775438	37.046100
VND-->TWD	0.001274	0.001304
THB-->TWD	0.850442	0.889100

Note 3 : Yuanta Wealth Management (Singapore) Pte. Ltd. was established by Yuanta Securities on April 29, 2022. Its business license application is under review by the competent authority in Singapore.

Note 4 : Yuanta Global (Singapore) Pte. Ltd. was established by Yuanta Futures on November 23, 2022. Its business license application is under review by the competent authority in Singapore.

(II) Consolidated financial statements of affiliates: See Appendix for details.

(III) Consolidated business reports of affiliated enterprises

1. Relationship between the subordinate company and the controlling company: Yuanta FHC is a controlling company and not a subsidiary company, so it is not applicable.
2. Information on transactions:
 - (1) Purchase (sales) transactions: None
 - (2) Property transaction: None.
 - (3) Capital financing: None.
 - (4) Assets leasing: None.
 - (5) Other important transactions: None.
3. Endorsements and guarantees: Not applicable to financial companies.
4. Other matters of financial or operational significance: None.

Declaration

It is hereby declared that the Affiliation Report for 2022 (from January 1, 2022 to December 31, 2022) was prepared in accordance with the "Regulations for the Preparation of Related Business Consolidated Financial Statements and Related Business Reports", and there are no significant inconsistencies between the information given above and the supplementary information disclosed in the notes to financial statements for the above period.

Hereby declared by

Company Name: Yuanta Financial Holding Co., Ltd.

Chairman: Ting Chien Shen

Dated: March 15, 2023

Independent Auditors' Review of the Affiliation Report

(112)Zi-Hui-Zong-Zi No.22009192

To: Yuanta Financial Holding Co., Ltd.

You declare that the Affiliation Report for 2022 was prepared by you pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and that there are no significant inconsistencies between the information given above and the supplementary information disclosed in the financial statements for the above period.

We have compared the Affiliation Report prepared by you pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" with the notes to your financial statements 2022 and found that there were no significant inconsistencies in said declaration.

Pricewaterhouse Coopers Certified Public Accountants

Puo-Ju Kuo

CPA

Chien Hung Chou

Approval Letter from the Financial Supervisory Commission (formerly named) of the Executive Yuan: Jin-Guan-Zheng-Shen-Zi No.1000035997

Approval Letter No. (88) Tai-Cai-Zheng (6) No. 95577 from the Securities and Futures Commission (formerly named) of the Ministry of Finance

Date: March 15, 2023

II. Status of Securities in Private Placement: None.

III. Shares of the Company Held or Disposed of by Subsidiaries: None.

IV. Other Important Supplementary Information

(I) Key performance indices: capital adequacy and double leverage ratios for the past five years

Unit: NT\$1,000; %

Year		2018	2019	2020	2021	2022
Item						
Capital adequacy	Group's net authorized capital	168,043,480	178,231,116	199,573,780	221,452,769	217,694,434
	Group's regulatory capital requirement	121,153,812	133,907,284	136,691,245	148,912,046	147,704,174
	Group's capital adequacy ratio (%)	138.70	133.10	146.00	148.71	147.39
Double leverage ratio (%)		111.73	108.32	112.05	112.01	113.44

(II) Financial information

1. Division (Business Unit):

2022

Unit: NT\$1,000

Business Unit	Banking services	Securities services	Futures services	Insurance services	Other service	Consolidated total
Item						
Net interest income (loss)	14,940,545	4,962,464	671,191	10,464,790	(337,625)	30,701,365
Net non-interest income	5,284,415	35,225,968	2,172,494	13,970,301	4,147,339	60,800,517
Net profit	20,224,960	40,188,432	2,843,685	24,435,091	3,809,714	91,501,882
Provision for bad debt expenses, commitment and guarantee policy reserve	(361,604)	40,861	2,795	(242)	-	(318,190)
Net change in provisions for insurance liabilities	-	-	-	(19,533,972)	-	(19,533,972)
Operating expenses	(11,227,465)	(26,289,744)	(1,462,433)	(1,568,172)	(2,688,093)	(43,235,907)
Net income from continuing operations before income tax	8,635,891	13,939,549	1,384,047	3,332,705	1,121,621	28,413,813
Income tax expense	(1,574,463)	(2,662,434)	(277,117)	(289,553)	(899,833)	(5,703,400)
Consolidated income, net of tax	7,061,428	11,277,115	1,106,930	3,043,152	221,788	22,710,413

(III) Evaluation criteria and basis for assets and liabilities allowances

Net receivables: Yuanta FHC's net receivables provision is calculated based on past collection experience and an assessment on the possibility of collection in the future. At the end of 2022, net receivables stood at approximately NT\$ 1,040,134 thousand primarily to the Group's use of linked filing of business income tax returns, which generated approximately NT\$ 769,059 thousand receivables from affiliates. Since there are no major abnormalities in the collectability of these receivables, an allowance was not made.

(IV) Accounting for asset impairment

According to IAS 36 “Impairment of Assets” and IAS 9 “Financial Instruments: Recognition and Measurement”, Yuanta FHC had no assets that required impairment testing as of December 31, 2022.

(V) Hedge accounting handling and objectives: the Company did not adopt hedge accounting, it was not applicable.

(VI) Earnings per share adjusted for employee stock bonuses (calculated based on market price)

Distribution of earnings for 2021 to be proposed in the upcoming shareholders’ meeting does not include employee stock bonuses.

(VII) Endorsements and guarantees from affiliated companies, lending funds to other parties and transaction information for financial derivative products

The said procedures have been disclosed in the appendix to the annual report, and in this year’s consolidated financial reports page 643 to 642, and page 547 to 557.

V. Significant Issues Which Might Affect Shareholders' Equity or Price of Shares Pursuant to Item 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Past Year and Up to the Publication of this Annual Report:

(I) The Annual General Meeting of Yuanta Financial Holding Co., Ltd. On June 10, 2022 elected the directors and independent directors of 9th Board of Directors, totaling 9 persons. The name list of the elected is specified as following:

1. Director
 - (1) Ting Chien Shen (Tony) / Chairman of Yuanta FHC
 - (2) Wei Chen Ma (Michael) / Director of Yuanta FHC
 - (3) Representative of Tsun Chueh Investment Co., Ltd.: Chung Yuan Chen / Director of Yuanta FHC
 - (4) Representative of Tsun Chueh Investment Co., Ltd.: Daniel Y.M. Song / Chairman of Yuanta Asset Management
 - (5) Representative of Modern Investment: Chien Weng / Chairman of Yuanta Bank
2. Independent Director
 - (1) Ming Ling Hsueh / Independent Director of Yuanta FHC
 - (2) Kuang Si Shiu / Independent Director of Yuanta FHC
 - (3) Hsing Yi Chow / Independent Director of Yuanta FHC
 - (4) Sharon S. Yang / Independent Director of Yuanta Life

**Appendix. The Latest Consolidated Financial Statement
Audited and Certified by CPAs**

Yuanta FHC and Its Subsidiaries
Consolidated Financial Report and Auditing Report
2022 and 2021
(Stock Code 2885)

Address: 1F., 6F., 9F., 10F., 12 F., 13F., No. 66, Sec. 1, Dunhua S. Rd., and 10F.,
11F., No. 77, Sec. 2, Nanjing E. Rd., Taipei City

TEL: (02) 2781-1999

YUANTA FINANCIAL HOLDING CO., LTD.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditors' Report

PWCR22000282

To the Board of Directors and Shareholders of Yuanta Financial Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Financial Holding Co., Ltd. (the “Company”) and its subsidiaries (collectively “Yuanta Group”) as at December 31, 2022 and 2021, 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 Group as at December 31, 2022 and 2021, 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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of Yuanta Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of 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 the Yuanta Group's 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(10); for critical accounting estimates and assumption uncertainty of expected credit loss on bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Notes 6(9) and 12(3). Total bills discounted and loans (including adjustment for premium or discount) and the allowance for credit losses, arising from Yuanta Commercial Bank Co., Ltd. of Yuanta Group, as at December 31, 2022 were NTD 990,145,956 thousand and NTD 13,400,050 thousand, respectively.

The impairment evaluation of bills discounted and loans arising from Yuanta Commercial Bank Co., Ltd. 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 categorised 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 arising from Yuanta Commercial Bank Co., Ltd. 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, 2022: 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.

Fair value valuation of unlisted stocks

Description

For the accounting policy of unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Notes 6(4) and 12(2). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2022 was NTD 35,448,366 thousand.

Because there are no active market quoted prices for the financial assets at fair value through other comprehensive income – unlisted stocks held by Yuanta Group, the management uses valuation techniques and the assistance of experts to estimate the fair value. The valuation techniques used by Yuanta Group are primarily the market method and the discounted cash flow method. The market method's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. The discounted cash flow method's main assumption is the financial forecast of unlisted companies in order to obtain their related parameters as a reference for calculations. Because models and parameters used in valuation techniques are made by management's professional judgments and estimates, such accounting judgments and estimates are highly uncertain; we have thus included the fair value valuation of unlisted stocks as one of the key audit matters.

How our audit addressed the matter

We obtained and gained an understanding of management's valuation procedures for unlisted equity securities. We sample tested the management authorization procedures for the fair value valuation reports of unlisted equity securities.

In addition, we and our valuation experts discussed with management and sample tested Yuanta Group's valuation data for unlisted stocks, including the valuation documents provided by the management's experts, evaluated whether the valuation methods used by management were commonly used; we and our valuation experts also evaluated the reasonableness of the comparable companies under the market method and sample tested related supporting documents regarding the parameters used in the valuation.

Impairment assessment of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Notes 4(12) and 4(19); 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(17). Goodwill after accumulated impairment as at December 31, 2022 was NTD 28,540,164 thousand.

Yuanta Group 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 Yuanta Group engaged experts to assist in measuring the recoverable amounts of cash generating units based on future cash flows. Because the amount of goodwill is material and the models and parameters used in calculating recoverable amounts are made by management's professional judgments and are critical accounting estimates, such as future cash flows, estimated growth rate and discount rate, 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, sample testing the authorization procedures for impairment testing reports, and understanding and assessing management's estimation process for future cash flows. In addition, we and our valuation experts reviewed the management's prior year operation plan execution result; sample assessed the reasonableness of key assumptions used in impairment testing models, such as estimated growth rates and discount rates; and sample tested the parameters and calculation formulas of impairment testing models.

Reserve for policy benefit and adequacy of insurance liabilities

Description

For the accounting policy of reserve for policy benefit and adequacy of insurance liabilities, please refer to Note 4(28); for critical accounting estimates and assumption uncertainty of adequacy of insurance liabilities, please refer to Note 5; for the details on insurance liabilities, please refer to Note 6(26). Reserve for policy benefit under insurance liabilities as at December 31, 2022 was NTD 343,632,568 thousand.

For long-term insurance contracts, Yuanta Life Insurance Co., Ltd. recognised reserve for policy benefit in accordance with related insurance regulations, the life chart of annuity, and the specified interest rates prescribed within the insurance product statements as approved by the competent authority. The discount rates are the specified interest rates as approved by the competent authority. Liability adequacy testing is required to be conducted on insurance contracts at balance sheet date in accordance with IFRS 4, 'Insurance Contracts,' in order to reflect the current estimate of future cash flows, where various of assumption for discount rate, mortality rate, morbidity rate, lapse rate, and expense rate which involved professional judgement will affect the amount of reserve for policy benefit recognised in the financial statement. Considering that the provision of policy reserves has a material impact on the financial statements, and if insurance liabilities are not adequate, the financial statements will be materially impacted, we have thus included the reserve for policy benefit and adequacy of insurance liabilities as one of the key audit matters.

How our audit addressed the matter

The audit procedures we performed mainly include understanding and assessing the policies, internal controls, and procedures relevant to reserve for policy benefit; sample examining authorization documents for the configuration of new products in order to confirm the accuracy of configurations for the reserves system of new products; sample inspecting the number of effective policies in the policy system and the actuarial system in order to confirm the completeness of the calculations for reserve for policy benefit; sample examining the consistency between policy information of new products and information in the policy system in order to confirm the accuracy of policy information for calculating reserve for policy benefit. Our actuarial experts assisted us in sample testing representative new products in the current period in order to confirm that the method and results of provisioning reserves were consistent with those of the insurance product statement submitted to the competent authority; performing trend analysis (excluding new products) on each insurance type and performed roll analysis on each product type in order to assess the reasonableness of reserve for policy benefit on the balance sheet date.

We also used the work of actuarial expert to assist in assessing the adequacy of insurance liabilities, comparing whether there were significant differences between the current period and the previous period regarding main assumptions other than the discount rate, which are mortality rate, morbidity rate, lapse rate, and expense rate. If there were significant differences, then related documents and explanations with regard to Yuanta Life Insurance Co, Ltd. were obtained; also, current period assumptions were compared to actual experiences in order to examine the reasonableness of each assumptions. Furthermore, the actuarial expert assisted us in referencing current market interest rate information to assess the reasonableness of the elected discount rate for future cash flows from insurance contracts; confirming the accuracy of the cash flow model through independent sample testing; recalculating the current estimates of future cash flows using the overall cash flow and discount rates assumptions provided by Yuanta Life Insurance Co., Ltd.; comparing the carrying amount of insurance liabilities to the current estimate of future cash flows from insurance contracts.

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 Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came

into effect 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 Group's 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Yuanta Group'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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Group's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

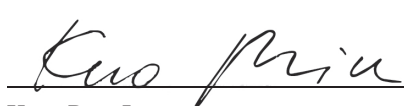
auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Yuanta Group 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 Yuanta 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.



Kuo, Puo-Ju



Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2023

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 consolidated 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 FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

ASSETS		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 76,338,164	3	\$ 80,735,621	3
11500	Due from Central Bank and call loans	6(2),8				
	to other banks		79,690,160	3	80,343,357	3
12000	Financial assets at fair value through	6(3),7,8				
	profit or loss		420,057,382	14	529,242,141	17
12150	Financial assets at fair value through	6(4),8				
	other comprehensive income		339,711,553	11	338,490,662	11
12200	Investments in debt instruments at	6(5),8				
	amortised cost		540,529,315	18	508,638,932	17
12500	Investments in bills and bonds under	6(6)				
	resale agreements		94,073,224	3	46,454,964	2
13000	Receivables – net	6(7),7	202,341,992	7	263,703,360	9
13200	Current income tax assets		3,026,971	-	48,001	-
13300	Assets held for sale – net	6(8)	81,469	-	194,563	-
13500	Bills discounted and loans – net	6(9),7	995,199,165	33	884,291,862	29
13700	Reinsurance contract assets – net	6(10)	1,368,195	-	1,329,521	-
15000	Equity investments accounted for under	6(11)				
	the equity method – net		3,431,913	-	3,115,594	-
15100	Restricted assets – net	8	2,726,292	-	2,472,029	-
15500	Other financial assets – net	6(12)	114,480,773	4	110,953,592	4
18000	Investment property – net	6(13),8	10,487,451	-	10,693,522	-
18500	Property and equipment – net	6(14),8	25,503,491	1	24,468,584	1
18600	Right-of-use assets – net	6(15)	11,515,532	-	12,443,951	-
19000	Intangible assets – net	6(17)	30,959,908	1	31,046,281	1
19300	Deferred income tax assets	6(45)	5,552,131	-	7,484,946	-
19500	Other assets – net	6(18),7,8	59,043,456	2	86,867,819	3
TOTAL ASSETS			<u>\$ 3,016,118,537</u>	<u>100</u>	<u>\$ 3,023,019,302</u>	<u>100</u>

(Continued)

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
21000	Deposits from Central Bank and other banks	6(20)	\$ 38,607,095	1	\$ 25,624,124	1
21500	Due to Central Bank and other banks		-	-	839,700	-
22000	Financial liabilities at fair value through profit or loss	6(3)(38)	134,822,676	5	158,685,739	5
22500	Bills and bonds payable under repurchase agreements	6(6)(47),7	224,137,491	7	183,865,849	6
22600	Commercial paper payable – net	6(21)(47)	47,836,070	2	49,983,502	2
23000	Payables	6(22),7	154,026,563	5	214,482,994	7
23200	Current income tax liabilities		4,052,157	-	7,892,094	-
23500	Deposits and remittances	6(23),7	1,407,441,499	47	1,375,002,383	46
24000	Bonds payable	6(24)(47)	102,487,542	3	82,539,085	3
24400	Other borrowings	6(25)(47)	48,460,199	2	59,998,200	2
24600	Liabilities reserve	6(26)(27)	363,676,625	12	336,342,258	11
25500	Other financial liabilities	6(28),7	140,319,398	5	126,619,428	4
26000	Lease liabilities	6(47)	4,712,163	-	5,720,785	-
29300	Deferred income tax liabilities	6(45)	4,914,735	-	3,825,466	-
29500	Other liabilities	6(29),7	63,241,416	2	102,517,990	3
	TOTAL LIABILITIES		<u>2,738,735,629</u>	<u>91</u>	<u>2,733,939,597</u>	<u>90</u>
31000	Equity attributable to owners of the parent company					
31100	Share capital					
31101	Common stock	6(30)	125,015,590	4	121,374,360	4
31500	Additional paid-in capital	6(31)	38,010,564	1	37,885,949	1
32000	Retained earnings					
32001	Legal reserve	6(32)	20,481,785	1	17,040,473	-
32003	Special reserve	6(32)	6,549,234	-	6,549,234	-
32011	Undistributed earnings	6(33)	73,279,144	2	77,775,254	3
32500	Other equity					
32500	Other equity interest	6(34)	(6,968,170)	-	8,410,191	1
39500	Non-controlling interests		<u>21,014,761</u>	<u>1</u>	<u>20,044,244</u>	<u>1</u>
	Total Equity		<u>277,382,908</u>	<u>9</u>	<u>289,079,705</u>	<u>10</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 3,016,118,537</u>	<u>100</u>	<u>\$ 3,023,019,302</u>	<u>100</u>

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

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

		For the years ended December 31,				Changes Percentage (%)	
		2022		2021			
Items	Notes	AMOUNT	%	AMOUNT	%		
41000	Interest income	6(35),7	\$ 45,232,088	50	\$ 36,986,068	31	22
51000	Less: Interest expense	6(35),7	(14,530,723)	(16)	(7,012,317)	(6)	107
49600	Net interest income	6(35)	<u>30,701,365</u>	<u>34</u>	<u>29,973,751</u>	<u>25</u>	2
Net non-interest income							
49800	Net service fee and commission	6(36),7					
	Income		25,120,057	27	40,606,346	34 (	38)
49810	Net income from insurance	6(37),7					
	operations		13,377,691	15	16,021,241	14 (	17)
49820	Gain (loss) on financial assets and	6(38),7					
	financial liabilities at fair value						
	through profit or loss	(	8,318,689)	(9)	24,070,541	20 (	135)
49825	Gain on investment property	7	418,705	-	341,280	-	23
49835	Realised gain on financial assets						
	at fair value through other						
	comprehensive income		1,831,509	2	4,317,926	4 (	58)
49850	Net gain arising from	6(5)(9)					
	derecognition of financial assets						
	measured at amortised cost		83,436	-	1,650,331	1 (	95)
49870	Foreign exchange gains (losses)		19,127,589	21 (	5,384,950)	(4) (	455)
49880	Asset impairment loss	6(39)	(51,498)	- (	( 280,546)	- (	82)
49890	Share of the profit or loss of	6(11)					
	associates and joint ventures						
	accounted for using the equity						
	method		191,645	-	493,848	- (	61)
49898	Gain on reclassification under the						
	overlay approach		4,151,363	5	1,446,147	1	187
49921	Net gain on sale of non-						
	performing Loans		281,525	-	374,916	- (	25)
49945	Consultation service income		4,316,318	5	4,897,401	4 (	12)
49999	Net other miscellaneous income	6(40),7	<u>270,866</u>	<u>-</u>	<u>712,271</u>	<u>1</u> (	62)
49700	Total net non-interest income		<u>60,800,517</u>	<u>66</u>	<u>89,266,752</u>	<u>75</u> (	32)
	Net profit		91,501,882	100	119,240,503	100 (	23)
58100	Provision for bad debt expenses,	6(41)					
	commitment and guarantee						
	policy reserve	(	318,190)	(1) (	534,256)	- (	40)
58300	Net change in provisions for	6(26)					
	insurance liabilities	(	19,533,972)	(21) (	21,301,277)	(18) (	8)
Operating expenses							
58501	Employee benefit expense	6(42),7	(25,428,255)	(28) (	33,955,070)	(28) (	25)
58503	Depreciation and amortization	6(43)	(3,162,099)	(3) (	3,107,200)	(3) (	2
58599	Other business and administrative	6(44),7					
	expenses	(	14,645,553)	(16) (	16,201,356)	(14) (	10)
58500	Total Operating Expenses		(43,235,907)	(47) (	53,263,626)	(45) (	19)
61000	Consolidated income from						
	continuing operations before						
	income tax		28,413,813	31	44,141,344	37 (	36)
61003	Income tax expense	6(45)	(5,703,400)	(6) (	6,950,633)	(6) (	18)
69000	Consolidated net income		<u>\$ 22,710,413</u>	<u>25</u>	<u>\$ 37,190,711</u>	<u>31</u> (	39)

(Continued)

YUANTA FINANCIAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

		For the years ended December 31,				Changes Percentage (%)	
		2022		2021			
Items	Notes	AMOUNT	%	AMOUNT	%		
Other comprehensive income							
Components of other comprehensive income that will not be reclassified to profit or loss							
69561	Remeasurements of defined benefit plans	\$	1,388,890	1	(\$ 790,256) (	1) (	276)
69563	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, items that will not be reclassified to profit or loss	(	352)	-	(513)	-	(31)
69565	Change in fair value of financial liability attributable to change in credit risk of liability	(	7,848)	-	(5,236)	-	50
69567	Change in fair value of investments in equity instruments measured at fair value through other comprehensive income		3,454,906	4	7,782,193	7	(56)
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(	336,820)	-	73,051	-	(561)
Components of other comprehensive income that will be reclassified to profit or loss							
69571	Exchange differences on translation of foreign financial statements	6(34)	3,014,310	3	(5,599,624) (	5) (	154)
69585	Change in fair value of investments in debt instruments measured at fair value through other comprehensive income	6(4)(34)	(19,199,889) (	21) (	6,213,290) (	5)	209
69587	Impairment reversal gain from investments in debt instruments measured at fair value through other comprehensive income	6(4)(34)	(17,759)	-	(14,903)	-	19
69590	Other comprehensive loss on reclassification under the overlay approach	6(4)(34)	(4,151,363) (	5) (	1,446,147) (	1)	187
69579	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(34)(45)	790,210	1	72,925	-	984
69500	Other comprehensive (loss) income (net of tax)		(\$ 15,065,715)	(17)	(\$ 6,141,800)	(5)	145
69700	Total comprehensive income		<u>\$ 7,644,698</u>	<u>8</u>	<u>\$ 31,048,911</u>	<u>26</u>	(75)
Consolidated net income attributable to:							
69901	Parent company	\$	21,456,327	24	\$ 34,865,957	29	(38)
69903	Non-controlling interests		1,254,086	1	2,324,754	2	(46)
			<u>\$ 22,710,413</u>	<u>25</u>	<u>\$ 37,190,711</u>	<u>31</u>	(39)
Consolidated comprehensive income attributable to:							
69951	Parent company	\$	5,414,225	6	\$ 30,263,795	25	(82)
69953	Non-controlling interests		2,230,473	2	785,116	1	184
			<u>\$ 7,644,698</u>	<u>8</u>	<u>\$ 31,048,911</u>	<u>26</u>	(75)
70001	Earnings per share (in New Taiwan Dollars)	6(46)					
	Basic and diluted earnings per share	\$	1.72	\$	2.79		

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent									
	Retained earnings				Other equity interest					
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Other comprehensive income on reclassification under the overlay approach	Change in fair value of financial liability attributable to change in credit risk	Non-controlling interests
For the year ended December 31, 2021										
Balance, January 1, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	\$ 4,467,136	\$ 16,726,148	\$ 345,649	\$ 45,138	\$ 20,280,857
Consolidated net income for the year	-	-	-	-	34,865,957	-	-	-	-	2,324,754
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-
Appropriation of 2020 earnings:										
Legal reserve	-	-	2,406,740	-	(2,406,740)	-	-	-	-	-
Cash dividend	-	-	-	-	(14,564,923)	-	-	-	-	(14,564,923)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,021,729)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Balance, December 31, 2021	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	\$ 8,400,123	\$ 17,930,672	\$ 1,072,737	\$ 47,621	\$ 20,044,244
For the year ended December 31, 2022										
Balance, January 1, 2022	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	\$ 8,400,123	\$ 17,930,672	\$ 1,072,737	\$ 47,621	\$ 20,044,244
Consolidated net income for the year	-	-	-	-	21,456,327	-	-	-	-	1,254,086
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-
Appropriation of 2021 earnings:										
Legal reserve	-	-	3,441,312	-	(3,441,312)	-	-	-	-	-
Cash dividend	-	-	-	-	(18,206,154)	-	-	-	-	(18,206,154)
Stock dividend	3,641,230	-	-	-	(3,641,230)	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	124,615	-	-	-	-	-	-	-	124,615
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(1,259,956)
Balance, December 31, 2022	\$ 125,015,590	\$ 38,010,564	\$ 20,481,785	\$ 6,549,234	\$ 73,279,144	\$ 6,119,904	\$ 4,445,539	\$ 5,242,587	\$ 51,218	\$ 21,014,761
										\$ 277,382,908

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31,	
	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 28,413,813	\$ 44,141,344
Adjustments		
Income and expense items		
Depreciation	2,581,439	2,569,529
Amortisation	580,660	537,671
Provision for bad debt expense, commitment and guarantee policy reserve	1,098,159	1,750,647
Interest expense	14,530,723	7,012,317
Interest income	(45,232,088)	(36,986,068)
Dividend income	(5,760,370)	(5,335,012)
Impairment loss on asset impairment	51,498	280,546
Gain reclassified by applying overlay approach	(4,151,363)	(1,446,147)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	(191,645)	(493,848)
Gain on disposal of assets held for sale	(12,330)	(4,957)
Gain on disposal of investment property	(247,533)	(128,235)
Gain on disposal or retirement of property and equipment	(51,093)	(16,470)
Gain on disposal of intangible assets	(1,139)	(1,449)
Loss from disposal or retirement of other assets	-	212
Intangible assets transferred to expense	126	-
(Gain) loss on lease modification	(133,135)	1,149
Gain on lease concession	(97)	(11,663)
Net change in insurance liabilities	23,246,367	21,154,952
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from Central Bank and call loans to other banks	(3,269,962)	(7,480,529)
Decrease in financial assets at fair value through profit or loss	109,184,759	57,350,498
Increase in financial assets at fair value through other comprehensive income	(16,962,992)	(58,536,977)
Increase in investments in debt instruments at amortised cost	(31,904,780)	(78,292,748)
Decrease (increase) in receivables	63,531,901	(21,662,279)
Increase in bills discounted and loans	(112,163,076)	(92,053,301)
(Increase) decrease in reinsurance contract assets	(81,454)	(252,388)
Increase (decrease) in restricted assets	(254,263)	488,991
Increase in other financial assets	(3,740,673)	(3,281,850)
Decrease (increase) in other assets	27,780,028	(25,080,485)
Changes in operating liabilities		
Increase in deposits from Central Bank and other banks	12,982,971	10,211,825
Decrease in financial liabilities at fair value through profit or loss	(23,869,157)	(4,775,786)
Decrease in payables	(61,703,803)	(32,242,963)
Increase in deposits and remittances	32,439,116	163,981,989
(Decrease) increase in liabilities reserve	(358,595)	2,571,175
Increase in other financial liabilities	14,071,927	9,104,657
(Decrease) increase in other liabilities	(39,285,671)	56,036,921
Cash (outflow) inflow generated from operations	(18,881,732)	9,111,268
Interest received	43,400,966	36,163,236
Dividend received	5,876,298	5,515,353
Interest paid	(13,365,746)	(7,082,213)
Income tax paid	(9,102,438)	(4,950,047)
Net cash flows generated from operating activities	7,927,348	38,757,597

(Continued)

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31,	
	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for under the equity method	(\$ 267,647)	(\$ 647,467)
Proceeds from liquidation of investments accounted for under the equity method	174,506	274,719
Acquisition of investment property	(596,869)	(121,643)
Proceeds from disposal of investment property	1,034,355	488,894
Acquisition of property and equipment	(2,339,082)	(1,685,830)
Proceeds from disposal of property and equipment	300,566	109,601
Acquisition of intangible assets	(336,865)	(240,610)
Proceeds from disposal of intangible assets	3,156	3,591
Proceeds from disposal of assets held for sale	120,880	67,000
Acquisition of right-of-use assets	(548)	(205)
Net cash flows used in investing activities	(1,907,548)	(1,751,950)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
(Decrease) increase in due to Central Bank and other banks	(839,700)	164,700
Increase (decrease) in bills and bonds payable under repurchase agreements	40,271,642	(32,755,338)
(Decrease) increase in commercial paper payable	(2,058,788)	22,547,411
Proceeds from issuance of bonds	16,953,184	20,161,607
Repayments of bonds	(4,389,618)	(4,000,000)
Proceeds from issuance of bank debentures	8,500,000	5,500,000
Repayments of bank debentures	(2,000,000)	(17,800,000)
(Decrease) increase in other borrowings	(11,538,001)	2,202,139
Principal payment for lease liabilities	(1,545,661)	(1,283,069)
Cash dividends paid	(18,206,154)	(14,564,923)
Decrease in non-controlling interests	(1,259,956)	(1,021,729)
Net cash flows generated from (used in) financing activities	23,886,948	(20,849,202)
Effects of exchange rate changes	9,390,896	(6,310,104)
Net increase in cash and cash equivalents	39,297,644	9,846,341
Cash and cash equivalents at beginning of year	167,631,719	157,785,378
Cash and cash equivalents at end of year	<u>\$ 206,929,363</u>	<u>\$ 167,631,719</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 76,338,164	\$ 80,735,621
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	36,517,975	40,441,134
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	94,073,224	46,454,964
Cash and cash equivalents at end of reporting year	<u>\$ 206,929,363</u>	<u>\$ 167,631,719</u>

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

YUANTA FINANCIAL HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. History and organization

Yuanta Financial Holding Co., Ltd. (“Yuanta Financial Holdings” or the “Company”) was incorporated pursuant to the Financial Holding Company Act. In connection with the formation of the Company, the shares of Yuanta Securities Finance Co., Ltd. (“Yuanta Securities Finance”) and Yuanta Securities Co., Ltd. (“Yuanta Securities”) were exchanged for shares of the Company. The regulatory procedure for the share exchange was completed on the exchange date of February 4, 2002 and the Company was listed on the Taiwan Stock Exchange on the same date.

On August 1, 2002, Asia Pacific Bank became a wholly owned subsidiary of the Company and was renamed as Yuanta Commercial Bank Co., Ltd. (“Yuanta Bank”).

On December 28, 2006, both the Company and Yuanta Core Pacific Securities Co., Ltd. (“Yuanta Core Pacific Securities”) had resolved for Yuanta Core Pacific Securities becoming the Company’s subsidiary by share exchange as approved through the stockholders’ meeting effective from April 2, 2007, and merged with Yuanta Securities on September 23, 2007.

On June 28, 2011, both the Company and Polaris Securities Co., Ltd. (“Polaris Securities”) had resolved for Polaris Securities becoming the Company’s subsidiary by share exchange as approved through the stockholders’ meeting effective from October 3, 2011, and merged with Yuanta Securities on April 1, 2012.

On January 1, 2014, the Company acquired 100% of shares of New York Life with cash. New York Life officially became a wholly-owned subsidiary of the Company and was renamed as Yuanta Life Insurance Co., Ltd. (“Yuanta Life”) on February 12, 2014.

The share transfer plan between the Company and Ta Chong Commercial Bank Co., Ltd. (hereon referred to as “Ta Chong Bank”) was resolved by their respective shareholders at the special shareholders’ meeting on October 13, 2015, and was completed on March 22, 2016. Thereafter, Ta Chong Bank officially became a wholly-owned subsidiary of the Company, and merged with Yuanta Bank on January 1, 2018.

The Company engages in the business of a financial holding company and its operations are limited to investing and investment management. According to the Financial Holding Company Act, the businesses in which the Company can invest in are securities, banking, bills finance, credit cards, trusts, insurance, futures, venture capital, foreign financial institutions that are authorized by the government authority, and other related financial businesses that are recognised by the government authority. Additionally, the Company was accredited by the Taiwan Corporate Governance Association with Corporate Governance Assessment Advanced Certification (CG6013) on December 29, 2022.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 15, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
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
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Yuanta Group’s financial condition and financial performance based on the Yuanta Group’s assessment.	

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
The above standards and interpretations have no significant impact to the Yuanta Group’s financial condition and financial performance based on the Yuanta Group’s assessment.	

(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 as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

Except for the following, the above standards and interpretations have no significant impact to the Yuanta Group's financial condition and financial performance based on the Yuanta Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 17, 'Insurance contracts'

IFRS 17 'Insurance Contracts' replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall, at initial recognition, disaggregate a portfolio into three groups of contracts: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contract. An entity may apply a modified simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognises the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

B. Amendments to IFRS 17, 'Insurance contracts'

The amendments to IFRS 17 include the deferral of effective date, expected recovery of insurance acquisition cash flows, contractual service margin attributable to investment services, reinsurance contracts held – recovery of losses and other amendments, and they are not intended to change the fundamental principles of the standard.

C. Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'

The amendment permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The overlay allows all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, to be classified, on an instrument-by-instrument basis, in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The overlay can be applied by entities that have already applied IFRS 9 or will apply it when they apply IFRS 17.

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 Company and its subsidiaries (collectively referred herein as the “Yuanta Group”) have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Insurance Companies, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, these 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 at fair value through other comprehensive income.
 - (C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (D) Various insurance liabilities, reinsurance reserve assets, and foreign exchange reserves are set aside and recognised in accordance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations.
- 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 Yuanta Group’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.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- All subsidiaries are included in the Yuanta Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Yuanta Group. The Yuanta Group controls an entity when the Yuanta Group 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 Yuanta Group obtains control of the subsidiaries and ceases when the Yuanta Group loses control of the subsidiaries. The Yuanta Group acquired subsidiaries in accordance with the Acquisition Method. Acquisition costs are measured at fair value based on assets acquired, issued equity instruments and incurred or undertaking liabilities, along with directly attributable acquisition costs. Identifiable assets, liabilities and contingent liabilities that are acquired at business combinations are measured at original fair value, and shares of non-controlling interests are not considered. Acquisition costs that exceed fair value of identifiable assets recognised for shareholding ratio are recognised as goodwill; acquisition costs that are less than fair value of identifiable assets recognised for shareholding ratio are directly recognised in the consolidated statements of comprehensive income. 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 recognised directly in equity. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Yuanta Group are eliminated. Accounting

policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Yuanta Group. 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.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2022	December 31, 2021	
The Company	Yuanta Securities	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100.00	100.00	
	Yuanta Bank	Commercial banking	100.00	100.00	
	Yuanta Life Insurance Co., Ltd. ("Yuanta Life")	Life insurance business	100.00	100.00	
	Yuanta Futures Co., Ltd. ("Yuanta Futures")	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	66.27	
	Yuanta Securities Investment Trust Co., Ltd. ("Yuanta Securities Investment Trust")	Securities investment trust	74.71	74.71	
	Yuanta Venture Capital Co., Ltd. ("Yuanta Venture Capital")	Venture capital investments	100.00	100.00	
	Yuanta Asset Management Co., Ltd. ("Yuanta Asset Management")	Providing monetary debt management services for financial institutions	100.00	100.00	
	Yuanta Securities Investment Consulting Co., Ltd. ("Yuanta Securities Investment Consulting")	Securities investment consultant	100.00	100.00	
	Yuanta Securities Asia Financial Services Private Limited ("Yuanta Securities Asia Financial Services")	Investment holding	100.00	100.00	Note 1
	Yuanta International Insurance Brokers Co., Ltd. ("Yuanta International Insurance Brokers")	Insurance brokerage services	100.00	100.00	
Yuanta Securities	Yuanta Securities Finance Co., Ltd. ("Yuanta Securities Finance")	Securities financing and refinancing to securities firms and related business	100.00	100.00	
	Yuanta Wealth Management (Singapore) Pte. Ltd. ("Yuanta Wealth Management (Singapore)")	Note 2	100.00	-	Note 2
	Yuanta Securities (Hong Kong) Co., Ltd. ("Yuanta Securities (Hong Kong)")	Securities trading, futures contract trading, providing opinions on securities, futures contract and institutions' financing, asset management services	100.00	100.00	
	Yuanta Asia Investment (Hong Kong) Ltd. ("Yuanta Asia Investment (Hong Kong)")	Securities trading, asset management services	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2022	December 31, 2021	
	Yuanta Investment Consulting (Beijing) Co., Ltd. ("Yuanta Investment Consulting Beijing")	Investment and management consultancy, financial consultancy, enterprise management consultancy, business information consultancy, economic and trade consultancy, marketing strategy and plan, technique promotion and technique service	100.00	100.00	
Yuanta Securities Asia Financial Services	Yuanta Securities Korea Co., Ltd. ("Yuanta Securities (Korea)")	Investment and trading business, investment intermediary business, trust business, investment consultancy, discretionary account business, in addition, concurrent operating business and auxiliary business	57.89	57.39	
	Yuanta Hong Kong Holdings (Cayman) Ltd. ("Yuanta HK Holdings (Cayman)")	Investment holding	100.00	100.00	
	Yuanta Securities Thailand Co., Ltd. ("Yuanta Securities (Thailand)")	Securities brokerage, dealing in securities, underwriting and investment consultation, management of mutual fund, management of private fund, management venture capital fund, securities lending, brokerage and dealer of derivative instrument	99.99	99.99	
	Yuanta Securities Vietnam Limited Company ("Yuanta Securities (Vietnam)")	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	92.62	92.62	
Yuanta Securities (Korea)	Yuanta Investment Co., Ltd.	Venture investment	57.89	57.39	
	Yuanta Financial (Hong Kong) Limited ("Yuanta Financial (Hong Kong)")	Investment holding	57.89	57.39	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc.	Underwriting guidelines, financial advisory services, securities brokerage, dealing in securities and investment advisory	57.89	57.39	
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd. ("Yuanta Investment (Hong Kong)")	Issuance of financial instruments and dealing investments	100.00	100.00	
	Yuanta Finance (Hong Kong) Ltd.	Credit loan business	100.00	100.00	
	PT Yuanta Sekuritas Indonesia ("Yuanta Securities (Indonesia)")	Securities trading and underwriting services	99.00	99.00	
	PT Yuanta Asset Management (Indonesia)	Investment management	-	0.002	Note 3
	Yuanta Investment Management (Cayman) Ltd.	Investment management	-	100.00	Note 4
	Yuanta Securities (Vietnam)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	7.38	7.38	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2022	December 31, 2021	
Yuanta Securities (Indonesia)	PT Yuanta Asset Management (Indonesia)	Investment management	-	99.998	Note 3
Yuanta Investment Co., Ltd.	Yuanta Quantum Jump No.3 Fund	Investment business	24.81	24.60	
Yuanta 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	
Yuanta Futures	Yuanta Futures (Hong Kong) Limited ("Yuanta Futures Hong Kong")	Financial services	66.27	66.27	
	SYF Information Limited ("SYF Information")	Information service	66.27	66.27	
	Yuanta Global (Singapore) Pte. Ltd.	Note 5	66.27	-	Note 5
SYF Information	SYF Information (Shanghai) Limited ("SYF Information (Shanghai)")	Information service	-	66.27	Note 6
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd. ("Yuanta I Venture Capital")	Venture capital investments	100.00	100.00	

Note 1: In March 2022, the Board of Directors approved Yuanta Securities' capital increase to Yuanta Securities Asia Financial Services and the process was completed in September, 2022.

Note 2: On April 29, 2022, Yuanta Wealth Management (Singapore) was established by Yuanta Securities through reinvestment, and its main business activities are currently under approval by Singapore authorities.

Note 3: The disposal of PT Yuanta Asset Management (Indonesia) shares that were held by Yuanta Securities (Hong Kong) and Yuanta Securities (Indonesia) was completed on September 16, 2022.

Note 4: In February 2022, the Board of Directors approved the dissolution and liquidation of Yuanta Investment Management (Cayman). The record date for the liquidation was February 16, 2022 and the process was completed on November 24, 2022.

Note 5: On November 23, 2022, Yuanta Global (Singapore) Pte. Ltd. was established by Yuanta Futures through reinvestment, and its main business activities are currently under approval by Singapore authorities.

Note 6: On June 30, 2022, the Board of Directors of SYF Information approved to set the record date for the liquidation of SYF Information (Shanghai) as June 30, 2022.

C. The structured entities controlled by Yuanta Securities (Korea) are as follows:

December 31, 2022

Structured entities	Main Business Activities
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
Gold Poongmu the 1st. Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Gaon Co., Ltd.	Asset-backing
YK Wangji the 1st. Co., Ltd.	Asset-backing
YK Seocho the 1st. Co., Ltd.	Asset-backing

December 31, 2022

Structured entities	Main Business Activities
YFI Manchon Co., Ltd.	Asset-backing
YK Songak the 1st. Co., Ltd.	Asset-backing
Walkerhill PI the 1st. Co., Ltd.	Asset-backing
YK Manhattan the 1st. Co., Ltd.	Asset-backing
MIL the 2nd. Co., Ltd.	Asset-backing
YK SG Co., Ltd.	Asset-backing
YK Ilchul Co., Ltd.	Asset-backing
YK Icheon the 1st. Co., Ltd.	Asset-backing
JJ Woosan the 1st. Co., Ltd.	Asset-backing
YK Royal the 1st. Co., Ltd.	Asset-backing
Geumnamro PI the 1st. Co., Ltd.	Asset-backing
YOB new one Co., Ltd.	Asset-backing
YK Jugyo the 1st. Co., Ltd.	Asset-backing
YK Merchant Co., Ltd.	Asset-backing
YFI Namsan Co., Ltd.	Asset-backing
YK Jincheon Samduk the 1st. Co., Ltd.	Asset-backing
YK Pyeongdong the 1st. Co., Ltd.	Asset-backing
YK Lhour Co., Ltd.	Asset-backing
YK Daejeonyongdu the 1st. Co., Ltd.	Asset-backing
Pacific Leo the 1st. Co., Ltd.	Asset-backing
YFI Manchon 2 Co., Ltd.	Asset-backing
YK Gijang the 1st. Co., Ltd.	Asset-backing
YK Greenfood the 1st. Co., Ltd.	Asset-backing
YK Saetbyul Co., Ltd.	Asset-backing
YK Mars the 1st. Co., Ltd.	Asset-backing
Luxia PI the 1st. Co., Ltd.	Asset-backing
Jayonloyal Co., Ltd.	Asset-backing
Mountain Quad the 1st. Co., Ltd.	Asset-backing
Perfect-dream the 5th. Co., Ltd.	Asset-backing
YFI yangsan Co., Ltd.	Asset-backing

December 31, 2021

Structured entities	Main Business Activities
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st. Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
SJ beomcheon the second Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YK Seawork Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Star Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YK NineMall Co., Ltd.	Asset-backing

December 31, 2021

Structured entities	Main Business Activities
Gold Poongmu the 1st. Co., Ltd.	Asset-backing
YFI Jebu Co., Ltd.	Asset-backing
YFI Itaewon Co., Ltd.	Asset-backing
YK Woongcheon the 1st. Co., Ltd.	Asset-backing
Y.K Life the First Co., Ltd.	Asset-backing
YK Suwon7 the 1st. Co., Ltd.	Asset-backing
Wonheung the first Co., Ltd.	Asset-backing
Ostihuh the fifth Co., Ltd.	Asset-backing
JY Pyeongtaek the first Co., Ltd.	Asset-backing
YK Nonhyun the first Co., Ltd.	Asset-backing
YK Kwangyang the first Co., Ltd.	Asset-backing
YK Balgok Co., Ltd.	Asset-backing
YK Napoli the 1st. Co., Ltd.	Asset-backing
YFI Sokcho Co., Ltd.	Asset-backing
YK Gaon Co., Ltd.	Asset-backing
YKAI the 1st. Co., Ltd.	Asset-backing
YK Wangji the 1st. Co., Ltd.	Asset-backing
YK Jackjeon Co., Ltd.	Asset-backing
YK Seocho the 1st. Co., Ltd.	Asset-backing
YFI Manchon Co., Ltd.	Asset-backing
YK Songak the 1st. Co., Ltd.	Asset-backing
Walkerhill PI the 1st. Co., Ltd.	Asset-backing
YK Manhattan the 1st. Co., Ltd.	Asset-backing
YK Jije the 1st. Co., Ltd.	Asset-backing
MIL the 2nd. Co., Ltd.	Asset-backing
YK SG Co., Ltd.	Asset-backing
YK Ilchul Co., Ltd.	Asset-backing
YK Beethoven Co., Ltd.	Asset-backing
YK Icheon the 1st. Co., Ltd.	Asset-backing
JJ Woosan the 1st. Co., Ltd.	Asset-backing
YK Godeok the 2nd. Co., Ltd.	Asset-backing
YK Royal the 1st. Co., Ltd.	Asset-backing
Geumnamro PI the 1st. Co., Ltd.	Asset-backing
YOB new one Co., Ltd.	Asset-backing
YK Jugyo the 1st. Co., Ltd.	Asset-backing

Although the Yuanta Group does not hold most of interests in structured entities, structured entities are included in the consolidated financial statements, taking into account the following: when the 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 control over the entity.

- D. Subsidiaries not included in the consolidated financial statements:
None.
- E. Adjustments for subsidiaries with different balance sheet dates:
None.
- F. Significant restrictions:
None.

G. Subsidiaries that have non-controlling interests that are material to the Yuanta Group:

As of December 31, 2022 and 2021, the non-controlling interests amounted to \$21,014,761 and \$20,044,244, respectively. The information of non-controlling interests and respective subsidiaries is as follows:

Name of Subsidiary	Principal place of business	Non-controlling interests			
		December 31, 2022		December 31, 2021	
		Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 15,362,015	42.11%	\$ 14,613,515	42.61%

The comprehensive income (loss) attributable to this non-controlling interests were \$1,332,555 and (\$174,651) for the years ended December 31, 2022 and 2021, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries	
	December 31, 2022	December 31, 2021
Current assets	\$ 311,610,272	\$ 327,228,785
Non-current assets	15,166,768	15,468,327
Current liabilities	(278,270,851)	(299,349,069)
Non-current liabilities	(10,669,569)	(7,826,487)
Total net assets	<u>\$ 37,836,620</u>	<u>\$ 35,521,556</u>

Consolidated statements of comprehensive income

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2022	2021
Revenue	\$ 13,375,905	\$ 20,951,650
Profit before income tax	1,351,980	4,893,746
Income tax expense	(392,480)	(1,202,896)
Net income	959,500	3,690,850
Other comprehensive income (loss) (net of tax)	2,244,605	(3,913,291)
Total comprehensive income (loss) for the year	<u>\$ 3,204,105</u>	<u>(\$ 222,441)</u>

Consolidated statements of cash flows

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2022	2021
Net cash provide by (used in) operating activities	\$ 11,959,317	(\$ 1,226,081)
Net cash provided by (used in) investing activities	671,035	(179,436)
Net cash (used in) provided by financing activities	(13,829,526)	1,951,517
Effects of exchange rate changes	1,600,725	(4,786,132)
Increase (decrease) in cash and cash equivalents	401,551	(4,240,132)
Cash and cash equivalents, beginning of year	14,286,007	18,526,139
Cash and cash equivalents, end of year	<u>\$ 14,687,558</u>	<u>\$ 14,286,007</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Yuanta Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Yuanta Group's presentation currency.

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 at the closing exchange rate at the balance sheet date. 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 recognised 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 recognised in other comprehensive income, any translation difference included in the gains and losses are also recognised in other comprehensive income. When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognised as gains and losses, any translation difference included in the gains and losses are also recognised 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 presentation currency in the consolidated statements, its operating results and financial position is translated into presentation currency by the following procedures:

(A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.

(B) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.

(C) All resulting exchange differences are recognised in other comprehensive income.

(5) Cash and cash equivalents

"Cash and cash equivalents" within the consolidated balance sheet include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. From the perspective of the consolidated statements of cash flows, cash and cash equivalents refer to cash and cash equivalents within the consolidated balance sheet, and cash and cash equivalents that conform to IFRS 7's definition, as endorsed by the FSC, which are cash and cash equivalents due from Central Bank and call loans to other banks, or bills and bonds purchased under resale agreements.

(6) Bills and bonds under repurchase or resale agreements

In relation to transactions of bills and securities with a condition of repurchase agreement or resale agreement, the interest expense and interest income are recognised 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 recognised at the date of sale or purchase.

(7) Financial assets and liabilities

All financial assets and liabilities of the Yuanta Group including derivatives are recognised 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 Yuanta Group are classified into the following six categories: “bills discounted and loans”, “receivables”, “financial assets at fair value through profit and loss”, “financial assets at fair value through other comprehensive income”, “investments in debt instruments at amortised cost”, and “other financial assets–purchase of claim receivable”.

(A) Regular way purchase or sale

Financial assets held by the Yuanta Group 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 Yuanta Group is renegotiated or modified due to financial difficulties of the borrower so that it is required to be derecognised, entirely or partially, in accordance with IFRS 9, the old financial asset is derecognised, and a new financial asset and related gains or losses are recognised.

If a bills discounted and loans asset held by the Yuanta Group 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 based on the effective interest rate of original contract 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 Yuanta Group. Receivables not originated by the entity refer to those other than whom were originated by the entity. Receivables shall be measured at amortized 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 may be 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 Yuanta Group measures the financial assets at fair value and recognises the gain or loss in profit or loss.

c. The Yuanta Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Yuanta Group and the amount of the dividend can be measured reliably.

d. A financial asset held by subsidiary Yuanta Life is designated as a financial asset measured at fair value through profit or loss using the overlay approach, when the following conditions are met:

i. Financial asset is measured at fair value through profit or loss under IFRS 9, but would not have been entirely measured at fair value through profit or loss under IAS 39; and

- ii. The financial asset is not held for activities unrelated to contracts in the scope of IFRS 4.

For assets to which the overlay approach is applied, the amount that is excluded from profit or loss and recognized in other comprehensive income is the difference between the following two amounts:

- i. Profit or loss recognized in accordance with IFRS 9; and
- ii. Profit or loss recognized in accordance with IAS 39.

(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 Yuanta Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - i. The objective of the Yuanta Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - ii. The assets' contractual cash flows represent solely payments of principal and interest.
- b. At initial recognition, the Yuanta Group measures the financial assets at fair value plus transaction costs. The Yuanta Group subsequently measures the financial assets at fair value:
 - i. The changes in fair value of equity investments that were recognised 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 recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Yuanta Group and the amount of the dividend can be measured reliably.
 - ii. Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(F) Investments in debt instruments at amortised cost

- a. Investments in debt instruments at amortised cost are those that meet all of the following criteria:
 - i. The objective of the Yuanta Group's business model is achieved by collecting contractual cash flows.
 - ii. The assets' contractual cash flows represent solely payments of principal and interest.
- b. At initial recognition, the Yuanta Group 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 recognised in profit or loss when the asset is derecognised or impaired.

(G) Other financial assets

Purchase of claim receivable — non-performing loans of financial institutions are measured by fair value of financial asset on initial recognition when being obtained by the Yuanta Group and will be subsequently measured by fair value with changes in fair value recognised as profit and loss in the period.

B. Financial liabilities

Financial liabilities held by the Yuanta Group include financial liabilities at fair value through profit and loss (including financial liabilities designated 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 and financial liabilities designated as at fair value through profit or loss.

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 categorised 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 Yuanta Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Yuanta Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(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 Yuanta Group derecognises 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 Yuanta Group has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) Risks and rewards of ownership of the financial asset have not been substantially transferred or retained, however, the control over the financial assets have not been retained.

D. Derecognition of financial liabilities

- (A) A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.
- (B) The Yuanta Group derecognises an original financial liability and recognises 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 derecognised and the consideration paid is recognised in profit or loss.

(8) Margin loans, short sale stock loans, securities lending and security-based loans

- A. According to the “Rules Governing Securities Finance Enterprises” (RGSFE), margin loans primarily represent pecuniary financing to investors or refinancing to securities firms. The margin loans are accounted for as “Margin loans receivable” (recognised under “Receivables-net”) as incurred and such loans are secured by the securities purchased by the investors, and the Yuanta Group records these securities at par value under the memorandum accounts “securities held for collateral” and “liability for holding collateral securities”, and is not included in the balance sheets.

- B. According to Article 10 of the RGSFE, when providing margin loans to principals, the Yuanta Group shall obtain the margin pursuant to the ratio prescribed by the competent authority.
- C. Short sale stock loans represent securities financing affected by lending securities in custody that are received from margin loans, guarantee effects or borrowed securities, to investors. When the securities are lent to investors, the Yuanta Group records the par value of the securities lent under the memorandum account “short sale stock loans”. Additionally, according to Article 10 of the RGSFE, the investors need to deposit a regulated amount equal to a certain percentage of the proceeds from short sale stock financing or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Short sale stock deposits” (recognised under “Payables”). The Yuanta Group deals with these securities at par value under the memorandum account “Guarantee deposits”. The proceeds from sale of securities lent, less any dealer's commission, financing commission and securities exchange tax, are held by the Yuanta Group as collateral and recorded under “Short sale proceeds payable” (recognised under “Payables”).
- D. Securities borrowed represent securities borrowed from one broker/dealer to another, who must eventually return the same security as repayment. When the securities are lent to investors, the Yuanta Group records the par value of the securities borrowed under the memorandum account “securities borrowed”. The borrower needs to deposit an amount equal to a certain percentage of the proceeds from securities borrowed or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Refundable deposits for securities lending” (recognised under “Other assets-net”). The Yuanta Group deals with securities at par value under the memorandum account “Refundable collaterals”. When the securities are lent to investors, the Yuanta Group records the par value of the securities lent under the memorandum account “Short sale stock loans”. Additionally, a lender needs to deposit an amount equal to a certain percentage of the proceeds from securities lent or equivalent collateral as guarantee with the Yuanta Group. The proceeds are accounted for as “Deposits received for securities lent” (recognised under “Other liabilities”). The Yuanta Group deals with these securities at par value under the memorandum account “Collaterals received”.
- E. “Security-based loans” are loans provided to borrowers by Yuanta Group in accordance with “Regulations Governing Securities Finance Enterprises”. Upon the occurrence of a loan, “Security-based loans” is recorded (under “Bills discounted and loans – net”) and the borrower pledges securities from margin trading, central government bonds and treasury bills and others that are approved by the competent authority as collateral. For the collateral, Yuanta Group records it in its memorandum under “Securities in custody” and its contra account “Collateral received”, which is not recorded in the general ledger.

(9) Financial instruments offsetting

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

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, financial assets at amortised cost (including bills discounted and loans and receivables), loan commitments, L/C and financial guarantee contracts at each reporting date, the Yuanta Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (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. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Yuanta Group recognises the impairment provision for lifetime ECLs.

For credit assets, subsidiary Yuanta Bank 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.

(11) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognised 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 recognised 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) Impairment of non-financial assets

The Yuanta Group 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 recognised 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 on disposal 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 recognised.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(13) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) 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.

(14) Equity investments accounted for under the equity method—associates

- A. Associates are all entities over which the Yuanta Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20%~50% of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Yuanta Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Yuanta Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Yuanta Group does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate’s equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Yuanta Group’s ownership percentage of the associate, the Yuanta Group recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

- D. Unrealised gains on transactions between the Yuanta Group and its associates are eliminated to the extent of the Yuanta Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Yuanta Group.
- E. When overseas investments are valued under the equity method, exchange differences arising from the translation of the investee's financial statements are recognised in other comprehensive income and are cumulated under equity as "Exchange differences on translation of foreign financial statements" (and appropriately allocated to non-controlling interest).
- F. When Yuanta Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. When Yuanta Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Leasing arrangements (lessor) – operating leases

A. Operating lease

Payments that the Yuanta Group receives or charges under the operating lease are recognised as gain and loss on a straight-line basis during the contract term, which are recognised under "other business and administrative expenses" and "other net non-interest income", respectively.

B. Finance lease

The asset is derecognised when the finance leasing contract is signed by the Yuanta Group 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.

(16) Leasing arrangements (lessee) – right-of-use assets/ 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 Yuanta Group. 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 or the interest rate implicit in the lease.

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 Yuanta Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

- 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.

(17) Investment property

The properties held by the Yuanta Group, 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.

Part of the property may be held by the Yuanta Group for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Yuanta Group can be sold individually, then the accounting treatment should be made respectively. If each part of the property cannot be sold individually and the self-use proportion is not material, then the property is deemed as investment property in its entirety.

When the future economic benefit related to the investment property is highly likely to flow into the Yuanta Group and the costs can be reliably measured, the investment property shall be recognised 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 recognised as incurred in the consolidated statement of comprehensive income.

When there is certain replacement occurring onto the investment property, the replacement cost should be recognised 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 derecognised.

An investment property is stated initially at its cost and measured subsequently using the fair value 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.

The fair value of investment property is disclosed in the financial statements at each consolidated balance sheet date. Valuation of fair value is annually provided by an external valuer. The Company determines the fair value of investment property by examining the characteristics, location and status of investment property along with the external valuation report on each consolidated balance sheet date.

However, the fair value of investment property does not reflect future capital expenditures that improve or benefit the property, nor does it reflect future benefits associated from those expenditures in the future.

(18) Property and equipment

The property and equipment of the Yuanta Group are recognised on the basis of cost less accumulated depreciation and accumulated impairment. Cost includes any cost directly attributable to the acquisition of the asset.

If the future economic benefit generated from subsequent expenses of the asset can be measured reliably and is very likely to flow into the Yuanta Group, the subsequent expenses of property and equipment may be individually recognised as an asset or included in the carrying amount of the asset. Significant renewals and improvements incurred to increase the future economic benefits of the assets are capitalized. Routine maintenance and repairs are charged to expense as incurred.

The property and equipment of the Yuanta Group were initially recognised at the original cost and subsequently measured by cost model.

Land is not affected by depreciation. Depreciation for other assets is provided on a straight-line basis over the estimated useful lives of the assets till salvage value. Useful life is as follows:

Buildings (including auxiliary equipment)	3~60 years
Machinery and computer equipment	1~10 years
Transportation equipment	2~6 years
Leasehold improvements	3~6 years
Other equipment	1~21 years

On each consolidated balance sheet date, the Yuanta Group appropriately adjusts the salvage value and useful life of the assets.

Any gain or loss on disposal is calculated by the difference between the carrying amounts and proceeds on disposal, which is recognised in “Other non-interest income” in the consolidated statement of comprehensive income.

(19) Intangible assets

A. Operating rights are initially recognised at the acquisition cost. Intangible assets, with limited useful lives, and other intangible assets are amortised using the straight-line method.

B. Pursuant to IFRS 3, ‘Business Combinations’ as endorsed by 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 recognised as goodwill. Goodwill acquired in business combination shall be tested for impairment at least once a year. An impairment loss is recognised when the goodwill is impaired. Impairment loss of goodwill that has been recognised shall not be reversed.

(20) Customer margin deposit account and futures traders’ equity recognised (under Other financial assets/ Other financial liabilities)

Customer margin deposit account receives margins, premiums and differences from daily market closing prices in accordance with “Regulations Governing Futures Commission Merchants”, which are all included in the customer margin deposit account.

Futures traders’ equity is the margin and premium customers pay for futures trading. The differences of daily market closing prices are accounted for as current liabilities. Accounts cannot be offset except for the same type of accounts of the same customer; if borrower’s balance arises from futures traders’ equity, the balance shall be recognised as futures trading margin receivable, which shall be recovered from the traders.

(21) Bonds payable

A. Bank debentures payable

Bank debentures payable issued by the Yuanta Group is carried at amortised cost using the effective interest rate.

B. Corporate bonds payable

Ordinary corporate bonds issued by the Yuanta Group are initially recognised at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(22) Provisions, contingent liabilities and contingent assets

A. The Yuanta Group recognises 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.

(C) The amount is reliably measurable.

B. The Yuanta Group does not recognise provisions 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. Provisions should be recognised 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 obligation 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 Yuanta Group. 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 Yuanta Group did not recognise 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 Yuanta Group. The Yuanta Group did not recognise any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(23) Financial guarantee contracts and loan commitment

A. A financial guarantee contract is a contract that requires the Yuanta Group 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 Yuanta Group initially recognises financial guarantee contracts at fair value on the date of issuance. The Yuanta Group 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 recognised in deferred accounts and amortised through straight-line method during the contract term.

C. The Yuanta Group measures the financial guarantee contract it issues at the greater of the following two amounts:

(A) Allowance for losses in accordance with IFRS 9 that came into effect as endorsed by the FSC.

(B) The amount initially recognised less, when appropriate, cumulative effect recognized in accordance with IFRS 15.

- D. The Yuanta Group's assessment of provisions for losses for loan commitments and financial guarantee contracts is described in Note 4(10). "Recognizing and measuring expected credit losses". The increase in liabilities due to financial guarantee contracts and loan commitments is recognised 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, subsidiary Yuanta Bank 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 recognised and included in the guaranty policy reserve.

(24) 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 recognised as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised 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 Yuanta Group needs to pay in the future are recognised 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 Yuanta Group in current period or prior periods. The liability recognised 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 Yuanta Group uses interest rates of government bonds (at the balance sheet date) instead.
- b. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- c. Past service costs are recognised immediately in profit or loss.

C. Deposits

The Yuanta Group 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 Yuanta Group'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 Yuanta Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises 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' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised 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' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates.

(25) Classification of insurance contracts

- A. Insurance products should be classified according to IFRS 4, 'Insurance contracts'. The Company has to identify whether to assume components of an insurance contract including insurance risks and other risks with respect to the insurance products issued and make judgement on whether the components of an insurance contract are unbundled and separately measurable. In addition, the Company has to make judgement on whether the insurance products issued transfer insurance risk, whether transfer of insurance risk has commercial substance, and whether the transferred insurance risk is significant when performing significant insurance risk transfer tests. Result of such judgement will affect the classification of insurance contracts. Identification and unbundling of components of an insurance contract and classification of insurance products can affect the recognition of revenue, measurement of liabilities, and presentation of financial statements.
- B. An insurance contract is a contract under which the Yuanta Group accepts significant risk transferred from the policyholder by agreeing to compensate the policyholder if a future insured event adversely affects the policyholder, including reinsurance contracts with a transferrable significant risk held by the Yuanta Group. Non-insurance contracts (also called investment contracts), denote to insurance contracts with a nature of financial instruments that are exposed to financial risks but without significant transferred insurance risks. The definition of significant transferred risks employed by the Yuanta Group here refers to any event or incident that leads to the Yuanta Group's additional significant payment.
- C. Insurance policies which meet the definition of insurance contracts on initial recognition shall be classified as insurance contracts before all rights and obligations expire or mature, even if the insurance risks have been significantly reduced during the coverage period. However, insurance contracts with a nature of financial instruments shall be reclassified as insurance contracts, if significant insurance risks have been transferred to the Yuanta Group.
- D. Insurance contracts and investment contracts will be further classified depending on the discretionary participation feature. The discretionary participation feature is a contractual right to receive additional benefits rather than guaranteed benefits, and this kind of right will need to meet the following criteria at the same time:
- (A) additional benefits that are likely to be a significant portion of the total contractual benefits;
 - (B) the amount or timing of additional benefits is contractually at the discretion of the Yuanta Group; and
 - (C) additional benefits are contractually based on the performance of specified investment portfolio of the Yuanta Group.

(26) Insurance contracts

A. Recognition and measurement

For the Yuanta Group's insurance contracts and financial instruments with discretionary participation features, premium income and commission expense are recognised when premiums are collected and the underwritings are approved for initial policies, and when premiums are collected for renewal policies. Claim and policy benefits are recognised under profit and loss accounts as incurred. In addition, the Yuanta Group shall set aside various insurance liabilities.

Please refer to recognition basis for various insurance liabilities set out. Even though certain insurance contracts of the Yuanta Group do have a participation discretion feature and guarantee element, the Yuanta Group did not separately recognise but categorize the whole contract as a liability.

B. Liability adequacy test

The Yuanta Group performs liability adequacy test in accordance with IFRS 4, 'Insurance contracts'. The liability adequacy test is performed using the gross premium valuation based on the overall contracts of the whole entity in compliance with relevant regulations of The Actuarial Institute of The Republic Of China. The test is based on the comparison between carrying amount of insurance liability and current estimate of its future cash flow on each balance sheet date. The aforementioned liability adequacy test is conducted under the best possible assumption and discount the reward of the Yuanta Group's investment portfolio. If the test result shows that the liability is inadequate, the entire deficiency is recognised in profit or loss.

C. Reinsurance

With the classification of reinsurance contracts, the Yuanta Group assesses the agreements under the deposit accounting given that the objective insurance risks of reinsurance agreements are not transferred to the reinsured. Calculation of reinsurance standards for inwards and outwards, reinsurance commissions, reinsurance payments and reinsurance premiums should be managed by reinsurance contracts signed by other reinsurance companies and stated on a monthly basis.

The Yuanta Group evaluates whether privileges of reinsured, including reinsurance assets, claims recoverable from reinsurers and due from reinsurance and ceding companies are impaired on a regular basis. When objective evidence indicates that such option being exercised after the initial recognition will possibly lead to the Yuanta Group being unable to collect all receivables on the contract, and the impact of the receivables from reinsured can be reliably measured with regard to the aforementioned event. The provision for impairment loss shall be recognised to the extent that the recovered amounts are no greater than the reinsurance reserve asset of the aforementioned rights. Also, allowance for doubtful debt should be appropriately made for the non-recoverable amounts of claims recoverable from reinsurers, due from reinsurers and ceding companies.

(27) Non-discretionary participation feature investment contracts

Except that processes for insurance contracts are applicable for "investment contracts with a discretionary participation feature", for insurance contracts classified as investment contracts due to non-transferred objective risks, IFRS 9, "Financial Instruments: Recognition and Measurement" should be applied to "investment contract with no discretionary feature" regarding any of its accrued financial assets and liabilities. The consideration received or paid accordingly should be recognised as financial assets or liabilities instead of income or expenses according to what is commonly called "deposit accounting". If no financial assets or liabilities have been created, IFRS 15, "Revenue from contracts with customers" shall be applied.

(28) Provision basis for various insurance liabilities

All reserves of insurance contracts that the Yuanta Group recognised are based on "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises". The following various insurance liabilities reserves do not apply discount method other than reserve for policy benefit, liability adequacy reserve, and premium deficiency reserve with a coverage period over one year. Provision basis of various insurance liabilities reserves are as follows:

A. Unearned premium reserve

For effective contracts with a coverage period under one year, unearned premium reserve is provided based on various risk calculation for effective contracts yet to mature or covered risks yet to terminate in the coverage period; for casualty insurance with coverage period over one

year, unearned premium reserve is provided in accordance with Jin-Guan-Bao-Cai-Zi Letter No. 09902503922 “Supplementary Information on the Calculation of Unearned Premium Reserve and Earned Premium for Casualty Insurance with Coverage Period over One Year.”

B. Claims reserve

Claims reserves for health insurance, life insurance, and casualty insurance with a coverage period under one year are provided based on claim experience and expenses of various insurance types and are calculated with actuarial principles. Additionally, reserves are provided for “claims reported but not paid” and “claims incurred but not reported”. For “claims reported but not paid”, a reserve has been provided on an individual claim basis for each type of insurance.

For claims reserves for health insurance, life insurance, and annuity insurance with a coverage period over one year for “claims reported but not paid”, a reserve has been provided on an individual claim basis for each type of insurance.

C. Reserve for policy benefit

Long-term insurance contracts are recognised and calculated in conformity with related insurance regulations and based on the life chart of annuity specified within the calculation instructions when filing to competent authorities for each product, as well as the assumed interest rate for the calculation of policy reserves. The discount rate is based on the assumed interest rate for calculating policy reserves when filing to competent authorities for each insurance product.

D. Special reserve

(A) In particular for retention policies with coverage less than a year, special reserves include “catastrophe reserve” and “risk claim reserve”. Except for some reserves netting aside for regulatory purpose, special reserve, after deducting income tax, shall be recognised as special reserve under equity. Additional provision of special reserve and amounts written-off or recovered with respect to special reserve shall also be written-off or recovered from the special reserve which has been recognised under equity.

Risk claim reserve recovered from equity, net of tax (effective rate), shall all be set aside as special reserve following the resolution adopted at the shareholders’ meeting in the following year. Such special reserve shall neither be distributed as dividends nor used in other ways without proper approval.

(B) Profit and loss before tax (before dividends distribution) for the Yuanta Group’s participating life insurance should be assessed at each annual closing date in compliance with “The Method of Expense and Revenue Allocation to Participating and Non-participating Life Insurance”. “Special reserve-dividend payment reserve” should be recognised and written off at dividend declaration date. With negative balance of “special reserve-dividend payment reserve of participating insurance”, equal amount of “special reserve-dividend liability” should be recognised at the same time.

E. Premium deficiency reserve

Effective from 2001, if the issued premiums of life insurance, health insurance, and annuity insurance contract with a coverage period over one year are less than the net premium in compliance with regulation, the deficiency of subsequent periods should be recognised as premium deficiency reserve. In addition, potential claims and expenses are estimated for effective contracts yet to mature and injury insurance contracts with a coverage period over one year. If the assessed amount is more than unearned premium reserve and expected premium income, the insufficient amount should be recognised as premium deficiency reserve by product types.

F. Liability adequacy reserve

In accordance with IFRS 4, ‘Insurance Contracts’ and the regulations of The Actuarial Institute Of The Republic Of China, liability adequacy test is performed using the gross premium valuation based on all contracts of the Company. At each balance sheet date, liability adequacy

reserve is provided for all deficiency in net carrying amount and recognised in profit or loss, through comparison between the net carrying amounts of insurance liabilities less deferred acquisition cost and related intangible assets and the present value of estimated future cash flows of insurance contracts.

(29) Foreign exchange reserve

In accordance with the “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises”, the Yuanta Group set aside foreign exchange reserve under liabilities (recognised as provisions) with regard to the foreign investment assets held (excluding non-investment-linked life insurance product assets denominated in foreign currency). Treatments for accumulation limit of related reserves, method for provision or writing-off, and other binding matters shall be in compliance with “Guidelines for Foreign Exchange Reserve by Life Insurance Enterprises” and relevant regulations.

(30) 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 recognised in other comprehensive income or equity, and that related income taxes in the period are recognised in other comprehensive income or directly derecognised from equity, all the others should be recognised 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 recognised as deferred income tax. The temporary difference of the Yuanta Group 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 recognised as deferred income tax liabilities.

(C) If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realised 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred 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 realise the asset and settle the liability simultaneously. The Yuanta Group does not offset deferred income tax assets against liabilities taxed by different tax authorities.

(31) Share capital

If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

(32) 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 recognised as “interest income” and “interest expense” in the consolidated statement of comprehensive income.

(33) Net service fee and commission income

Income is recognised when the economic benefits are probable to flow into the Yuanta Group and can be reliably calculated. Details are as follows:

- A. Brokerage service fee income and other related expenses are recognised at the date of securities transaction.
- B. Underwriting service fee income and expenses are recognised on an accrual basis under the agreed terms.
- C. Stock agency income is recognised monthly based on the contract terms.
- D. Futures commission income is the commission charged to the assigned futures merchants for the assistance provided during futures trading and recognised on an accrual basis during the trading period.

(34) Investment-linked products

- A. In accordance with the Insurance Law and “Regulations Governing Investment-linked Products”, premiums from these products are deposited to a separate and independent account, net of expenses, and invested as stipulated under the contracts. This separate and independent account is managed independently from other assets of the Yuanta Group.
- B. The assets and liabilities of this independent account are classified under other assets and liabilities for investment-linked products, respectively, and revenues and expenses are classified under operating revenues and costs for investment-linked products, respectively. Revenues and expenses from investment-linked product, which meet the definition of insurance contracts under IFRS 4 should be recognised.
- C. The value of this independent account’s assets is determined based on the market price at the balance sheet date.
- D. The sales commission and fee income including pre-sale charge, policy and investment related charges received from the investment from the investment-linked life products are recognised as handling fee revenue. Service income derived from relevant expenses from policy holders, which belong to investment contracts and are classified as non-discretionary participation feature products, are the consideration of services provided by the Company during the specified period. If the service is not rendered during the period the premium is received, then the service income shall be recognised as “deferred handling fee income” and amortised using the straight-line method over the period the service is provided. Relevant additional costs, such as commission expenses and sales compensation, shall also be recognised as “deferred acquisition cost” and are amortised using the straight-line method to “Other non-interest income” based on the matching principle.

(35) Business combinations

- A. The Yuanta Group 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 Yuanta Group 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 recognised 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 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 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 recognised directly in profit or loss on the acquisition date.

(36) Operating segment report

The Yuanta Group's operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM").

Inter-segmental transactions are arm's length transactions, and gain and loss arising from such transactions are eliminated by the Yuanta Group 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 judgements, estimates and key sources of assumption uncertainty

The accounting policies, accounting assumptions and estimates have an impact on Yuanta Group'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 Yuanta Group's assumptions and estimates are the best assumptions based on IFRSs, and are continually evaluated and adjusted based on historical experience, the effect of Covid-19 and other factors. Certain accounting policies and management's judgements have significant impact on the recognised amounts in the consolidated financial statements are outlined below:

(1) Expected credit losses of bills discounted and loans

At each reporting date, the Yuanta Group assesses expected credit losses of bills discounted and loans after taking into consideration all reasonable and verifiable information (including forecasts.) 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. Please refer to Note 6(9) for the details of the total amount of discount and loans (including discount and premium adjustment) and allowance for accounts receivable as of December 31, 2022.

(2) Fair value valuation of unlisted stocks

Financial instruments with no active market or quoted price use valuation techniques 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 the market, the fair value of financial instrument 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 use only observable information as much as possible. Please refer to Note 12(2) for details of the carrying amount of unlisted financial assets at fair value through other comprehensive income as of December 31, 2022.

(3) Impairment assessment of goodwill

Yuanta Group assesses regularly the impairment of goodwill at the end of year. The recoverable amounts of related cash-generating units are determined based on value-in-use calculations. The calculations use estimate of expected future cash flows and discount rate. Please refer to Note 6(17)

for details of the assessment of goodwill impairment as of December 31, 2022.

(4) Insurance contract liabilities

The Company evaluates long-term insurance contract liabilities in compliance with “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises”. The assumptions of mortality rate, lapse rate, and discount rate are as follows: The mortality rate is based on Taiwan Standard Ordinary Experience Mortality Table. The lapse rate are based on the Company’s past experience, industry experience, and experience obtained from reinsurers. The discount rate is based on the interest rate of reserve for policy benefit from newly issued contracts and treated in compliance with calculation basis for insurance products and relevant regulations as approved by the competent authority. The above assumptions are locked-in during price setting in accordance with related regulations.

However, it is reasonably possible that changes in assumption from the competent authority may have an impact on gains, losses, or equity. The liability adequacy testing is conducted by discounting the Company’s overall return on investment under the best estimate on valuation date. If the test result shows that the liability is inadequate, the entire deficiency is recognised in expenses and losses in the period. If there is a change in the future best estimate assumption, incremental reserve for adverse movement in such assumption shall be made. Please refer to Note 6(26), for details of reserves of insurance liabilities as of December 31, 2022.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 8,717,834	\$ 7,372,807
Deposits in banks	63,687,758	66,887,071
Futures excess margin and cash equivalents	2,403,832	4,735,560
Checks for clearing	1,528,740	1,740,183
Total	<u>\$ 76,338,164</u>	<u>\$ 80,735,621</u>

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

	December 31, 2022	December 31, 2021
Reserve for deposits - account A	\$ 10,967,640	\$ 15,899,701
Reserve for deposits - account B	42,591,672	39,520,433
Deposits by foreign subsidiary to designated accounts of respective local central banks	3,192,805	2,258,756
Reserve for deposits	10,224,932	10,234,067
Call loans to banks	12,713,111	12,430,400
Total	<u>\$ 79,690,160</u>	<u>\$ 80,343,357</u>

A. Reserves for deposits placed with the 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. 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, 2022 and 2021.

C. Information relating to credit risk is provided in Note 12(3).

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Commercial paper	\$ 46,433,021	\$ 61,827,117
Beneficiary certificates / securities	41,201,887	48,402,870
Listed stocks	29,243,102	40,352,596
Emerging stocks	1,206,148	1,668,280
Government bonds	24,965,814	28,530,626
Bank debentures	88,580,934	102,569,797
Corporate bonds	37,739,641	88,225,853
Convertible corporate bonds	63,351,719	54,435,801
Derivative financial instruments	19,629,863	13,556,918
Structured products	10,662,464	1,964,315
Reserve for claims of customers' deposits with KSFC (Note 1)	52,617,228	76,340,247
Other marketable securities	17,674,966	5,641,320
Valuation adjustment	(13,249,405)	5,726,401
Total	<u>\$ 420,057,382</u>	<u>\$ 529,242,141</u>
Financial liabilities held for trading		
Derivative financial instruments	\$ 27,683,180	\$ 22,734,652
Non-derivative financial instruments	34,600,597	69,728,384
Valuation adjustment of financial liabilities held for trading — non- derivative financial instruments	(1,233,298)	5,391,115
Liabilities for issuance of ETNs	1,648,324	2,280,093
Financial liabilities designated as at fair value through profit or loss		
Structured products (Note 2)	48,482,434	39,668,565
Convertible bond asset swap not qualifying for derecognition (Note 2)	23,641,439	18,882,930
Total	<u>\$ 134,822,676</u>	<u>\$ 158,685,739</u>

Note 1: KSFC stands for Korea Securities Finance Corporation.

Note 2: Financial instruments designated as at fair value through profit or loss at initial recognition is for hybrid instruments, and in order to eliminate accounting inconsistency.

A. Please refer to Note 8 for details of the above financial assets at fair value through profit or loss pledged to others as collateral as of December 31, 2022 and 2021.

B. Financial assets to which the overlay approach is applied are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity instruments		
Domestic stocks	\$ 8,857,480	\$ 5,103,414
Overseas stocks	-	450,556
	<u>8,857,480</u>	<u>5,553,970</u>
Domestic beneficiary certificates	12,405,800	14,176,553
Overseas beneficiary certificates	1,069,798	2,933,485
	<u>\$ 22,333,078</u>	<u>\$ 22,664,008</u>

C. For financial assets to which the overlay approach is applied, the amounts of profit or loss reclassified to other comprehensive income are as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
(Loss) profit recognised in accordance with IFRS 9	(\$ 3,854,480)	\$ 893,237
Less: Profit that would have been recognised under IAS 39	(296,883)	(2,339,384)
Loss from adopting the overlay approach	(\$ 4,151,363)	(\$ 1,446,147)
Effects on income tax	(\$ 18,487)	\$ 27,761

D. Please refer to Note 6(38) for the amounts recognised 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>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Debt instruments		
Government bonds	\$ 66,141,036	\$ 58,516,422
Bank debentures	69,146,868	63,650,211
Corporate bonds	169,249,746	173,353,614
Commercial paper	27,282	71,422
Others	1,507,887	1,424,392
Valuation adjustment	(20,358,290)	(1,610,813)
Subtotal	<u>285,714,529</u>	<u>295,405,248</u>
Equity instruments		
Listed stocks	\$ 18,307,697	\$ 13,421,708
Unlisted stocks/Emerging stocks	4,614,049	4,527,870
Others	2,659,126	3,315,506
Valuation adjustment	28,416,152	23,036,430
Subtotal	<u>53,997,024</u>	<u>44,301,514</u>
Statutory deposits	-	(1,216,100)
Total	<u>\$ 339,711,553</u>	<u>\$ 338,490,662</u>

A. As of December 31, 2022 and 2021, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Yuanta Group has deposited government bonds with par value of \$0 and \$1,216,100, respectively in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.

- B. The Yuanta Group has elected to classify strategic equity investments not held for trading as financial assets at fair value through other comprehensive income. As of December 31, 2022 and 2021, the fair value of such investments were \$53,997,024 and \$44,301,514, respectively.
- C. For the years ended December 31, 2022 and 2021, the Yuanta Group sold the equity shares due to the structural changes in the industry and market interference and increase of uncertainties, in order to diversify risk, consider the asset allocation and adjust the investment portfolios. The fair value of such equity investments sold amounted to \$11,938,177 and \$22,797,024, and accumulated (losses) gains on disposal were (\$1,737,950) and \$224,355, respectively.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 3,454,906	\$ 7,782,193
Reclassified to retained earnings due to derecognition of accumulated gains or losses under the consideration of income tax	(\$ 1,697,795)	\$ 189,960
Dividend income recognised in profit or loss		
Held at end of period	\$ 2,184,882	\$ 1,668,877
Derecognised in the current period	522,203	692,198
	<u>\$ 2,707,085</u>	<u>\$ 2,361,075</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 20,072,583)	(\$ 4,262,861)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	(\$ 20,641)	(\$ 8,481)
Reclassified due to derecognition	875,576	(1,956,851)
	<u>\$ 854,935</u>	<u>(\$ 1,965,332)</u>
Interest income recognised in profit or loss	<u>\$ 3,820,155</u>	<u>\$ 3,378,764</u>

- E. Details of the Yuanta Group's financial assets at fair value through other comprehensive income pledged to others as collateral as of December 31, 2022 and 2021 are provided in Note 8.
- F. Information relating to credit risk is provided in Note 12(3).

(5) Investments in debt instruments at amortised cost

Items	December 31, 2022	December 31, 2021
Government bonds	\$ 118,653,300	\$ 110,721,492
Time deposits	173,075,000	198,696,885
Bank debentures	108,753,511	92,164,285
Corporate bonds	143,771,283	109,549,412
Subtotal	544,253,094	511,132,074
Less: Accumulated impairment	(163,379)	(148,842)
Statutory deposits	(3,560,400)	(2,344,300)
Total	\$ 540,529,315	\$ 508,638,932

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

	For the years ended December 31,	
	2022	2021
Interest income	\$ 11,551,810	\$ 9,452,715
Impairment loss	(14,397)	(3,336)
Gains on disposal	77,451	1,630,526
	\$ 11,614,864	\$ 11,079,905

B. The Yuanta Group sold certain financial assets at amortised cost for the years ended December 31, 2022 and 2021, due to factors such as considering pay back in advance, mandatorily redeemed by the issuer, increase in credit risk, exchange offer which was publicly purchased or individual and aggregated amount that is non-significant. The gain on disposal of investments in debt instruments at amortised cost were \$77,451 and \$1,630,526, respectively.

C. As of December 31, 2022 and 2021, pursuant to Article 141 of Insurance Act, an insurance enterprise shall deposit 15% of its registered paid-in capital with the national treasury as operating guarantee deposits. Yuanta Life of the Yuanta Group has deposited government bonds with par value of \$3,560,400 and \$2,344,300, respectively in the Central Bank as statutory operating guarantee deposits, which are recognised under other assets-net.

D. Details of the Yuanta Group's financial assets at amortised cost pledged to others as collateral as of December 31, 2022 and 2021, are provided in Note 8.

E. Information relating to credit risk is provided in Note 12(3).

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

	December 31, 2022	December 31, 2021
Bills and bonds purchased under resale agreement	\$ 94,073,224	\$ 46,454,964
Interest rate range	0.56%~5.90%	0.13%~4.00%
Contract resale amount	\$ 94,442,928	\$ 46,501,102
Bills and bonds payable under repurchase agreement	\$ 224,137,491	\$ 183,865,849
Interest rate range	0.45%~4.85%	-0.55%~3.00%
Contract repurchase amount	\$ 229,074,828	\$ 187,259,926

(7) Receivables – net

	December 31, 2022	December 31, 2021
Interest receivable	\$ 9,692,421	\$ 7,861,299
Receivable of securities		
business money lending	50,876,971	48,803,911
Factoring receivable	6,749,712	5,463,356
Margin loans receivable	84,058,674	120,197,206
Spot exchange receivable	2,006,360	168,239
Credit card receivable	8,883,926	8,339,888
Net exchange clearing		
receivable	6,110,052	11,619,438
Settlement price		
receivable	25,014,002	52,522,419
Securities sold receivable	4,511,972	3,508,149
Other receivables	6,447,984	7,298,067
Subtotal	204,352,074	265,781,972
Less: Allowance for		
credit losses	(2,010,082)	(2,078,612)
Total	<u>\$ 202,341,992</u>	<u>\$ 263,703,360</u>

A. The Yuanta Group recognised appropriate allowance for credit losses for receivables. For the years ended December 31, 2022 and 2021, details are provided in Note 12(3).

B. Margin loans receivable uses the securities purchased through financing by client as collateral. As of December 31, 2022 and 2021, the annual interest rates of Yuanta Securities and Yuanta Securities Finance were all 6.25%; the annual interest rates range of Yuanta Securities (Korea) were 7.00%~10.40% and 5.95%~9.75%; the annual interest rates range of Yuanta Securities (Hong Kong) were 0.25%~13.50% and 0.76%~12.88%, respectively; the annual interest rates range of Yuanta Securities (Indonesia) were all 16.00%~18.00%; the annual interest rates range of Yuanta Securities (Thailand) were 4.13%~4.50% and 3.85%~4.15%, respectively; the annual interest rates range of Yuanta Securities (Vietnam) were 6.79%~15.51% and 6.00%~12.00%, respectively.

(8) Assets held for sale

In order to improve the efficiency of asset utilization, Yuanta Bank approved the sale of its own real estate by the Board of Directors, and the relevant assets were reclassified to “assets held for sale”. After remeasuring the fair value less costs to sell, the balance of assets held for sale is \$81,469 and \$194,563 as of December 31, 2022 and 2021, respectively. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorised within level 2 in the fair value hierarchy. For the years ended December 31, 2022 and 2021, the Yuanta Group sold part of the assets held for sale, and the proceeds from disposal amounted to \$120,880 and \$67,000, respectively, and gain on disposal amounted to \$12,331 and \$4,957, respectively, and the reversal losses on asset impairment amounted to \$4,545 and \$12,163, respectively.

(9) Bills discounted and loans - net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bills discounted	\$ 10,663	\$ 52,595
Overdrafts	3,634	3,495
Short-term loans	130,844,368	76,386,151
Short-term loans secured	90,689,357	78,421,921
Medium-term loans	141,328,962	108,695,496
Medium-term loans secured	228,098,646	237,792,993
Long-term loans	4,823,525	5,846,989
Long-term loans secured	404,064,697	380,497,850
Import-export negotiations	37,855	42,043
Accounts receivable financing	489,648	369,409
Automatic policy loans	1,601,933	1,504,292
Life insurance policy loans	6,049,114	5,798,540
Loans transferred to non-performing loans	<u>1,513,972</u>	<u>2,100,281</u>
Subtotal	1,009,556,374	897,512,055
Less: Allowance for credit losses	(14,367,092)	(13,243,398)
Less: Adjustment for premium	<u>9,883</u>	<u>23,205</u>
Total	<u>\$ 995,199,165</u>	<u>\$ 884,291,862</u>

A. The Yuanta Group recognised the appropriate allowance for credit losses for the bills discounted and loans. For the details of changes in allowance for credit losses in relation to bills discounted and loans for the years ended December 31, 2022 and 2021, please refer to Note 12(3).

B. Classified by subsidiaries as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bills discounted and loans including adjustment for premium		
Yuanta Bank	\$ 990,145,956	\$ 875,442,970
Yuanta Securities	11,769,254	14,789,164
Yuanta Life	<u>7,651,047</u>	<u>7,303,126</u>
Subtotal	<u>1,009,566,257</u>	<u>897,535,260</u>
Allowance for credit losses		
Yuanta Bank	(\$ 13,400,050)	(\$ 12,320,067)
Yuanta Securities	(967,042)	(923,327)
Yuanta Life	<u>-</u>	<u>(4)</u>
Subtotal	<u>(14,367,092)</u>	<u>(13,243,398)</u>
Total	<u>\$ 995,199,165</u>	<u>\$ 884,291,862</u>

C. For the years ended December 31, 2022 and 2021, the Consolidated Company has recognised gain of \$5,985 and \$19,805, respectively, when derecognizing credit assets measured at amortised cost.

(10) Reinsurance contract assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Claims recoverable from reinsurers	\$ 640,013	\$ 589,641
Due from reinsurers and ceding companies	153,324	136,791
Reinsurance reserve assets		
ceded unearned premium reserve	436,945	457,017
ceded claims reserve	123,363	146,072
Overdue receivables	14,550	-
Total	<u>\$ 1,368,195</u>	<u>\$ 1,329,521</u>

(11) Investments accounted for under the equity method

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Associates:				
CR Yuanta Fund Management Company Limited	\$ 346,416	24.50%	\$ 337,265	24.50%
GC Investment Consultant (Shanghai) Co., Ltd.	22,324	100.00%	20,126	100.00%
Woori Asset Management Corp.	793,797	27.00%	751,041	27.00%
Polaris Ocean Private Equity Fund	-	-	75,719	3.26%
TONGYANG AGRI-FOOD INVESTMENT FUND II	72,028	40.74%	71,155	40.74%
IBKC-TONGYANG Growth 2013 Private Equity Fund	67,762	10.71%	136,660	10.71%
KVIC-Yuanta 2015 Overseas Advance Fund	162,026	44.00%	235,341	44.00%
2016 KIF-Yuanta ICT Venture Fund	74,120	16.67%	98,532	16.67%
Yuanta Secondary No.2 Fund	212,851	12.28%	191,683	12.28%
Yuanta Secondary No.3 Private Equity Fund	810,130	15.26%	576,228	15.26%
SJ-ULTRA V 1st FUND	29,014	34.48%	28,539	34.48%
Yuanta SPAC IV	-	-	1,092	0.54%
Yuanta-HPNT Private Equity Fund	4,838	0.09%	4,635	0.09%
Yuanta SPAC V	-	-	677	0.25%
Kiwoom-Yuanta 2019 Scale-up Fund	410,896	15.20%	277,222	15.20%
Yuanta SPAC VII	-	-	2,083	0.91%
Yuanta SPAC VIII	480	0.15%	457	0.15%

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Yuanta Innovative Job Creation Fund	\$ 189,764	22.73%	\$ 127,096	22.73%
Yuanta Quantum Jump No.1 Fund	86,292	12.50%	76,671	12.50%
Yuanta Great Unicorn No.1 Fund	116,684	17.65%	68,833	17.65%
Yuanta Innovative Growth MPE Fund	30,950	14.02%	34,539	14.02%
Yuanta SPAC IX	480	0.19%	-	-
Yuanta SPAC X	528	0.17%	-	-
Yuanta SPAC XI	24	4.17%	-	-
Yuanta SPAC XII	21	3.70%	-	-
Yuanta SPAC XIII	244	0.81%	-	-
Yuanta SPAC XIV	244	1.85%	-	-
	<u>\$ 3,431,913</u>		<u>\$ 3,115,594</u>	

The Yuanta Group's shares of the operating results in all individually immaterial associates are summarized below:

	For the years ended December 31,	
	2022	2021
Net gain for the period from continuing operations	\$ 191,645	\$ 493,848
Other comprehensive loss (net of tax)	(681)	(754)
(12) <u>Other financial assets - net</u>		
	December 31, 2022	December 31, 2021
Non-loans reclassified to non-performing loans	\$ 899,922	\$ 922,789
Less: Allowance for credit losses	(898,458)	(917,159)
	<u>1,464</u>	<u>5,630</u>
Purchase of claim receivable	1,814,911	1,834,995
Valuation adjustment on purchase of claim receivable	(22,158)	(21,729)
	<u>1,792,753</u>	<u>1,813,266</u>
Customer margin account	81,222,971	78,225,201
Investment-linked insurance product assets	30,353,012	30,724,969
Receivables from security lending	846,335	39,934
Others	264,238	144,592
Total	<u>\$ 114,480,773</u>	<u>\$ 110,953,592</u>

- A. Information relating to credit risk is provided in Note 12(3).
- B. The Yuanta Life of the Yuanta Group's investment-linked insurance products mainly comprise investments in products in relation to beneficiary certificate, variable universal life insurance and variable deferred annuities. As of December 31, 2022 and 2021, as well as for the years ended December 31, 2022 and 2021, details about the investment insurance products - separate accounts were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment – linked insurance		
product assets		
Cash in bank	\$ -	\$ 105
Financial assets at fair value		
through profit or loss	30,324,039	30,647,537
Other receivables	28,973	77,327
	<u>\$ 30,353,012</u>	<u>\$ 30,724,969</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment – linked insurance		
product liabilities		
Reserve for investment		
linked insurance product		
– insurance contract	\$ 6,694,344	\$ 6,085,939
– investment contract	23,636,016	24,578,809
Other payables	22,652	60,221
	<u>\$ 30,353,012</u>	<u>\$ 30,724,969</u>
	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2022</u>	<u>2021</u>
Revenue on investment – linked insurance		
products		
Premium income	\$ 2,245,009	\$ 4,488,703
(Loss) gain on financial assets at fair value		
through profit or loss	(1,063,657)	196,259
Exchange (loss) gain	(3,902)	706
Interest income	5,177	5,586
Other income	4,706	5,652
	<u>\$ 1,187,333</u>	<u>\$ 4,696,906</u>
Expenses on investment – linked insurance		
products		
Claims and policy benefit payments	\$ 256,216	\$ 281,736
Net change in reserve for investment-linked		
insurance product-insurance contract	604,504	4,173,607
Administrative expenses and other expenses	326,613	241,563
	<u>\$ 1,187,333</u>	<u>\$ 4,696,906</u>

(13) Investment property - net

December 31, 2022				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 2,113,291	\$ -	(\$ 201,558)	\$ 1,911,733
Buildings	1,926,328	(814,205)	(37,574)	1,074,549
Right-of-use assets	6,472,693	(278,194)	-	6,194,499
Investment property under construction	1,306,670	-	-	1,306,670
Total	<u>\$ 11,818,982</u>	<u>(\$ 1,092,399)</u>	<u>(\$ 239,132)</u>	<u>\$ 10,487,451</u>

December 31, 2021				
Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 2,449,532	\$ -	(\$ 211,282)	\$ 2,238,250
Buildings	2,437,410	(959,966)	(40,370)	1,437,074
Right-of-use assets	6,661,896	(280,734)	-	6,381,162
Investment property under construction	470,967	-	-	470,967
Prepayments for land and buildings	166,069	-	-	166,069
Total	<u>\$ 12,185,874</u>	<u>(\$ 1,240,700)</u>	<u>(\$ 251,652)</u>	<u>\$ 10,693,522</u>

Change in investment property of the Yuanta Group:

	For the years ended December 31,	
	2022	2021
Cost		
At January 1	\$ 12,185,874	\$ 13,084,181
Additions	729,114	297,016
Disposals	(1,107,928)	(415,297)
Transferred out to property and equipment	(244,192)	(967,166)
Transferred in from property and equipment	213,183	536,347
Others	(16,799)	-
Foreign exchange adjustment and others	59,730	(349,207)
At December 31	<u>\$ 11,818,982</u>	<u>\$ 12,185,874</u>

	For the years ended December 31,	
	2022	2021
Accumulated depreciation		
At January 1	(\$ 1,240,700)	(\$ 1,265,643)
Depreciation	(68,848)	(93,951)
Disposals	318,005	53,332
Transferred out to property and equipment	21,735	178,053
Transferred in from property and equipment	(13,336)	(110,930)
Others	2,687	-
Foreign exchange adjustment and others	(111,942)	(1,561)
At December 31	(\$ 1,092,399)	(\$ 1,240,700)
	For the years ended December 31,	
	2022	2021
Accumulated impairment		
At January 1	(\$ 251,652)	(\$ 260,254)
Reversal of impairment loss	10,901	19,387
Disposals	3,101	1,306
Transferred in from property and equipment	(1,482)	(12,091)
At December 31	(\$ 239,132)	(\$ 251,652)
A. The fair value of the investment property held by the Yuanta Group as of December 31, 2022 and 2021 were \$12,524,213 and \$12,506,439, respectively, according to the result of valuation by an independent valuation expert using the income approach, comparison approach, cost approach and land development analysis approach. As of December 31, 2022, the fair value included the amounts of \$3,252,372 and \$9,271,841 ; that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively. As of December 31, 2021, the fair value included the amounts of \$3,407,887 and \$9,098,552 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively.		
B. For the years ended December 31, 2022 and 2021, rental income from the lease of the investment property were \$169,032 and \$209,997, respectively.		
C. The Yuanta Group 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 \$3,120 and \$9,076 by decreasing lease liability and investment property - investment property under construction for the years ended December 31, 2022 and 2021, respectively.		
D. Please refer to Note 8 for details of the Yuanta Group’s investment property pledged to others as collateral.		

(14) Property and equipment - net

Change in property and equipment of the Yuanfa Group:

2022

Cost	Land and land improvements (Note)		Machinery and computer equipment		Transportation equipment		Miscellaneous equipment		Construction in progress and prepayments for business facilities		Total			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$				
At January 1	\$	15,095,745	\$	7,241,243	\$	4,033,225	\$	209,637	\$	1,738,942	\$	2,420,243	\$	30,739,035
Additions		-		462		553,427		9,898		176,964		1,598,331		2,339,082
Disposals	(	127,000)	(	228,253)	(	527,235)	(	13,973)	(	274,209)	(	19,941)	(	1,190,611)
Transferred in from investment property		196,614		47,578		-		-		-		-		244,192
Transferred out to investment property	(	180,708)	(	32,475)		-		-		-		-	(	213,183)
Others		-		-		108,045		1,449		132,015	(	235,413)		6,096
Translation difference		11,535		41,627		114,867		547		33,217		1,255		203,048
At December 31	\$	14,996,186	\$	7,070,182	\$	4,282,329	\$	207,558	\$	1,806,929	\$	3,764,475	\$	32,127,659
Accumulated depreciation														
At January 1	\$	-	(	2,223,653)	(	2,681,768)	(	128,225)	(	1,024,589)	\$	-	(	6,058,235)
Depreciation		-	(	203,589)	(	607,332)	(	26,099)	(	311,447)		-	(	1,148,467)
Disposals		-		115,296		525,609		10,954		267,893		-		919,752
Transferred in from investment property		-	(	21,735)		-		-		-		-	(	21,735)
Transferred out to investment property		-		13,336		-		-		-		-		13,336
Others		-		-		3,491		-		1,403		-		4,894
Translation difference		-	(	17,955)	(	96,635)	(	457)	(	29,318)		-	(	144,365)
At December 31	\$	-	(	2,338,300)	(	2,856,635)	(	143,827)	(	1,096,058)	\$	-	(	6,434,820)
Accumulated impairment														
At January 1	(	149,649)	(	62,269)	\$	-	\$	-	(	298)	\$	-	(	212,216)
Disposals		18,919		2,467		-		-		-		-		21,386
Transferred out to investment property	(	10)		1,492		-		-		-		-		1,482
At December 31	(	130,740)	(	58,310)	\$	-	\$	-	(	298)	\$	-	(	189,348)
Net carrying amount	\$	14,865,446	\$	4,673,572	\$	1,425,694	\$	63,731	\$	710,573	\$	3,764,475	\$	25,503,491

Note: A trust in Chang Hua Bank was set up in relation to the land, with a book value of \$3,447,759, due to the city renovation.

Cost	Land and land improvements			Buildings		Machinery and computer equipment		Transportation equipment		Miscellaneous equipment		Construction in progress and prepayments for business facilities		Total
	\$		\$	\$		\$		\$		\$		\$		
At January 1	\$	14,345,304	\$	8,482,180	\$	4,032,553	\$	200,392	\$	1,625,519	\$	2,096,887	\$	30,782,835
Additions		-		54,229		477,414		21,578		171,233		961,376		1,685,830
Disposals	(	77,976)	(	77,350)	(	492,414)	(	27,684)	(	296,107)	-	-	-	971,531)
Transferred in from investment property		618,575		348,591		-		-		-		-		967,166
Transferred out to investment property	(	331,297)	(	205,050)		-		-		-		-		536,347)
Others (Note)		583,258	(	1,206,451)		259,723		16,556		278,436	(	637,396)	(	705,874)
Translation difference	(	42,119)	(	154,906)	(	244,051)	(	1,205)	(	40,139)	(	624)	(	483,044)
At December 31	\$	15,095,745	\$	7,241,243	\$	4,033,225	\$	209,637	\$	1,738,942	\$	2,420,243	\$	30,739,035
Accumulated depreciation														
At January 1	\$	-	(	\$ 2,582,793)	(	2,805,951)	(	122,802)	(	1,081,973)	\$	-	(	\$ 6,593,519)
Depreciation		-	(	241,002)	(	574,858)	(	26,071)	(	255,918)		-	(	1,097,849)
Disposals		-		48,084		492,034		19,809		283,481		-		843,408
Transferred in from investment property		-	(	178,053)		-		-		-		-	(	178,053)
Transferred out to investment property		-		110,930		-		-		-		-		110,930
Others (Note)		-		558,154	(	4,928)	(	111)		175		-		553,290
Translation difference		-		61,027		211,935		950		29,646		-		303,558
At December 31	\$	-	(	\$ 2,223,653)	(	2,681,768)	(	128,225)	(	1,024,589)	\$	-	(	\$ 6,058,235)
Accumulated impairment														
At January 1	(	\$ 192,614)	(	\$ 66,387)	\$	-	\$	-	(	\$ 298)	\$	-	(	\$ 259,299)
Disposals		34,992		-		-		-		-		-		34,992
Transferred out to investment property		7,973		4,118		-		-		-		-		12,091
At December 31	(	\$ 149,649)	(	\$ 62,269)	\$	-	\$	-	(	\$ 298)	\$	-	(	\$ 212,216)
Net carrying amount	\$	14,946,096	\$	4,955,321	\$	1,351,457	\$	81,412	\$	714,055	\$	2,420,243	\$	24,468,584

Note: During the current period, an old building with a book value of \$628,436 (Cost:\$1,178,016 & Accumulated depreciation:\$549,580) was adjusted as addition to book value of the land due to the city renovation. A trust in Chang Hwa Bank was set up upon the land due to the city renovation.

In addition, another land with a book value of \$45,178 was transferred to assets held for sale.

Please refer to Note 8 for details of property and equipment pledged to others as collateral.

The Yunta Group set land and buildings which were classified as operating lease, and the assets belonging and not belonging to operating lease are as follows:
For the years ended December 31, 2022, no land or building was classified as operating lease.

	2021				
	Land		Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease
Cost					
At January 1	\$ 14,152,650	\$ 192,654	\$ 14,345,304	\$ 8,454,299	\$ 27,881
Additions	-	-	-	54,229	-
Disposals	(77,976)	-	(77,976)	(77,350)	-
Transferred in from investment property	618,575	-	618,575	348,591	-
Transferred out to investment property	(331,297)	-	(331,297)	(205,050)	-
Others (Note)	775,912	(192,654)	583,258	(1,178,570)	(27,881)
Translation difference	(42,119)	-	(42,119)	(154,906)	-
At December 31	\$ 15,095,745	\$ -	\$ 15,095,745	\$ 7,241,243	\$ -
Accumulated depreciation					
At January 1	\$ -	\$ -	\$ -	(2,578,035)	(4,758)
Depreciation	-	-	-	(240,971)	(31)
Disposals	-	-	-	48,084	-
Transferred in from investment property	-	-	-	(178,053)	-
Transferred out to investment property	-	-	-	110,930	-
Others (Note)	-	-	-	553,365	4,789
Translation difference	-	-	-	61,027	-
At December 31	\$ -	\$ -	\$ -	(2,223,653)	\$ -
Accumulated impairment					
At January 1	(\$ 192,614)	\$ -	(\$ 192,614)	(\$ 66,387)	(\$ -)
Disposals	34,992	-	34,992	-	-
Transferred out to investment property	7,973	-	7,973	4,118	-
At December 31	(\$ 149,649)	\$ -	(\$ 149,649)	(\$ 62,269)	(\$ -)
Net carrying amount	\$ 14,946,096	\$ -	\$ 14,946,096	\$ 4,955,321	\$ -

Note: During the current period, an old building with a book value of \$628,436 (Cost:\$1,178,016 & Accumulated depreciation:\$549,580) was adjusted as addition to book value of the land due to the city renovation. A trust in Chang Hwa Bank was set up upon the land due to the city renovation. In addition, another land with a book value of \$45,178 was transferred to assets held for sale.

(15) Leasing arrangements — lessee

- A. The Yuanta Group leases various assets including land, buildings, machinery and equipment, transportation equipment and miscellaneous equipment. Rental contracts are typically made for periods of 1 to 15 years. In addition, superficies bid from 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, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 8,642,912	\$ 8,768,519
Buildings	2,701,303	3,493,722
Machinery and equipment	92,732	133,924
Transportation equipment	33,979	15,000
Others	44,606	32,786
	<u>\$ 11,515,532</u>	<u>\$ 12,443,951</u>
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 19,925	\$ 19,642
Buildings	1,277,386	1,284,970
Machinery and equipment	45,334	50,659
Transportation equipment	13,539	13,765
Others	7,940	8,693
	<u>\$ 1,364,124</u>	<u>\$ 1,377,729</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets amounted to \$1,617,259 and \$1,073,448, 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>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 62,313	\$ 79,627
Expense on short-term lease contracts	86,575	79,550
Expense on leases of low-value assets	6,070	8,805
Gain on sublease of right-of-use assets	11,891	13,010
Gain (loss) on lease modification	133,135	(1,149)

- E. For the years ended December 31, 2022 and 2021, the Yuanta Group's total cash outflow for leases amounted to \$1,700,619 and \$1,451,051, respectively.

(16) Leasing arrangements – lessor

- A. The Yuanta Group leases various assets including buildings, equipment, parking lot and investment property under operating leasing. Rental contracts are typically made for periods of 1 and 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 Yuanta Group leases the equipment under a finance lease. Based on the terms of the lease contract, the ownership of the 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,	
	2022	2021
Finance income from the net investment in the finance lease	\$ 596	\$ 960

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

	December 31, 2022	December 31, 2021
2022	\$ -	\$ 8,463
2023	8,463	8,463
Total	\$ 8,463	\$ 16,926

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

	December 31, 2022	December 31, 2021
Undiscounted lease payments	\$ 8,463	\$ 16,926
Unearned finance income	(214)	(810)
Net investment in the lease	\$ 8,249	\$ 16,116

- E. For the years ended December 31, 2022 and 2021, the Yuanta Group recognised rent income in the amounts of \$169,073 and \$210,049, 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, 2022		December 31, 2021
2022	\$ 107,402	2022	\$ 124,552
2023	63,395	2023	55,446
2024	35,402	2024	26,750
2025	7,555	2025	14,574
2026	5,113	2026	2,269
After 2027	3,917	After 2027	5,344
Total	\$ 222,784	Total	\$ 228,935

(17) Intangible assets - net

Cost	2022					
	Goodwill (Note)	Operating rights	Computer software	Customer relationship	Others	Total
At January 1	\$ 31,483,298	\$ 384,009	\$ 4,574,763	\$ 3,045,314	\$ 4,317,864	\$ 43,805,248
Additions	-	-	332,568	-	4,297	336,865
Disposals	-	-	(120,707)	-	(1,276)	(121,983)
Reclassifications	-	-	105,663	-	-	105,663
Translation difference	13,515	1,463	187,428	-	46,921	249,327
At December 31	\$ 31,496,813	\$ 385,472	\$ 5,079,715	\$ 3,045,314	\$ 4,367,806	\$ 44,375,120
Accumulated amortisation						
At January 1	\$ -	\$ 373,041	\$ 3,807,101	\$ 3,038,126	\$ 2,338,021	\$ 9,556,289
Amortisation	-	(1,504)	(298,183)	(3,750)	(232,175)	(535,612)
Disposals	-	-	119,960	-	6	119,966
Reclassification	-	-	334	-	-	334
Translation difference	-	430	(167,355)	-	(2,450)	(170,235)
At December 31	\$ -	\$ 374,975	\$ 4,152,345	\$ 3,041,876	\$ 2,572,640	\$ 10,141,836
Accumulated impairment						
At January 1	(\$ 2,886,663)	\$ -	\$ -	\$ -	\$ 316,015	(\$ 3,202,678)
Impairments (Note)	(64,077)	-	-	-	-	(64,077)
Translation difference	(5,909)	-	-	-	(712)	(6,621)
At December 31	(\$ 2,956,649)	\$ -	\$ -	\$ -	\$ 316,727	(\$ 3,273,376)
Net carrying amount	\$ 28,540,164	\$ 10,497	\$ 927,370	\$ 3,438	\$ 1,478,439	\$ 30,959,908

Note : Goodwill impairment loss of the Yuanta Securities's subsidiary - reinvestment department (Vietnam) amounting to \$64,077 was recognized due to its recoverable amount being less than its carrying amount after assessment.

2021

Cost	Goodwill					
	(Note 1)	Operating rights	Computer software	Customer relationship	Others	Total
At January 1	\$ 31,494,708	\$ 384,488	\$ 4,683,272	\$ 3,045,314	\$ 4,413,907	\$ 44,021,689
Additions	-	-	238,906	-	1,704	240,610
Disposals	-	-	(109,313)	-	(2,146)	(111,459)
Reclassifications	-	-	206,213	-	-	206,213
Translation difference	(11,410)	(479)	(444,315)	-	(95,601)	(551,805)
At December 31	\$ 31,483,298	\$ 384,009	\$ 4,574,763	\$ 3,045,314	\$ 4,317,864	\$ 43,805,248
Accumulated amortisation						
At January 1	\$ -	\$ 371,541	\$ 4,085,009	\$ 3,034,376	\$ 2,111,719	\$ 9,602,645
Amortisation	-	(1,641)	(247,032)	(3,750)	(232,537)	(484,960)
Disposals	-	-	109,313	-	4	109,317
Reclassifications	-	-	(180)	-	-	(180)
Translation difference	-	141	415,807	-	6,231	422,179
At December 31	\$ -	\$ 373,041	\$ 3,807,101	\$ 3,038,126	\$ 2,338,021	\$ 9,556,289
Accumulated impairment						
At January 1	\$ 2,888,924	\$ -	\$ -	\$ -	\$ 31,472	\$ 2,920,396
Impairment loss (Note 1, 2)	(6,273)	-	-	-	(286,526)	(292,799)
Translation difference	8,534	-	-	-	1,983	10,517
At December 31	\$ 2,886,663	\$ -	\$ -	\$ -	\$ 316,015	\$ 3,202,678
Net carrying amount	\$ 28,596,635	\$ 10,968	\$ 767,662	\$ 7,188	\$ 1,663,828	\$ 31,046,281

Note 1: Goodwill impairment loss of the Yunta Securities's subsidiary - reinvestment department (Thailand) amounting to \$6,273 was recognized due to its recoverable amount being less than its carrying amount after assessment.

Note 2: Due to the COVID-19 pandemic and the political and economic uncertainty and risk in China, Hong Kong and Macau, the operating conditions differed from expectations. An intangible asset impairment of the Yunta Bank's and its subsidiaries' - international finance department amounting to \$286,526 was recognized due to its recoverable amount being less than its carrying amount.

(18) Other assets - net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refundable deposits - net	\$ 6,313,415	\$ 2,951,966
Deposits on securities borrowed	25,663,435	54,416,318
Operating guarantee deposits and settlement and clearing fund	5,188,796	5,154,440
Prepayments	1,013,577	734,207
Bank deposits - amounts held for settlement	20,495,962	23,207,687
Others	368,271	403,201
Total	<u>\$ 59,043,456</u>	<u>\$ 86,867,819</u>

Please refer to Note 8 for details of the Yuanta Group's other assets pledged to others as collateral.

(19) Impairment of non-financial assets

As of December 31, 2022 and 2021, accumulated impairment on various non-financial assets were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment property	\$ 239,132	\$ 251,652
Property and equipment	189,348	212,216
Intangible assets - goodwill	2,956,649	2,886,663
Intangible assets - other	316,727	316,015

(20) Deposits from Central Bank and other banks

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Overdrafts with other banks	\$ 1,923,082	\$ 3,303,101
Call loans from other banks	36,684,013	17,214,445
Redeposit from the directorate general of postal remittance	-	5,106,578
Total	<u>\$ 38,607,095</u>	<u>\$ 25,624,124</u>

(21) Commercial paper payable - net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ 47,963,211	\$ 50,022,000
Less: Discount on commercial paper payable	(127,141)	(38,498)
Total	<u>\$ 47,836,070</u>	<u>\$ 49,983,502</u>

As of December 31, 2022 and 2021, the annual interest rate of commercial paper payable were 0.950%~5.990% and 0.318%~2.220%, respectively.

The commercial promissory notes mentioned above are all underwritten and issued by bill finance companies or banks.

(22) Payables

	December 31, 2022	December 31, 2021
Accounts payable	\$ 76,475,038	\$ 103,993,938
Spot exchange payable	2,009,705	166,763
Accrued expenses	10,136,916	14,153,609
Deposit payable for short sales	10,153,978	9,283,971
Consigned securities payable	4,493,450	9,245,192
Net exchange clearing payable	3,335,104	2,117,559
Securities purchased payable	3,133,408	2,251,618
Settlement payable	23,618,346	55,023,049
Guarantee deposit received from short sales	11,091,743	8,268,651
Other payables	9,578,875	9,978,644
Total	<u>\$ 154,026,563</u>	<u>\$ 214,482,994</u>

(23) Deposits and remittances

	December 31, 2022	December 31, 2021
Checking deposits	\$ 6,041,755	\$ 6,157,430
Demand deposits	180,320,808	237,158,129
Time deposits	380,133,262	284,414,524
Negotiable certificates of deposit	4,694,000	7,834,000
Savings deposits	836,179,477	839,343,186
Remittances	72,197	94,770
The account for foreign exchange credit purposes	-	344
Total	<u>\$ 1,407,441,499</u>	<u>\$ 1,375,002,383</u>

(24) Bonds payable

	December 31, 2022	December 31, 2021
Bank debentures	\$ 28,700,000	\$ 22,200,000
Unsecured corporate bonds	73,787,542	60,339,085
Total	<u>\$ 102,487,542</u>	<u>\$ 82,539,085</u>

A. The details of bank debentures as of December 31, 2022 were as follows:

	First issue of subordinate bank debentures in 2014(B)
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

	Third issue of perpetual non-cumulative subordinate bank debentures in 2015
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 issue of subordinate bank debentures in 2015
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
	Fifth issue of perpetual non-cumulative subordinate bank debentures in 2015
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
	First issue of subordinate bank debentures in 2021
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 0.67%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Second issue of general bank debentures in 2021
Par value	\$500,000
Stated interest rate	Fixed interest rate at 0.45%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	First issue of general bank debentures in 2022
Par value	\$2,000,000
Stated interest rate	Fixed interest rate at 0.77%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Second issue of subordinate bank debentures in 2022
Par value	\$3,700,000
Stated interest rate	Fixed interest rate at 2.40%
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 issue of subordinate bank debentures in 2022(A)
Par value	\$900,000
Stated interest rate	Fixed interest rate at 2.40%
Period	Eight years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Third issue of subordinate bank debentures in 2022(B)
Par value	\$1,900,000
Stated interest rate	Fixed interest rate at 2.55%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
B. The details of unsecured corporate bonds as of December 31, 2022 were as follows:	
The Company	
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2016(C)
Par value	\$8,000,000
Stated interest rate	Fixed interest rate at 1.00%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(A)
Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.86%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2018(B)
Par value	\$8,500,000
Stated interest rate	Fixed interest rate at 0.96%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Half of principal will be repaid in the sixth and seventh years
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2020
Par value	\$5,000,000
Stated interest rate	Fixed interest rate at 0.59%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2022
Par value	\$5,300,000
Stated interest rate	Fixed interest rate at 0.85%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date
	Yuanta Financial Holdings second issue of local unsecured normal corporate bond in 2022
Par value	\$8,200,000
Stated interest rate	Fixed interest rate at 1.55%
Period	Five years
Interest payment date	Payable annually
Term of principal payment	Half of principal will be repaid in the forth and fifth years
Issue price	Priced at face value on issue date

The Yuanta Group

Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2019(A)	
Par value	\$2,200,000
Stated interest rate	Fixed interest rate at 1.25%
Issuance date	June 6, 2019
Maturity date	June 6, 2026
Issuance area	Taiwan
Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2019(B)	
Par value	\$6,300,000
Stated interest rate	Fixed interest rate at 1.40%
Issuance date	June 6, 2019
Maturity date	June 6, 2029
Issuance area	Taiwan
Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2020(A)	
Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	October 20, 2020
Maturity date	October 20, 2027
Issuance area	Taiwan
Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2020(B)	
Par value	\$3,700,000
Stated interest rate	Fixed interest rate at 0.95%
Issuance date	October 20, 2020
Maturity date	October 20, 2030
Issuance area	Taiwan
Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2021(A)	
Par value	\$4,800,000
Stated interest rate	Fixed interest rate at 0.82%
Issuance date	May 17, 2021
Maturity date	May 17, 2031
Issuance area	Taiwan
Yuanta Securities first issue of unsecured subordinate normal corporate bond in 2021(B)	
Par value	\$5,200,000
Stated interest rate	Fixed interest rate at 1.02%
Issuance date	May 17, 2021
Maturity date	May 17, 2036
Issuance area	Taiwan

	Yuanta Securities Finance first issue of local unsecured normal corporate bond in 2020(A)
Par value	\$2,300,000
Stated interest rate	Fixed interest rate at 0.63%
Issuance date	May 6, 2020
Maturity date	May 6, 2025
Issuance area	Taiwan
	Yuanta Securities Finance first issue of local unsecured normal corporate bond in 2020(B)
Par value	\$2,700,000
Stated interest rate	Fixed interest rate at 0.67%
Issuance date	May 6, 2020
Maturity date	May 6, 2027
Issuance area	Taiwan
	Yuanta Securities (Korea) 87th issue of unsecured normal corporate bond
Par value	KRW 150,000,000 thousands
Stated interest rate	Fixed interest rate at 1.707%
Issuance date	April 8, 2021
Maturity date	April 8, 2024
Issuance area	Korea
	Yuanta Securities (Korea) 88th issue of unsecured normal corporate bond
Par value	KRW 150,000,000 thousands
Stated interest rate	Fixed interest rate at 4.215%
Issuance date	April 12, 2022
Maturity date	April 11, 2025
Issuance area	Korea
	Yuanta Futures first issue of unsecured subordinate normal corporate bond in 2021
Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	November 12, 2021
Maturity date	November 12, 2028
Issuance area	Taiwan

(25) Other borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Short-term borrowings		
Unsecured bank borrowings	\$ 8,457,322	\$ 8,550,186
Secured bank borrowings	4,930,967	4,586,309
KSFC secured borrowings	22,144,885	28,472,259
Asset-backed short-term bonds	12,927,025	18,389,446
	<u>\$ 48,460,199</u>	<u>\$ 59,998,200</u>
Interest rate range	<u>1.69%~10.40%</u>	<u>0.65%~7.90%</u>

The Yuanta Group has provided certain assets as pledged assets for the above loans, please refer to Note 8 for details.

(26) Liabilities reserve

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Insurance liabilities	\$ 350,428,059	\$ 325,120,319
Reserve for foreign exchange fluctuation	3,988,784	333,427
Employee benefit liabilities reserve	4,553,279	6,728,135
Guaranteed policy reserve	177,637	133,858
Loan commitment reserve and letters of credit	37,202	39,756
Reserve for insurance with nature of financial instrument	130,855	58,139
Other reserves (Note)	4,360,809	3,928,624
Total	<u>\$ 363,676,625</u>	<u>\$ 336,342,258</u>

Note: In relation to the complaints filed by investors with the competent authority of Korea for disputes arising from the sale of financial products issued by affiliates of the Tong Yang Group by former TongYang Securities Inc. (currently Yuanta Securities (Korea)), the competent authority of Korea has since July 31, 2014 announced the results of the first mediation through the tenth mediation, concluding that the amount of improper sale was KRW697,000 million (approximately \$17 billion); of which former TongYang Securities Inc. was liable for compensations totaling KRW67,678 million (approximately \$1.6 billion). From the end of September 2014, TongYang Securities Inc. has commenced paying compensations to clients other than a few clients who disagreed with the above-mentioned mediated results and filed the complaints. In addition, as of December 31, 2022, there were 2 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned financial product selling disputes, with the claim amount of KRW492,565 million (approximately \$12 billion) (which claim amount was reduced to KRW113,007 million (approximately \$2.8 billion) by the plaintiffs) and KRW50,000 million (approximately \$1.2 billion), respectively, demanding compensations totaling KRW163,007 million (approximately \$4 billion); both litigations were class actions. For the class action with the claim amount of KRW492,565 million, the Seoul High Court ruled on October 28, 2019 that the relevant formal requirements of the class action (such as commonality and efficiency) were met and thus the procedural application for this class action should be permitted. Then the Supreme Court dismissed the appeal of Yuanta Securities (Korea), so that the case would be reviewed in substance. The plaintiffs reduced the claim amount to KRW113,516 million (approximately \$2.8 billion) on November 16, 2022. The Seoul Central District Court dismissed the plaintiffs' claim on January 19, 2023. The plaintiffs appealed the case on February 9, 2023 with the claim amount of KRW113,007 million. For the class action with the claim amount of KRW50,000 million, the Seoul Central District Court and the Seoul High Court had dismissed the case based on procedural reasons and the plaintiffs filed an appeal on October 22, 2018 for the review of the third instance.

Former TongYang Securities Inc. has recognised a liability reserve of KRW93,400 million (approximately \$2.3 billion) on December 31, 2013 for the aforementioned sales dispute. Other than adjustments made for actual compensation payments, former TongYang Securities Inc., after comprehensively considering the status of litigations and compensations, has reversed KRW 24,358 million (approximately \$0.6 billion) in liability reserves as of December 31, 2022. As of December 31, 2022, the balance of the liability reserve related to the aforementioned financial product selling disputes was KRW9,833 million (approximately

\$0.2 billion).

In addition, there is an arbitration award issued for a dispute where, Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (now known as Dajia Life Insurance Co., Ltd., collectively, “Anbang”) filed an arbitration counterclaim in Hong Kong against Yuanta Securities (Korea) and four other sellers in June 2017 based on the share purchase agreement with respect to Tong Yang Life Insurance Co., Ltd. The International Court of Arbitration of International Chamber of Commerce (ICC) made an arbitration award in August 2020, ruling that the sellers shall pay Anbang compensation amounting to KRW 166,600 million (approximately \$4.1 billion) as well as relevant expenses and the accrued interests at the estimated amount of KRW 46,025 million as of December 31, 2022 (approximately \$1.1 billion). Yuanta Securities (Korea) received a correction of arbitration award in January 2021, which has no impact on the above results. Anbang then applied to Seoul Central District Court for recognizing and enforcing the arbitration award. Yuanta Securities (Korea) received the court’s decision on December 17, 2021 which recognised the arbitration award and allowed Anbang to enforce the arbitration award up to the amount of KRW 131,801 million (approximately \$3.2 billion) plus subsequent interests payable. Yuanta Securities (Korea) and Anbang both appealed the court decision. The appellate court is now reviewing the appeals. Yuanta Securities (Korea) has recognised provision liabilities in the amount of approximately KRW 147,136 million (approximately \$3.6 billion). However, the actual compensation amount to be borne by Yuanta Securities (Korea) might change due to the subsequent legal actions.

In addition, as of December 31, 2022, Yuanta Securities (Korea) recognised provision liabilities amounting to KRW 10,452 million (approximately \$0.3 billion) for the delay in the redemption of certain funds sold by it after considering compensation that had been granted by the Financial Dispute Settlement Committee in cases relating to the sale of relevant funds by other financial institutions in the same industry.

A. The components of insurance liabilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unearned premium reserve	\$ 1,053,928	\$ 979,625
Claims reserve	1,489,530	1,177,187
Reserve for policy benefit	343,632,568	318,623,335
Special reserve	235,057	-
Premium deficiency reserve	691,773	819,935
Other reserves	<u>3,325,203</u>	<u>3,520,237</u>
Total	<u>\$ 350,428,059</u>	<u>\$ 325,120,319</u>

(A) Unearned premium reserve and ceded unearned premium reserve

a. Details of unearned premium reserve and ceded unearned premium reserve are as follows:

December 31, 2022			
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,581	\$ -	\$ 1,581
Personal accident insurance	308,611	-	308,611
Personal health insurance	544,039	-	544,039
Group insurance	196,716	-	196,716
Investment-linked insurance	2,981	-	2,981
	<u>\$ 1,053,928</u>	<u>\$ -</u>	<u>\$ 1,053,928</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 260,583	\$ -	\$ 260,583
Personal accident insurance	392	-	392
Personal health insurance	174,198	-	174,198
Group insurance	1,127	-	1,127
Investment-linked insurance	645	-	645
	<u>\$ 436,945</u>	<u>\$ -</u>	<u>\$ 436,945</u>
December 31, 2021			
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,895	\$ -	\$ 1,895
Personal accident insurance	285,511	-	285,511
Personal health insurance	495,278	-	495,278
Group insurance	194,471	-	194,471
Investment-linked insurance	2,470	-	2,470
	<u>\$ 979,625</u>	<u>\$ -</u>	<u>\$ 979,625</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 284,483	\$ -	\$ 284,483
Personal accident insurance	766	-	766
Personal health insurance	169,141	-	169,141
Group insurance	1,764	-	1,764
Investment-linked insurance	863	-	863
	<u>\$ 457,017</u>	<u>\$ -</u>	<u>\$ 457,017</u>

b. Change in unearned premium reserve and ceded unearned premium reserve are as follows:

		For the years ended December 31,	
		2022	2021
Unearned premium reserve			
At January 1	\$	979,625	\$ 795,764
Provision		1,053,928	979,625
Recovery	(	979,625)	(795,764)
At December 31	\$	<u>1,053,928</u>	\$ <u>979,625</u>
		For the years ended December 31,	
		2022	2021
Ceded unearned premium reserve			
At January 1	\$	457,017	\$ 547,152
Current net change	(	21,744)	(89,732)
Gain (loss) on foreign exchange		1,672	(403)
At December 31	\$	<u>436,945</u>	\$ <u>457,017</u>

(B) Claims reserve and ceded claims reserve

a. Details of claims reserve and ceded claims reserve are as follows:

		December 31, 2022		
		Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve				
Personal life insurance	\$	634,012	\$ 976	\$ 634,988
Personal accident insurance		7,400	22,259	29,659
Personal health insurance		515,668	206,599	722,267
Group insurance		2,844	94,305	97,149
Investment-linked insurance		5,467	-	5,467
	\$	<u>1,165,391</u>	\$ <u>324,139</u>	\$ <u>1,489,530</u>
Ceded claims reserve				
Personal life insurance	\$	43,135	\$ -	\$ 43,135
Personal accident insurance		3	-	3
Personal health insurance		80,225	-	80,225
	\$	<u>123,363</u>	\$ <u>-</u>	\$ <u>123,363</u>

December 31, 2021			
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 548,865	\$ 576	\$ 549,441
Personal accident insurance	6,630	47,491	54,121
Personal health insurance	378,540	159,488	538,028
Group insurance	3,369	20,745	24,114
Investment-linked insurance	11,460	23	11,483
	<u>\$ 948,864</u>	<u>\$ 228,323</u>	<u>\$ 1,177,187</u>
Ceded claims reserve			
Personal life insurance	\$ 56,121	\$ -	\$ 56,121
Personal accident insurance	7	-	7
Personal health insurance	89,944	-	89,944
	<u>\$ 146,072</u>	<u>\$ -</u>	<u>\$ 146,072</u>

b. Change in claims reserve and ceded claims reserve are as follows:

For the years ended December 31,			
	2022	2021	
Claims reserve			
At January 1	\$ 1,177,187	\$ 802,204	
Provision (Note)	1,487,914	1,177,228	
Recovery	(1,177,187)	(802,204)	
Gain (loss) on foreign exchange	1,616	(41)	
At December 31	<u>\$ 1,489,530</u>	<u>\$ 1,177,187</u>	
For the years ended December 31,			
	2022	2021	
Ceded claims reserve			
At January 1	\$ 146,072	\$ 78,261	
Current net change	(22,924)	67,811	
Gain on foreign exchange	215	-	
At December 31	<u>\$ 123,363</u>	<u>\$ 146,072</u>	

Note: The provision of claims incurred but not reported in 2022 and 2021 amounted to \$324,139 and \$228,322, respectively.

(C) Reserve for policy benefit

a. Details of reserve for policy benefit are as follows:

December 31, 2022			
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 312,022,943	\$ -	\$ 312,022,943
Health insurance	31,050,423	-	31,050,423
Annuity insurance	4,377	384,754	389,131
Investment-linked insurance	66,116	-	66,116
	<u>\$ 343,143,859</u>	<u>\$ 384,754</u>	<u>343,528,613</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			53,672
Total			<u>\$ 343,632,568</u>

December 31, 2021			
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 289,739,839	\$ -	\$ 289,739,839
Health insurance	28,345,518	-	28,345,518
Annuity insurance	5,642	367,957	373,599
Investment-linked insurance	55,063	-	55,063
	<u>\$ 318,146,062</u>	<u>\$ 367,957</u>	<u>318,514,019</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			59,033
Total			<u>\$ 318,623,335</u>

b. Changes in reserve for policy benefit:

	For the years ended December 31,	
	2022(Note 1)	2021(Note 2)
At January 1	\$ 318,611,643	\$ 298,418,335
Provision	39,802,038	38,860,051
Recovery	(20,577,862)	(17,476,729)
Gain or loss on foreign exchange	5,782,832	(1,190,014)
At December 31	<u>\$ 343,618,651</u>	<u>\$ 318,611,643</u>

Note 1: For the year ended December 31, 2022, "Reserve for policy benefit-payables to the insured" is \$13,917. As of December 31, 2022, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$343,632,568.

Note 2: For the year ended December 31, 2021, "Reserve for policy benefit-payables to the insured" is \$11,692. As of December 31, 2021, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$318,623,335.

For the years ended December 31, 2022 and 2021, the interest expense, reflecting on the contract liabilities over a period of time, were \$8,398,948 and \$8,011,250, respectively.

(D) Special Reserve

a. Details of special reserve are as follows:

	December 31, 2022	December 31, 2021
Dividend payment reserve	\$ 235,057	\$ -
b. Change in special reserve:		
	December 31, 2022	December 31, 2021
At January 1	\$ -	\$ -
Provision	235,057	-
At December 31	\$ 235,057	\$ -

(E) Premium deficiency reserve

a. Details of premium deficiency reserve are as follows:

	December 31, 2022		
	Insurance contract	Financial instruments with discretionary participation features	Total
Personal life insurance	\$ 671,073	\$ -	\$ 671,073
Personal health insurance	20,700	-	20,700
Total	\$ 691,773	\$ -	\$ 691,773
	December 31, 2021		
	Insurance contract	Financial instruments with discretionary participation features	Total
Personal life insurance	\$ 801,535	\$ -	\$ 801,535
Personal health insurance	18,400	-	18,400
Total	\$ 819,935	\$ -	\$ 819,935

b. Change in premium deficiency reserve:

	For the years ended December 31,	
	2022	2021
At January 1	\$ 819,935	\$ 1,129,185
Provision	(37,676)	(135,213)
Recovery	(137,925)	(157,481)
Gain or loss on foreign exchange	47,439	(16,556)
At December 31	\$ 691,773	\$ 819,935

(F) Other reserves

Pursuant to IFRS 3, 'Business combinations', other reserves are set aside for reflecting the fair value of insurance policies assumed while recognising the individual identifiable assets acquired and liabilities assumed at fair value. Changes in aforesaid other reserves are as follows:

	For the years ended December 31,	
	2022	2021
At January 1	\$ 3,520,237	\$ 3,713,616
Recovery	(195,034)	(193,379)
At December 31	\$ 3,325,203	\$ 3,520,237

B. Reserve for foreign exchange fluctuation

(A) In accordance with the “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises”, the Yuanta Group set aside foreign exchange reserve under liabilities. Details are as follows:

	For the years ended December 31,	
	2022	2021
At January 1	\$ 333,427	\$ 714,669
Provision		
Compulsory provision	323,370	267,161
Additional provision	5,653,869	491,344
Subtotal	6,310,666	1,473,174
Recovery	(2,321,882)	(1,139,747)
At December 31	<u>\$ 3,988,784</u>	<u>\$ 333,427</u>

The Yuanta Group provided additional reserve for changes in foreign exchange valuation amounting to \$300,000 in accordance with the Directions for the Setting Aside of Foreign Exchange Valuation Reserve by Life Insurance Enterprises as approved by the FSC, Jin-Guan-Bao-Sho-Zi Letter No. 1100422768 dated June 23, 2021.

(B) Effect of accounts eligible or ineligible for the foreign exchange reserve on the consolidated financial statements of the Yuanta Group for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 4,300,802	\$ 1,376,517	(\$ 2,924,285)
Earnings per share (in dollars)	1.81	0.58	(1.23)
Reserve for foreign exchange fluctuation	-	3,988,784	3,988,784
Total equity	26,059,838	22,853,504	(3,206,334)

	For the year ended December 31, 2021		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 1,769,295	\$ 2,074,289	\$ 304,994
Earnings per share (in dollars)	0.75	0.87	0.12
Reserve for foreign exchange fluctuation	-	333,427	333,427
Total equity	29,516,915	29,234,866	(282,049)

C. Reserves for insurance contract with the nature of financial products

The Yuanta Group issued non-discretionary participation feature financial instruments. Reserve for insurance contract with the nature of financial products recognised on December 31, 2022 and 2021 and the movements are listed below:

	December 31, 2022	December 31, 2021
Investment-linked insurance	<u>\$ 130,855</u>	<u>\$ 58,139</u>

	For the years ended December 31,	
	2022	2021
At January 1	\$ 58,139	\$ -
Net provision of statutory reserve	72,716	58,139
At December 31	<u>\$ 130,855</u>	<u>\$ 58,139</u>

(27) Employee benefit liabilities reserve

A. Defined benefit plans:

(A) The Company and its domestic subsidiaries have 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 45~61 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 Yuanta Group also established a special retention compensation plan applicable to certain employees. Except for Yuanta Securities Finance contributing retirement fund by 8% of the employees' monthly salaries and wages, the Yuanta Group 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 Yuanta Group 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 Yuanta Group will make contributions to cover the deficit by next March. Yuanta Securities (Korea) and its subsidiary have a defined benefit plan or a defined contribution plan in accordance with the relevant laws and regulations applied by the local Korean government. Yuanta Securities Investment Trust obtained the approval letter no. 1106083936 and no. 1116069917 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2021 to August 2023.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 7,547,604	\$ 8,797,853
Faire value of plan assets	(3,247,439)	(2,295,805)
	4,300,165	6,502,048
Prepaid pension cost	59,486	39,562
Net defined benefit laibilities	<u>\$ 4,359,651</u>	<u>\$ 6,541,610</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2022			
Balance at January 1,	\$ 8,797,853	(\$ 2,295,805)	\$ 6,502,048
Current service cost	353,722	-	353,722
Interest expense (income)	103,001	(16,885)	86,116
Settlement loss	-	905	905
	<u>9,254,576</u>	<u>(2,311,785)</u>	<u>6,942,791</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	4,788	(143,597)	(138,809)
Change in demographic assumptions	41,897	-	41,897
Change in financial assumptions	(411,226)	-	(411,226)
Experience adjustment	(852,997)	(1,379)	(854,376)
	<u>(1,217,538)</u>	<u>(144,976)</u>	<u>(1,362,514)</u>
Pension fund contribution	-	(1,215,696)	(1,215,696)
Paid pension	(614,013)	434,009	(180,004)
Translation difference	124,579	(8,991)	115,588
Balance at December 31,	<u>\$ 7,547,604</u>	<u>(\$ 3,247,439)</u>	<u>\$ 4,300,165</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2021			
Balance at January 1,	\$ 8,601,044	(\$ 2,337,897)	\$ 6,263,147
Current service cost	377,832	-	377,832
Interest expense (income)	70,123	(10,499)	59,624
Settlement loss	-	1,009	1,009
	<u>9,048,999</u>	<u>(2,347,387)</u>	<u>6,701,612</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(58,266)	(58,266)
Change in demographic assumptions	32,039	-	32,039
Change in financial assumptions	(292,836)	-	(292,836)
Experience adjustment	1,112,371	(1,027)	1,111,344
	<u>851,574</u>	<u>(59,293)</u>	<u>792,281</u>
Pension fund contribution	-	(538,951)	(538,951)
Paid pension	(770,349)	624,808	(145,541)
Translation difference	(332,371)	25,018	(307,353)
Balance at December 31,	<u>\$ 8,797,853</u>	<u>(\$ 2,295,805)</u>	<u>\$ 6,502,048</u>

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenue, 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 products, 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 are less than aforementioned rates, government shall make contributions to cover the deficit after being

authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company 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, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

The operating status of Yuanta Securities (Korea)'s defined benefit plan's assets is as follows:

	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 13,352	\$ 2,649
Debt instruments	43,139	22,381
Beneficiary certificates	2,325	9,613
Others	147,786	165,055
	<u>\$ 206,602</u>	<u>\$ 199,698</u>

(E) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2022	2021
Discount rate	<u>1.20%~5.18%</u>	<u>0.50%~2.61%</u>
Future salary increases	<u>2.00%~5.29%</u>	<u>2.00%~4.30%</u>

The assumptions for future mortality are estimated based on published statistics and experience of countries.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis of the Yuanta Group (except for Yuanta Securities (Korea)) was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 90,131)</u>	<u>\$ 92,870</u>	<u>\$ 79,628</u>	<u>(\$ 77,795)</u>
December 31, 2021				
Effect on present value of defined benefit obligation	<u>(\$ 126,677)</u>	<u>\$ 130,754</u>	<u>\$ 113,232</u>	<u>(\$ 110,449)</u>

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

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 218,672)</u>	<u>\$ 250,095</u>	<u>\$ 253,616</u>	<u>(\$ 225,372)</u>

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 227,251)	\$ 261,797	\$ 260,911	(\$ 230,733)

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 analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. There is no change in the assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

- (F) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2023 amounted to \$47,766.
- B. Defined contribution plans:
- (A) Effective July 1, 2005, the Company 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 Company 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.
- (B) Effective July 1, 2005, a retirement plan was established by Yuanta Life, covering all its telemarketing representatives. Under the retirement plan, Yuanta Life recognizes monthly an amount equal to 7% of the employees’ monthly incentive bonuses as retirement pay. The retirement plan is contributed till July 2016. Cumulated amounts will be retained until telemarketing representatives retire, after which it will be paid in lump-sum to each telemarketing representative according to their respective entitled proportions under the plan. Effective August 1, 2008, Yuanta Life established an “Incentive Award Plan”, which covered its sales agents. Under the “Incentive Award Plan”, Yuanta Life calculates monthly contributions based on the agent’s service years and a monthly commission effective for the first year. The “Incentive Award Plan” is contributed till June 2014. Cumulated amounts will be retained until sales agents retire, after which it will be paid in lump-sum to each sales agent according to their respective entitled proportions under the plan. For the aforementioned pension plan, Yuanta Life recognised employee benefit liabilities (recorded as “provisions”) amounted to \$ 1,653 and \$7,523 as of December 31, 2022 and 2021, respectively.
- (C) 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, the termination provision which were recognized for aforementioned event amounted to \$123,575(recorded as “provision for liabilities”). As the application of aforementioned employees’ rights has been due on December 31, 2020, the provision for liabilities has been recognized as actual amount of payables and repaid the termination provision on January 29, 2021.
- (D) Under the defined contribution plan, the Company and its domestic subsidiaries recognized pension expense of \$547,577 (recorded as “employees’ benefit expenses” of \$544,360 and “net income other than interest” of \$ 3,217) and \$533,008 (recorded as “employees’ benefit expenses” of \$527,820 and “net income other than interest” of \$5,188) for the years ended December 31, 2022 and 2021, respectively.

(E) The pension plans for the consolidated foreign subsidiaries are as follows:

The pension plan for Yuanta Securities Asia Finance is in compliance with the regulations of each employee nationality. Yuanta HK Holdings (Cayman) Ltd. does not have compulsory pension plans according to local regulations. The pension plans for other foreign subsidiaries are in compliance with local regulations.

Yuanta Securities Asia Finance, Yuanta Securities (Hong Kong), Yuanta Investment Consulting Beijing and Yuanta Securities (UK) recognised pension expense of \$12,262 and \$13,265 for the years ended December 31, 2022 and 2021, respectively, based on the abovementioned pension plan and local regulations. Under the defined contribution plan, Yuanta Securities (Korea) and its subsidiaries recognised pension expense of \$35,230 and \$57,477 for the years ended December 31, 2022 and 2021, respectively.

In accordance with the local regulations, Yuanta Securities (Indonesia) and Yuanta Securities (Thailand) and its subsidiaries recognised pension liabilities of \$184,570 and \$170,210 as of December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, pension expenses were recognised amounting to \$29,446 and \$31,059, respectively. Additionally, losses on remeasurements of defined benefit plans were (\$19,538) and (\$2,116), respectively.

In accordance with the local regulations, Yuanta Savings Bank (Philippines) has recognised employee benefit liabilities of \$4,570 and \$5,126, respectively, as of December 31, 2022 and 2021, and recognised pension expense of \$1,091 and \$1,210 under other comprehensive income, respectively, for the years ended December 31, 2022 and 2021. Additionally, gains (losses) on remeasurements of defined benefit plans were \$1,110 and (\$91), respectively.

In accordance with the above-mentioned pension plan, Yuanta Savings Bank (Korea) has recognised employee benefit liabilities of \$0 and \$831, respectively, as of December 31, 2022 and 2021, and recognised pension expenses of \$8,578 and \$8,335 under other comprehensive income, respectively, for the years ended December 31, 2022 and 2021. Additionally, gains on remeasurements of defined benefit plans were \$5,728 and \$0, respectively.

For the aforementioned pension plan, Yuanta Futures Hong Kong and SYF Information (Shanghai) recognised pension expenses of \$1,354 and \$1,386 for the years ended December 31, 2022 and 2021, respectively.

(28) Other financial liabilities

	December 31, 2022	December 31, 2021
Futures traders' equity	\$ 107,388,229	\$ 93,341,056
Structured deposit	2,578,157	2,503,403
Investment-linked products		
liabilities	30,353,012	30,724,969
Others	-	50,000
Total	<u>\$ 140,319,398</u>	<u>\$ 126,619,428</u>

(29) Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guarantee deposit received on security lent	\$ 47,820,314	\$ 51,446,763
Underwriting share proceeds collected on behalf of customers	1,922,946	38,446,456
Collections in advance	1,778,009	1,809,167
Retention compensation payable	1,562,058	1,290,051
Refundable deposits	981,795	2,193,165
Refundable deposits-derivative transactions	3,595,746	2,383,833
Others	5,580,548	4,948,555
Total	<u>\$ 63,241,416</u>	<u>\$ 102,517,990</u>

(30) Share capital

As of December 31, 2022 and 2021, the Company's total authorised capital were all \$180,000,000 and total paid-in capital were \$125,015,590 and \$121,374,360, respectively. The aforementioned total paid-in capital were 12,501,559 and 12,137,436 thousand shares of common stock, each with a par value of \$10 dollars per share.

(31) Capital surplus

As required by the Company Act, 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.

However, according to Securities and Futures Bureau (SFB) regulations, capital surplus resulting from undistributed earnings absorbed from subsidiaries after share exchange of the Company is permitted to be transferred to capital or used to distribute cash dividends in the current period. In addition, the amount of capital surplus to be transferred to capital or used to distribute cash dividends is not subject to the aforementioned limitations.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Post 1998	<u>\$ 4,036,443</u>	<u>\$ 4,036,443</u>
Source and details of the capital surplus of the Company are as follows:		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Additional paid-in capital	\$ 33,573,790	\$ 33,573,790
Treasury share transactions	3,479,710	3,479,710
Others	957,064	832,449
	<u>\$ 38,010,564</u>	<u>\$ 37,885,949</u>

(32) Legal reserve and special reserve

As required by the Company Act, 10% of the current year's earnings, after paying all taxes and offsetting any accumulated deficit, are set aside as a legal reserve until the reserve balance equals the total amount of capital. 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 shareholders in proportion to their share ownership and is not to be used for any other purposes. For legal reserve used in

issuing new shares or distributing cash dividends, the amount of the legal reserve shall not exceed 25% of paid-in capital.

According to the SFB, upon the distribution of earnings, other than the setting aside of legal reserve, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative decrease in stockholders' equity of the prior period, the equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in stockholders' equity, the earnings may be distributed based on the reversal proportion.

According to Jin-Guan-Yin-Fa Letter No. 10310006310 dated December 30, 2014, in order to maintain the stability of the Company's financial structure, the retained earnings arising from bargain purchase benefits of the acquisition by financial holding company or its subsidiaries shall be set aside as special reserve, and shall not be reversed within one year. After a year, the value of acquired assets are certified to be in likelihood of value at acquisition date without any sign of unexpected impairment by a certified public accountant, and the special reserve could be used in recovering accumulated deficit, or increasing the Company's capital.

(33) Undistributed earnings

- A. According to the Company's Articles of Incorporation, the annual net income will be distributed as follows:
 - (A) Pay income tax;
 - (B) Offset prior years' deficits;
 - (C) Provide legal reserve and special reserve; and
 - (D) The remaining amount and prior years' undistributed earnings shall be resolved by the stockholders during their meeting.
- B. In order to continuously expand operation scale and enhance the profitability, the Company follows its long-term financial planning and relevant Articles of Incorporation to adopt a dividend surplus policy. In principle, the dividend appropriation is based on annual earnings calculated based on the above Articles of Incorporation. After the retention of capital required according to the operation scheme, the remainder shall be distributed in the form of cash dividends. However, the cash dividends shall not be less than 40% of the annual earnings to be distributed.
- C. The appropriation of 2021 earnings has been resolved at the shareholders' meeting on June 10, 2022. The appropriation of 2020 earnings has been resolved at the shareholders' meeting on July 8, 2021. The details are as follows:

	2021		2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Cash dividends	\$ 18,206,154	\$ 1.50	\$ 14,564,923	\$ 1.20
Stock dividends	3,641,230	0.30	-	-

The status of the distribution of earnings approved by the Board of Directors and resolved by stockholders is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

D. The earnings distribution for 2022 of the Company has been resolved by the Board of Directors on March 15, 2023. Details are as follows:

	2022	
	Amount	Dividend per share (in dollars)
Cash dividends	\$ 10,001,247	\$ 0.80
Stock dividends	1,875,234	0.15

E. Please refer to Note 6(42) for the details of the compensation to employees and remuneration to directors and supervisors.

(34) Other equity items

	2022				
	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1	(\$ 8,400,123)	\$ 17,930,672	(\$ 47,621)	(\$ 1,072,737)	\$ 8,410,191
Financial assets at fair value through other comprehensive income					
- Evaluation adjustment in the period	-	(16,795,154)	-	-	(16,795,154)
- Evaluation transferred to profit or loss	-	854,934	-	-	854,934
- Evaluation transferred to retained earnings	-	1,697,795	-	-	1,697,795
Other comprehensive income on reclassification under the overlay approach	-	-	-	(4,151,363)	(4,151,363)
Changes in translation difference of foreign operating entities	2,251,891	-	-	-	2,251,891
Effects on income tax	28,328	757,292	1,045	(18,487)	768,178
Evaluation of credit risk	-	-	(4,642)	-	(4,642)
Balance, December 31	(\$ 6,119,904)	\$ 4,445,539	(\$ 51,218)	(\$ 5,242,587)	(\$ 6,968,170)

	2021				
	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income on reclassification under the overlay approach	Total
Balance, January 1	(\$ 4,467,136)	\$ 16,726,148	(\$ 45,138)	\$ 345,649	\$ 12,559,523
Financial assets at fair value through other comprehensive					
- Evaluation adjustment in the period	-	3,194,184	-	-	3,194,184
- Evaluation transferred to profit or loss	- (	1,965,332)	-	- (	1,965,332)
- Evaluation transferred to retained earnings	- (	189,960)	-	- (	189,960)
Other comprehensive income on reclassification under the overlay approach	-	-	- (	1,446,147)	(1,446,147)
Changes in translation difference of foreign operating entities	(3,764,203)	-	-	- (	3,764,203)
Effects on income tax	(168,784)	165,632	720	27,761	25,329
Evaluation of credit risk	-	-	(3,203)	-	(3,203)
Balance, December 31	(\$ 8,400,123)	\$ 17,930,672	(\$ 47,621)	(\$ 1,072,737)	\$ 8,410,191

(BLANK)

(35) Net interest income

	For the years ended December 31,	
	2022	2021
<u>Interest income</u>		
Interest income on bills discounted and loans	\$ 18,355,887	\$ 14,932,260
Financing interest income	6,134,506	6,826,410
Interest income on securities investment	15,403,992	12,850,017
Interest income from placement and call loan to other banks	2,056,473	731,447
Interest income on bills and bonds purchased under resale agreements	1,076,350	282,568
Credit cards revolving interest	171,764	177,694
Other interest income	2,033,116	1,185,672
Subtotal	<u>45,232,088</u>	<u>36,986,068</u>
<u>Interest expense</u>		
Interest expense of deposit	(\$ 6,897,711)	(\$ 3,663,384)
Interest expense of Central Bank and other banks' deposit	(188,189)	(24,034)
Interest expense on due to the Central Bank and other banks	(1,632,428)	(724,443)
Interest expense on bills and bonds sold under repurchase agreements	(2,956,889)	(791,205)
Interest expense of structured instruments	(84,972)	(53,569)
Coupon rate of bank debenture	(511,667)	(685,352)
Coupon rate of corporate bonds	(765,007)	(584,962)
Coupon rate of commercial papers	(467,868)	(187,479)
Interest expense from short sales	(31,199)	(27,756)
Lease liabilities interest expense	(62,313)	(79,627)
Other interest expense	(932,480)	(190,506)
Subtotal	<u>(14,530,723)</u>	<u>(7,012,317)</u>
Total	<u>\$ 30,701,365</u>	<u>\$ 29,973,751</u>

(36) Net service fee and commission income

	For the years ended December 31,	
	2022	2021
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 23,686,914	\$ 38,102,579
Service fee income on insurance brokerage and transfer-agent	991,147	1,270,624
Service fee on credit cards	888,465	914,308
Service fee income on trust business	2,808,112	3,572,028
Service income on credit extension	438,560	537,994
Underwriting service income	959,341	1,675,694
Service income from short sales	165,851	173,778
Commission – reinsurance allowance	137,298	138,358
Service income on foreign exchange	85,995	81,576
Service fee income on consigned settlement	37,221	38,449
Deposits and remittance and other service income	1,343,312	1,344,910
Subtotal	<u>31,542,216</u>	<u>47,850,298</u>
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 1,213,314)	(\$ 1,527,906)
Service expense on trust business	(1,391)	(2,927)
Service expense on brokerage	(2,480,497)	(3,154,732)
Service expense on proprietary trading	(143,185)	(181,381)
Service fee expense on credit cards	(905,327)	(842,663)
Service expense on clearing and settlement	(673,581)	(662,635)
Futures commission expense	(446,383)	(405,110)
Underwriting service expense	(7,992)	(11,301)
Service expense on foreign exchange	(43,186)	(38,383)
Service expense on credit extension	(34,231)	(28,287)
Deposits and remittance and other service expense	(473,072)	(388,627)
Subtotal	<u>(6,422,159)</u>	<u>(7,243,952)</u>
Total	<u>\$ 25,120,057</u>	<u>\$ 40,606,346</u>

(37) Net income from insurance operations

	For the years ended December 31,	
	2022	2021
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 38,591,694	\$ 37,160,672
Less: Reinsurance premium ceded	(822,461)	(843,137)
Net changes of unearned premium reserve	(96,047)	(273,593)
Retention earned premium income	37,673,186	36,043,942
Investment-linked product income (Note)	1,187,333	4,696,906
Subtotal	38,860,519	40,740,848
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 24,991,863)	(\$ 20,628,900)
Less: Claims recovered from reinsurers	757,013	676,826
Retention claims and policy benefits payments	(24,234,850)	(19,952,074)
Underwriting expenses	(4,033)	(5,932)
Expense from guaranty fund	(56,612)	(64,695)
Investment-linked product expenses (Note)	(1,187,333)	(4,696,906)
Subtotal	(25,482,828)	(24,719,607)
Total	\$ 13,377,691	\$ 16,021,241

Note: Details about the investment insurance products - separate accounts are provided in Note 6(12).

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

	For the years ended December 31,	
	2022	2021
Realised gains or losses on financial assets and liabilities at fair value through profit or loss		
Commercial papers	\$ 456,396	\$ 205,215
Bonds	2,467,195	8,670,581
Stocks	224,583	11,206,447
Beneficiary certificates	(111,931)	3,234,931
Interest-linked instrument	(89,300)	(1,058,800)
Exchange rate-linked instrument	(8,153,639)	4,283,999
Other financial derivative instruments	(8,806,517)	17,893,491
Gain (loss) on covering of borrowed securities and bonds with resale agreements	6,964,880	(17,971,233)
Loss from issuing call (put) warrants	(22,662,201)	(2,548,026)
Issuing call (put) warrants expense	(564,223)	(507,912)
Others	383,728	(177,937)
Subtotal	(29,891,029)	23,230,756
Unrealised gains or losses on financial assets and liabilities at fair value through profit or loss		
Commercial papers	\$ 19,505	\$ 27,774
Bonds	(1,988,856)	(1,445,233)
Stocks	(13,689,236)	3,965,566
Beneficiary certificates	(2,436,360)	(1,285,226)
Interest-linked instrument	7,928,442	(2,540,521)
Exchange rate-linked instrument	(4,446,640)	(1,594,715)
Other financial derivative instruments	1,506,222	(3,019,757)
Valuation gain on borrowed securities and bonds with resale agreements	6,699,901	2,904,719
Gain on changes in fair value of liabilities for issuance of call (put) warrants	26,936,174	3,094,064
Others	1,043,188	733,114
Subtotal	21,572,340	839,785
Total	(\$ 8,318,689)	\$ 24,070,541

- A. The realised gains or losses on the financial assets and liabilities at fair value through profit and loss of the Yuanta Group for the years ended December 31, 2022 and 2021, including the (loss) gain on disposal, were \$ (\$36,044,734) and \$16,993,507, respectively, and the issuing call (put) warrants expense, were \$ 564,223 and \$507,912, respectively, and the dividends income were \$ 3,053,286 and \$2,973,936, respectively, and the interest income were \$3,664,642 and \$3,771,225, respectively.
- B. The Yuanta Group recognised net gain (loss) amounting to \$1,979,009 and (\$1,959,596), respectively, on financial liabilities designated as at fair value through profit or loss for the years ended December 31, 2022 and 2021.

- C. Net income on the exchange rate-linked instruments includes realised and unrealised gains and losses on forward exchange contracts, FX options, and currency futures.
- D. Interest-linked instruments include interest rate swap contracts, money market instruments, interest linked-options and other interest related instruments.
- E. Any change in fair value of the derivatives together managed with the financial instruments designated at fair value through profit and loss is listed under “gain and loss on financial assets and liabilities at fair value through profit and loss”.

(39) Asset impairment loss (reversal of impairment loss)

	For the years ended December 31,	
	2022	2021
Reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	\$ 20,641	\$ 8,481
Impairment loss on investments in debt instruments at amortised cost	(14,397)	(3,336)
Impairment loss on intangible assets	(64,077)	(292,799)
Reversal of impairment loss on investment property	10,901	19,387
Impairment loss on assets held for sale	(4,545)	(12,163)
Impairment loss on other assets	(21)	(116)
Total	<u>(\$ 51,498)</u>	<u>(\$ 280,546)</u>

(40) Net other miscellaneous (loss) income

	For the years ended December 31,	
	2022	2021
Borrowed stock revenue	\$ 2,549,595	\$ 2,188,261
Net change of reserve for foreign exchange fluctuation	(3,655,357)	381,242
Loss on litigation reserves	(312,382)	(3,421,101)
Loss on sales fund compensation reserves	(163)	(257,878)
Other net income	1,689,173	1,821,747
Total	<u>\$ 270,866</u>	<u>\$ 712,271</u>

(41) Provision for bad debt expense, commitment and guarantee policy reserve

	For the years ended December 31,	
	2022	2021
(Reversal of) bad debt expense for accounts receivable	(\$ 56,840)	\$ 145,586
Bad debt expense of bills discounted and loans	1,114,524	1,625,785
Provision for (reversal of) guarantee reserve	43,100	(17,011)
Reversal of commitments and other reserve	(2,625)	(3,713)
Recovery of bad debt expense	(779,969)	(1,216,391)
Total	<u>\$ 318,190</u>	<u>\$ 534,256</u>

(42) Employee benefit expense

	For the years ended December 31,	
	2022	2021
Wages and salaries	\$ 21,564,553	\$ 30,152,962
Labor and health insurance fees	1,296,806	1,181,048
Pension costs	1,073,064	1,079,017
Termination benefits	49,978	73,286
Other employee benefit expenses	1,443,854	1,468,757
Total	<u>\$ 25,428,255</u>	<u>\$ 33,955,070</u>

The numbers of employees of the Yuanta Group were 14,753 and 14,442 for the years ended December 31, 2022 and 2021, respectively.

- A. After covering accumulated deficit with the year-end earnings (that is income before taxes less income before employees' compensation provisions), 0.01% to 0.5% was appropriated as employees' compensation and an amount less than 0.9% was appropriated as directors' and supervisors' remuneration.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$4,261 and \$3,557, respectively; directors' and supervisors' remuneration was accrued at \$173,796 and \$282,414, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors in 2021 was in agreement with those amounts recognised in the 2021 financial statements. Information is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TWSE).

(43) Depreciation and amortisation

	For the years ended December 31,	
	2022	2021
Investment property depreciation	\$ 68,848	\$ 93,951
Property and equipment depreciation	1,148,467	1,097,849
Right-of-use asset depreciation	1,364,124	1,377,729
Intangible asset amortisation	535,612	484,960
Deferred asset amortisation	45,048	52,711
Total	<u>\$ 3,162,099</u>	<u>\$ 3,107,200</u>

(44) Other business and administrative expenses

	For the years ended December 31,	
	2022	2021
Tax	\$ 4,594,757	\$ 5,748,172
Computer science expense	1,550,938	1,461,204
Security borrowing expenses	1,224,933	1,187,745
Commission expense	891,072	1,105,284
Miscellaneous expenses	850,943	783,834
Postage and telephone costs	769,560	750,018
Professional expense	631,106	694,592
Others	4,132,244	4,470,507
Total	<u>\$ 14,645,553</u>	<u>\$ 16,201,356</u>

(45) Income tax

The details of the Yuanta Group's income tax expense are as follows:

A. Income tax expense

(A) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Income tax from current income period	\$ 1,998,846	\$ 7,606,782
Income tax on unappropriated earnings	456,642	354,787
Adjustments in respect of prior years	(298,771)	(377,746)
Total current tax	<u>2,156,717</u>	<u>7,583,823</u>
Deferred tax:		
Origination and reversal of temporary differences	3,468,146	(636,057)
Impact of change in tax rate	<u>78,537</u>	<u>2,867</u>
Total deferred tax	<u>3,546,683</u>	<u>(633,190)</u>
Income tax expense	<u>\$ 5,703,400</u>	<u>\$ 6,950,633</u>

(B) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2022	2021
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	(\$ 780,369)	(\$ 213,948)
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income	52,367	84,642
Other comprehensive income or loss on reclassification under the overlay approach	18,487	(27,761)
Share of profit or loss of associates and joint ventures accounted for under the equity method	(1,033)	241
Gain or loss on remeasurements of defined benefit plans	287,240	(156,724)
Change in fair value of financial liability attributable to change in credit risk	(1,754)	(1,210)
Translation gain and loss on the financial statements of foreign operating entities	(28,328)	168,784
Total	<u>(\$ 453,390)</u>	<u>(\$ 145,976)</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Income tax from pretax income calculated at regulated tax rate	\$ 10,768,994	\$ 17,427,152
Additional tax payment levied on undistributed earnings	456,642	354,787
Alternative minimum tax effects	91,470	101,123
Temporary differences not recognized under deferred tax	(309,182)	(714,451)
Adjustments in respect of prior years	(298,771)	(377,746)
Use of prior years' unrealized tax losses in the current year	(39,566)	(21,305)
Effects of items not recognized under relevant regulations, exemption and other income	(4,966,187)	(9,818,927)
Income tax expense	<u>\$ 5,703,400</u>	<u>\$ 6,950,633</u>

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C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

For the year ended December 31, 2022					
	January 1,	Recognised in profit or loss	Recognised in other comprehensive income	Others (Note)	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	\$ 3,000,597	(\$ 2,810,992)	\$ -	\$ -	\$ 189,605
Allowance for doubtful accounts in excess of tax limitation	600,176	(9,189)	-	25	591,012
Unrealized loss on litigation loss	14,853	55	78	-	14,986
Unrealized losses on financial instruments	142,042	619,802	694,497	64,056	1,520,397
Employee benefit expense and actuarial gains and losses on defined benefit plans	1,504,772	(16,903)	(258,122)	20	1,229,767
Deferred income on credit card	1,592	(67)	-	-	1,525
Tax loss carryforwards	36,998	267,343	17,858	535	322,734
Others	2,183,916	(568,467)	75,331	(8,675)	1,682,105
Subtotal	7,484,946	(2,518,418)	529,642	55,961	5,552,131
-Deferred tax liabilities:					
Unrealised exchange gain	(\$ 265,920)	(\$ 1,096,153)	(\$ 15,579)	(\$ 10)	(\$ 1,377,662)
Reserve for land value increment tax	(26,767)	-	-	-	(26,767)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(5,637)	(174)	(128)	-	(5,939)
Unrealized gain on financial instruments	(1,477,004)	366,405	(56,771)	(27,181)	(1,194,551)
Goodwill amortization	(1,919,297)	(165,549)	-	42,454	(2,042,392)
Others	(130,841)	(132,794)	(3,774)	(15)	(267,424)
Subtotal	(3,825,466)	(1,028,265)	(76,252)	15,248	(4,914,735)
Total	\$ 3,659,480	(\$ 3,546,683)	\$ 453,390	\$ 71,209	\$ 637,396

Note: Impact of foreign exchange rate difference included.

For the year ended December 31, 2021

	January 1,	Recognised in profit or loss	Recognised in other comprehensive income	Others (Note)	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	\$ 1,973,535	\$ 1,026,957	\$ 123	(\$ 18)	\$ 3,000,597
Allowance for doubtful accounts in excess of tax limitation	672,737	(72,377)	-	(184)	600,176
Unrealized loss on litigation loss	14,786	245	(178)	-	14,853
Unrealized losses on financial instruments	558,907	(75,282)	(341,310)	(273)	142,042
Employee benefit expense and actuarial gains and losses on defined benefit plans	1,375,110	68,849	60,940	(127)	1,504,772
Deferred income on credit card	1,948	(356)	-	-	1,592
Tax loss carryforwards	1,020,930	(585,655)	(396,026)	(2,251)	36,998
Others	1,477,138	154,836	551,942	-	2,183,916
Subtotal	7,095,091	517,217	(124,509)	(2,853)	7,484,946
-Deferred tax liabilities:					
Unrealised exchange gain	(\$ 231,311)	(\$ 34,631)	\$ -	\$ 22	(\$ 265,920)
Reserve for land value increment tax	(26,767)	-	-	-	(26,767)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(7,255)	305	1,313	-	(5,637)
Unrealized gain on financial instruments	(2,122,467)	361,730	283,540	193	(1,477,004)
Goodwill amortization	(2,420,271)	(165,548)	-	666,522	(1,919,297)
Others	(70,611)	(45,883)	(14,368)	21	(130,841)
Subtotal	(4,878,682)	115,973	270,485	666,758	(3,825,466)
Total	\$ 2,216,409	\$ 633,190	\$ 145,976	\$ 663,905	\$ 3,659,480

Note: Impact of foreign exchange rate difference included.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/assessed/ Estimated	Unused amount	Unrecognised deferred tax assets	Usable until year
2012	Assessed	\$ 107,596	\$ 107,596	2022
2014	Assessed	74,275	74,275	2024
2018	Assessed	8,736	8,736	2028
2019	Assessed	14,328	14,328	2029
2020	Assessed	6,731	6,731	2030
2021	Filed	9,418	9,418	2031
December 31, 2021				
Year incurred	Amount filed/assessed/ Estimated	Unused amount	Unrecognised deferred tax assets	Usable until year
2012	Assessed	\$ 107,596	\$ 107,596	2022
2014	Assessed	74,275	74,275	2024
2018	Assessed	8,736	8,736	2028
2019	Assessed	14,328	14,328	2029
2020	Filed	6,731	6,731	2030
2021	Estimated	7,058	7,058	2031

As of December 31, 2022 and 2021, Yuanta Securities (Hong Kong)'s unused tax losses were \$0 and \$93,724, respectively; of which unrecognised deferred tax assets were all \$0. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2022 and 2021, among the Yuanta Group, Yuanta Asia Investment (Hong Kong)'s unused tax losses were \$0 and \$31,334, respectively; of which unrecognised deferred tax assets were \$0 and \$31,334, respectively. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2022 and 2021, Yuanta Investment Consulting Beijing's unused tax losses were \$28,264 and \$42,155, respectively; of which unrecognised deferred tax assets were \$28,264 and \$42,155, respectively. The validity period for the tax losses pursuant to local laws was before 2026. As of December 31, 2022 and 2021, Yuanta Securities (Korea)'s unused tax losses were \$1,323,621 and \$0, respectively; of which unrecognised deferred tax assets were all \$0. The validity period for the tax losses pursuant to local laws was before 2037.

Yuanta Group has not estimated deferred tax liabilities for related taxes that may be payable due to Yuanta Securities Asia Financial Services' unrepatriated earnings, which as of December 31, 2022 and 2021, were \$5,875,618 and \$5,628,417, respectively. The above-mentioned unrepatriated earnings are expected to be used for reinvestment. As of December 31, 2022 and 2021, Yuanta Securities Asia Financial Services' unrepatriated earnings were \$29,378,089 and \$28,142,085, respectively. As of December 31, 2022, the unrecognized deferred income tax asset (liability) of Yuanta Securities (Korea) for taxable temporary differences associated with equity method were \$207,589 and (\$1,410,607), respectively. As of December 31, 2021, the unrecognized deferred income tax asset (liability) of Yuanta Securities (Korea) for taxable temporary differences associated with equity method were \$226,208 and (\$1,270,882), respectively.

As of December 31, 2022, Yuanta Savings Bank (Philippines)'s unused loss deductions was \$145,952; the validity period for the loss deductions pursuant to local laws was before 2026. As

of December 31, 2022, Yuanta Savings Bank (Korea)'s unused loss deductions was \$61,020; the validity period for the loss deductions pursuant to local laws was before 2026.

- E. As of December 31, 2022, the information on the Yuanta Group's income tax returns that have been assessed by the Tax Authority are as follows:

	Assessment Information
Yuanta Financial Holdings	Assessed through 2017
Yuanta Securities	Assessed through 2017
Yuanta Bank	Assessed through 2017
Yuanta Securities Finance	Assessed through 2020(Note)
Yuanta Venture Capital	Assessed through 2017
Yuanta Asset Management	Assessed through 2017
Yuanta Securities Investment Consulting	Assessed through 2017
Yuanta Futures	Assessed through 2019
Yuanta Securities Investment Trust	Assessed through 2020
Yuanta Life	Assessed through 2017
Yuanta International Insurance Brokers	Assessed through 2020
Yuanta International Leasing	Assessed through 2020
Yuanta I Venture Capital	Assessed through 2020

Note: Income tax returns of Yuanta Securities Finance of 2018 have not been assessed.

- F. Income tax assessments of the Yuanta Group are as follows:

Yuanta Securities disagreed with the Tax Authority's assessment of income tax return for the fiscal year 2016. Yuanta Securities has filed for administrative remedies in accordance with the law. As of December 31, 2022, the amount was \$221,776.

(46) Earnings per share

	For the year ended December 31, 2022		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 21,456,327	12,501,559	\$ 1.72
	For the year ended December 31, 2021		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 34,865,957	12,501,559	\$ 2.79

The above weighted-average outstanding stocks have been adjusted retrospectively according to the ratio of capital increase from retained earnings on August 20, 2022 (the effective date of stock grants). Basic earnings per share and diluted earnings per share before the adjustment was 2.87 for the year ended December 31, 2021.

(47) Changes in liabilities from financing activities

	2022				
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1	\$ 183,865,849	\$ 49,983,502	\$ 82,539,085	\$ 59,998,200	\$ 5,720,785
Changes in cash flow from financing activities	40,271,642	(2,058,788)	19,063,566	(11,538,001)	(927,250)
Impact of changes in foreign exchange rate	-	-	880,052	-	(50,761)
Amortisation of a premium or a discount on interest expense	-	(88,644)	4,839	-	-
Changes in other non-cash items	-	-	-	-	(30,611)
At December 31	<u>\$ 224,137,491</u>	<u>\$ 47,836,070</u>	<u>\$102,487,542</u>	<u>\$ 48,460,199</u>	<u>\$ 4,712,163</u>
	2021				
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1	\$ 216,621,187	\$ 27,417,489	\$ 78,790,127	\$ 57,796,061	\$ 6,368,836
Changes in cash flow from financing activities	(32,755,338)	22,547,411	3,861,607	2,202,139	(1,283,069)
Impact of changes in foreign exchange rate	-	-	(185,156)	-	(263,005)
Amortisation of a premium or a discount on interest expense	-	18,602	72,507	-	-
Changes in other non-cash items	-	-	-	-	898,023
At December 31	<u>\$ 183,865,849</u>	<u>\$ 49,983,502</u>	<u>\$ 82,539,085</u>	<u>\$ 59,998,200</u>	<u>\$ 5,720,785</u>

7. Related party transactions

Any related party transactions amongst the Yuanta Group are eliminated upon consolidation and therefore no disclosure is made. Except for Note 7(2) and other additional notes provided, significant transactions with the related parties and the relationships to the Company are summarized below:

(1) Names and relationship of related parties

Names of related parties	Relationship with the Group
Funds managed by Yuanta Securities Investment Trust	Security investment trust fund raised by the Yuanta Securities Investment Trust
SYF Information (Shanghai)	Associate of Yuanta Futures
Yuanta-Polaris Research Institute (Yuanta-Polaris Research)	Related party in substance
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Greatness Trading Co., Ltd.	"
Yuen Foong Yu Consumer Products Co., Ltd. (YFYCPG)	"
Yuanta Cultural & Education Foundation (Yuanta Foundation)	(No longer a related party since December 25, 2021.)
Yuanta Diamond Funds SPC	"
Pyeongtaek Godeok PFV Co., Ltd.	" (Note)
	"
	(Has become a related party since April 21, 2021.)
TONGYANG AGRI-FOOD INVESTMENT Fund II	Investments accounted for under the equity method of Yuanta Securities (Korea)
KVIC-Yuanta 2015 Overseas Advance Fund	"
IBKC-TONGYANG Growth 2013 Private Equity Fund	"
Yuanta Secondary No.2 Fund	"
Yuanta Secondary No.3 Private Equity Fund	"
2016 KIF-Yuanta ICT Venture Fund	"
Yuanta SPAC III	"
	(No longer a related party since March 31, 2021.)
Yuanta SPAC IV	"
	(No longer a related party since March 23, 2022.)
Yuanta SPAC V	"
	(No longer a related party since March 30, 2022.)
Yuanta SPAC VI	"
	(No longer a related party since July 27, 2021.)
Kiwoom-Yuanta 2019 Scale-up Fund	"
Yuanta SPAC VII	"
	(No longer a related party since November 23, 2022.)
Yuanta SPAC VIII	"

Names of related parties	Relationship with the Group
2011 KIF-TONGYANG IT Venture Fund	Investments accounted for under the equity method of Yuanta Securities (Korea) (No longer a related party since April 5, 2021.)
Yuanta Innovative Growth MPE Fund	" (Has become a related party since December 3, 2021.)
Yuanta SPAC X	" (Has become a related party since June 8, 2022.)
Yuanta SPAC IX	" (Has become a related party since May 4, 2022.)
Polaris Ocean Private Equity Fund	" (No longer a related party since July 22, 2022.)
Yuanta SPAC XI	" (Has become a related party since September 14, 2022.)
Yuanta SPAC XII	" (Has become a related party since September 23, 2022.)
Yuanta SPAC XIII	" (Has become a related party since November 4, 2022.)
Yuanta SPAC XIV	" (Has become a related party since December 9, 2022.)
Yuanta Innovative Job Creation Fund	" (Has become a related party since January 12, 2021.)
Yuanta Diamond Funds SPC's Funds	Funds managed by Yuanta Securities (Hong Kong)
Global Growth Investment, L.P.	Funds managed by Yuanta Asia Investment
Yuanta Asia Growth Investment, L.P.	"
Other related parties	The Yuanta Group, funds managed by consolidated subsidiaries, related parties in substance, major stockholders of affiliated entities, key management and invested enterprise and consolidated company of its close relatives, employees' welfare committee which was established by consolidated company and key management which was related with group.

Note: Yuanta Diamond Funds SPC is a segregated portfolio company registered in the Cayman Islands, under the laws of the Cayman Islands. There can be one or multiple segregated portfolios under SPC (hereinafter called funds). Between each fund, assets and liabilities are separated. Yuanta Investment (Hong Kong) holds the management shares issued by Yuanta Diamond Funds SPC. The rights of management shares include maintaining the functions of a SPC, but excluding participating in profit sharing and asset and earnings distribution.

(2) Significant transactions and balances with related parties

A. Deposits

December 31, 2022			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 14,767,836	1.05	0.00~6.44
December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 12,160,748	0.88	0.00~5.80

Apart from an interest rate limit on staff demand savings deposits of 5.80%~6.44% and 5.80%, respectively, for the years ended December 31, 2022 and 2021, the range of interest rates on other related parties' demand savings deposits were 0.00%~5.82% and 0.00%~3.00%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2022 and 2021, interest expense on the above deposits were \$85,416 and \$35,782, respectively.

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B. Loans

Yuanta Bank and its subsidiaries

December 31, 2022

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	352	\$ 139,870	\$ 65,334	\$ 65,334	\$ -	Small and medium enterprise credit guarantee fund, movables, deposits and credit loans	None
Residential mortgage loans	525	4,852,383	3,913,037	3,913,037	-	Real estate	None
Other loans	Greatness Trading Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	98	412,338	267,757	267,757	-	Deposits, stock, real estate and policy	None
Total			\$ 4,266,128	\$ 4,266,128	\$ -		

Unit: In thousands of NT dollars

December 31, 2021

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	332	\$ 118,138	\$ 60,243	\$ 60,243	\$ -	Small and medium enterprise credit guarantee fund, real estate, movables, deposits and credit loans	None
Residential mortgage loans	524	4,598,237	3,628,465	3,628,465	-	Real estate	None
Other loans	91	372,879	228,404	228,404	-	Deposits, stock, real estate, beneficial rights of specific money trust and policy	None
Total			\$ 3,917,112	\$ 3,917,112	\$ -		

Unit: In thousands of NT dollars

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.89%~1.90% and 1.20% for the years ended December 31, 2022 and 2021, respectively, the interest rates on the remaining loans are ranging from 0.00%~6.97% and 0.00%~6.42% for the years ended December 31, 2022 and 2021, respectively, which are the same with the terms of general loans. For the years ended December 31, 2022 and 2021, interest income resulting from the above loans amounted to \$64,188 and \$53,431, respectively.

C. Property transactions

(A) The details of the Yuanta Group investments in open-end funds were as follows (recorded as “Financial assets at fair value through profit or loss”):

	December 31, 2022	December 31, 2021
Other related parties:		
Funds managed by Yuanta	\$ 7,843,409	\$ 6,463,018
Securities Investment Trust		
Global Growth Investment, L.P.	19,176	12,044
Yuanta Asia Growth		
Investment, L.P.	266,127	248,761
	<u>\$ 8,128,712</u>	<u>\$ 6,723,823</u>
	Proceeds on disposal	
	For the years ended December 31,	
	2022	2021

Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	\$ 392,905,701	\$ 384,030,285
Yuanta Asia Growth Investment, L.P.	7,391	1,946
	<u>\$ 392,913,092</u>	<u>\$ 384,032,231</u>
	Realised Gain or Loss	
	For the years ended December 31,	
	2022	2021

Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	(\$ 4,808)	\$ 1,510,921
Yuanta Asia Growth Investment, L.P.	3,731	1,172
	<u>(\$ 1,077)</u>	<u>\$ 1,512,093</u>

(B) The Yuanta Group has bills and bonds transactions under repurchase agreements with the related parties (recorded as “Bonds sold under repurchase agreements”)

	December 31, 2022			
	Highest balance	Ending balance	Interest rate (%)	Foreign currency ending balance
Key management personnel:				
Others	\$ 50,000	\$ -	0.20	
Others	29,783	10,441	0.20~3.60 (Note : USD)	USD 340
Other related parties:				
Others	1,475,275	947,905	0.20~0.50	
		<u>\$ 958,346</u>		

December 31, 2021				
	Highest balance	Ending balance	Interest rate (%)	Foreign currency ending balance
Key management personnel:				
Others	\$ 250,042	\$ 50,000	0.20	
Others	5,538	5,538	0.20~0.30 (Note : USD)	USD 200
Other related parties:				
Others	1,344,324	1,205,017	0.20~0.25	
		<u>\$ 1,260,555</u>		

Note: For foreign currency repo trade.

D. Futures traders' equity

	December 31, 2022	December 31, 2021
Other related parties:		
Funds managed by Yuanta	\$ 37,679,405	\$ 29,244,360
Securities Investment Trust		
Others	89,347	88,823
	<u>\$ 37,768,752</u>	<u>\$ 29,333,183</u>

E. Deposits on securities borrowed, receivables from deposits on securities borrowed, security borrowing expenses payable and security borrowing expenses

Deposits on securities borrowed		
	December 31, 2022	December 31, 2021
Other related parties:		
Funds managed by Yuanta	\$ 133,346	\$ 2,215,689
Securities Investment Trust		
	<u>\$ 133,346</u>	<u>\$ 2,215,689</u>
Receivables from deposits on securities borrowed		
	December 31, 2022	December 31, 2021
Other related parties:		
Funds managed by Yuanta	\$ 590,054	\$ 10,630
Securities Investment Trust		
	<u>\$ 590,054</u>	<u>\$ 10,630</u>
Security borrowing expenses payable		
	December 31, 2022	December 31, 2021
Other related parties:		
Funds managed by Yuanta	\$ 7,385	\$ 12,263
Securities Investment Trust		
	<u>\$ 7,385</u>	<u>\$ 12,263</u>
Security borrowing expenses		
For the years ended December 31,		
	2022	2021
Other related parties:		
Funds managed by Yuanta	\$ 116,770	\$ 89,608
Securities Investment Trust		
	<u>\$ 116,770</u>	<u>\$ 89,608</u>

F. Receivables from loans to employees

	Receivables from loans to employees	
	December 31, 2022	December 31, 2021
Key management personnel:		
Others	\$ 1,283	\$ 1,304
Other related parties:		
Others	158,265	159,302
	<u>\$ 159,548</u>	<u>\$ 160,606</u>

G. Income from distribution fee

	For the years ended December 31,	
	2022	2021
Key management personnel:		
Others	\$ 918	\$ 1,899
Other related parties:		
Others	322	900
	<u>\$ 1,240</u>	<u>\$ 2,799</u>

H. Details on the performance fee and management fee receivable for fund investments accounted for under the equity method and receipts of performance fee and fund management fee are as follows:

	Receivables from performance fee and management fee income	
	December 31, 2022	December 31, 2021
Other related parties:		
Yuanta Secondary No.2 Fund	\$ 18,311	\$ 19,172
Yuanta Secondary No.3		
Private Equity Fund	7,638	10,822
KVIC-Yuanta 2015 Overseas		
Advance Fund	5,451	7,115
2016 KIF-Yuanta ICT Venture Fund	6,200	7,038
Yuanta Innovative Growth MPE Fund	9,778	-
Others	15,964	3,481
	<u>\$ 63,342</u>	<u>\$ 47,628</u>
	Performance fee and management fee income	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Innovative Growth MPE Fund	\$ 37,081	\$ 3,127
Yuanta Secondary No.3 Private Equity Fund	27,103	21,700
Yuanta Innovative Job Creation Fund	21,718	23,036
Kiwoom-Yuanta 2019 Scale-up Fund	18,250	18,285
Polaris Ocean Private Equity Fund	136,864	-
Others	53,179	82,321
	<u>\$ 294,195</u>	<u>\$ 148,469</u>

I. Fund management fee income and the balance of fund (recorded as “Financial assets at fair value through profit or loss”)

	Fund management fee income	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 3,784,559	\$ 3,539,086
Yuanta Asia Growth Investment, L.P.	33,685	25,970
Yuanta Diamond Funds SPC’s funds	24,459	53,139
Global Growth Investment, L.P.	560	630
	<u>\$ 3,843,263</u>	<u>\$ 3,618,825</u>

J. Receivable from transfer-agent services and income from transfer-agent services

	Income from transfer-agent services	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Others	<u>\$ 124</u>	<u>\$ 121</u>

K. Investment refund receivable

	December 31, 2022	December 31, 2021
Other related parties:		
IBKC-TONGYANG Growth		
2013 Private Equity Fund	\$ 50,066	\$ 47,782
TONGYANG AGRI-FOOD		
INVESTMENT FUND II	1,544	21,639
Kiwoom-Yuanta 2019		
Scale-up Fund	12,031	-
SYF Information (Shanghai)	118,159	-
	<u>\$ 181,800</u>	<u>\$ 69,421</u>

L. Other financial assets-loan, interest in advance and interest income

	December 31, 2021
	<u>Other financial assets-loan</u>
Other related parties:	
Pyeongtaek Godeok PFV Co., Ltd.	<u>\$ 1,863,360</u>

There were no other financial assets-loan to related parties as of December 31, 2022.

M. Receivable of securities business money lending

	December 31, 2022	December 31, 2021
Key management personnel:		
Others	\$ 231	\$ 23,206
Other related parties:		
Others	25,579	410
	<u>\$ 25,810</u>	<u>\$ 23,616</u>

N. Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 384,218	\$ 336,337
Yuanta Construction		
Development	2,038	2,938
	<u>\$ 386,256</u>	<u>\$ 339,275</u>

O. Other financial liabilities

Customers' deposits of Yuanta Securities and its subsidiaries recorded as other financial liabilities were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Key management personnel:		
Others	\$ 4,772	\$ 20,690
Other related parties:		
Others	11	9
	<u>\$ 4,783</u>	<u>\$ 20,699</u>

P. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Key management personnel:		
Others	\$ 11	\$ 22
Other related parties:		
Others	144	27
	<u>\$ 155</u>	<u>\$ 49</u>

Q. Securities issued by fellow subsidiary (recorded as "Financial assets at fair value through profit or loss")

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
Yuanta SPAC IV	\$ -	\$ 18,051
Yuanta SPAC V	-	22,943
Yuanta SPAC VII	-	22,127
Yuanta SPAC VIII	24,110	23,059
Yuanta SPAC IX	24,110	-
Yuanta SPAC X	24,110	-
Yuanta SPAC XI	24,110	-
Yuanta SPAC XII	19,240	-
Yuanta SPAC XIII	24,111	-
Yuanta SPAC XIV	24,111	-
	<u>\$ 163,902</u>	<u>\$ 86,180</u>

	Proceeds on disposal	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta SPAC IV	\$ 15,423	\$ -
YFYCPG	-	989,923
	<u>\$ 15,423</u>	<u>\$ 989,923</u>
	Realised gains or losses	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta SPAC IV	(\$ 3,272)	\$ -
YFYCPG	-	49,376
	<u>(\$ 3,272)</u>	<u>\$ 49,376</u>

R. Credit transaction between the Yuanta Group and related parties

	December 31, 2022		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Key management personnel:			
Others	\$ 11,459	\$ 81,828	\$ 82,757
Other related parties:			
Others	1,048	57,506	22,206
	<u>\$ 12,507</u>	<u>\$ 139,334</u>	<u>\$ 104,963</u>
	December 31, 2021		
	Guarantee deposit receivable from short sales	Deposit for short sales	Margin loans
Key management personnel:			
Others	\$ 3,438	\$ 22,913	\$ 70,145
Other related parties:			
Others	6,400	7,937	32,361
	<u>\$ 9,838</u>	<u>\$ 30,850</u>	<u>\$ 102,506</u>

S. Other Operating expenses

(A) ETF redemption fees

	For the years ended December 31,	
	2022	2021
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 41,250</u>	<u>\$ 47,365</u>

(B) Financial costs

		For the years ended December 31,	
		2022	2021
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust		\$ 38,027	\$ 1,952

T. Operating expenses

		For the years ended December 31,	
		2022	2021
<u>Name of related parties</u>	<u>Nature</u>		
Other related parties:			
Yuanta Foundation	Donation expenditure	\$ 80,000	\$ 80,000
Yuanta-Polaris Research	Donation expenditure	31,600	21,000
		<u>\$ 111,600</u>	<u>\$ 101,000</u>

U. Premium income

		For the years ended December 31,	
		2022	2021
Other related parties:			
Others		\$ 359,468	\$ 342,543

V. The details of the service fees arising from brokerage commissions engaged by the Yuanta Group and its related parties

		For the years ended December 31,	
		2022	2021
Key management personnel:			
Others		\$ 24,617	\$ 37,086
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust		315,011	237,862
Others		30,619	41,536
		<u>\$ 370,247</u>	<u>\$ 316,484</u>

W. Rental income from leasing the Yuanta Group's own assets to related parties

		For the years ended December 31,	
		2022	2021
Other related parties:			
Yuanta Construction Development		\$ 8,044	\$ 8,497
Yuanta-Polaris Research		846	1,133
Yuanta Foundation		64	57
		<u>\$ 8,954</u>	<u>\$ 9,687</u>

X. The details of the real estate management and maintenance income engaged by the Yuanta Group and its related parties

	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Foundation	\$ 6	\$ 4

Y. Refundable deposits - rental deposit from leasing the Yuanta Group's own assets to related parties

	December 31, 2022	December 31, 2021
Other related parties:		
Yuanta Construction		
Development	\$ 1,510	\$ 1,510
Yuanta-Polaris Research	17	189
Yuanta Foundation	10	10
	\$ 1,537	\$ 1,709

Z. Gain on investment property

(A) Imputed interest on deposits

	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Construction Development	\$ 12	\$ 12

(B) Other income

	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Construction Development	\$ 2,072	\$ 1,310

AA. Revenue from funds managed by related parties of the Yuanta Group

	For the years ended December 31,	
	2022	2021
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 160,497	\$ 249,201

AB. Other operating revenue—Underwriting service income

(A) Underwriting service income

a. Fee income from security proxy sale

	For the years ended December 31,	
	2022	2021
Other related parties:		
Others	\$ -	\$ 4,228

b. Revenue from underwriting securities on a firm commitment basis

	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta SPAC V	\$ 4,526	\$ -
Yuanta SPAC VII	3,515	-
Yuanta SPAC IX	3,463	-
Yuanta SPAC X	3,810	-
Yuanta SPAC VI	-	5,574
Yuanta SPAC VIII	-	5,360
Yuanta SPAC III	-	3,676
	<u>\$ 15,314</u>	<u>\$ 14,610</u>

(B) Financial advisory services income

	For the years ended December 31,	
	2022	2021
Other related parties:		
Pyeongtaek Godeok PFV Co., Ltd.	\$ 1,155	\$ 29,832
Others	554	147
	<u>\$ 1,709</u>	<u>\$ 29,979</u>

(C) Borrowed stock revenue

	For the years ended December 31,	
	2022	2021
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 11,204</u>	<u>\$ 7,451</u>

AC. Information on remunerations to the Yuanta Group's key management

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 5,004,027	\$ 7,360,979
Termination benefits	20,511	53,119
Other long-term benefits	11,170	11,242
Post-employment benefit	159,471	161,975
Total	<u>\$ 5,195,179</u>	<u>\$ 7,587,315</u>

(3) Transactions and balances with related parties exceeding \$100 million:

A. Yuanta Bank and its subsidiaries

(A) Deposits

December 31, 2022			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 98,990,338	6.65	0.00~6.44
December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 112,068,782	7.62	0.00~5.80

Apart from an interest rate limit on staff demand savings deposits of 5.80%~6.44% and 5.80%, respectively, for the years ended December 31, 2022 and 2021, the range of interest rates on other related parties' demand savings deposits were 0.00%~5.82% and 0.00%~3.00%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2022 and 2021, interest expense on the above deposits were \$657,174 and \$170,988, respectively.

(BLANK)

(B) Loans

December 31, 2022

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	352	\$ 139,870	\$ 65,334	\$ 65,334	\$ -	Small and medium enterprise credit guarantee fund, movables and credit loans	None
Residential mortgage loans	525	4,852,383	3,913,037	3,913,037	-	Real estate	None
Other loans	Yuanta Securities	1,450,000	-	-	-	Real estate	None
	Greatness Trading Co., Ltd.	20,000	20,000	20,000	-	Real estate	None
	98	412,338	267,757	267,757	-	Deposits, stock, real estate and policy	None
Total			\$ 4,266,128	\$ 4,266,128	\$ -		

December 31, 2021

Unit: In thousands of NT dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	332	\$ 118,138	\$ 60,243	\$ 60,243	\$ -	Small and medium enterprise credit guarantee fund, real estate, movables, deposits and credit loans	None
Residential mortgage loans	524	4,598,237	3,628,465	3,628,465	-	Real estate	None
Other loans	Yuanta Securities	24,105	-	-	-	Real estate	None
	91	372,879	228,404	228,404	-	Deposits, stock, real estate, beneficial rights of specific money trust and policy	None
Total			\$ 3,917,112	\$ 3,917,112	\$ -		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies which were 1.89%~1.90% and 1.20% for the years ended December 31, 2022 and 2021, respectively, the interest rates on the remaining loans are ranging from 0.00%~6.97% and 0.00%~6.42% for the years ended December 31, 2022 and 2021, respectively, which are the same with the terms of general loans. For the years ended December 31, 2022 and 2021, interest income resulting from the above loans amounted to \$64,246 and \$53,431, respectively.

(C) Service fee income

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Life	\$ 1,093,739	\$ 897,173
Yuanta Securities Investment Trust	64,768	37,163
Yuanta Securities (Hong Kong)	50,165	7,595
Yuanta Securities	21,517	10,457
	<u>\$ 1,230,189</u>	<u>\$ 952,388</u>

Resulting from the above-mentioned brokerage of funds, insurances and trusts, the related receivables were as follows:

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 56,052	\$ 58,657
Yuanta Securities Investment Trust	8,510	3,334
Yuanta Securities (Hong Kong)	1,592	82
	<u>\$ 66,154</u>	<u>\$ 62,073</u>

(D) Rent expense

Name of related parties	Purpose	For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
	Office rental/		
Yuanta Securities	Venue rental	\$ 197,117	\$ 206,530

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

Name of related parties	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Securities	\$ 5,001	\$ 5,407

(E) Current income tax assets/liabilities

	December 31, 2022	December 31, 2021
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivable	\$ 99,119	\$ 99,119
Consolidated income tax return payable	\$ 351,059	\$ 625,763

(F) Leasing arrangements—Lessee

- Yuanta Bank and its subsidiaries leased buildings from Yuanta Securities, Yuanta Securities Finance and Yuanta Life. The leases are with 3~5 years period and the rents are paid every month.

b. Right-of-use assets — net

Name of related parties	Right-of-use assets	
	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 37,236	\$ 50,323
Yuanta Securities	42,550	51,179
Yuanta Securities Finance	-	2,501
	<u>\$ 79,786</u>	<u>\$ 104,003</u>
	Depreciation expense	
	For the years ended December 31,	
Name of related parties	2022	2021
Fellow subsidiary:		
Yuanta Securities	\$ 27,049	\$ 26,727
Yuanta Life	13,087	12,852
Yuanta Securities Finance	2,501	2,501
	<u>\$ 42,637</u>	<u>\$ 42,080</u>

- i. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities amounting to \$18,420 and \$34,446 for the years ended December 31, 2022 and 2021, respectively.
- ii. Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Life amounting to \$0 and \$10,296 for the years ended December 31, 2022 and 2021, respectively.
- iii. Yuanta Bank and its subsidiaries have gains arising from lease modifications with Yuanta Life in the amounts of \$0 and \$288 of lease contract for the years ended December 31, 2022 and 2021, respectively.
- iv. Yuanta Bank and its subsidiaries have losses arising from lease modifications with Yuanta Securities in the amounts of \$0 and \$26 of lease contract for the years ended December 31, 2022 and 2021, respectively.

c. Lease liabilities

Name of related parties	Lease liabilities	
	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 40,413	\$ 54,497
Yuanta Securities	41,480	50,728
Yuanta Securities Finance	-	2,521
	<u>\$ 81,893</u>	<u>\$ 107,746</u>
	Interest expense	
	For the years ended December 31,	
Name of related parties	2022	2021
Fellow subsidiary:		
Yuanta Life	\$ 309	\$ 394
Yuanta Securities	299	304
Yuanta Securities Finance	9	30
	<u>\$ 617</u>	<u>\$ 728</u>

(G) Property transactions

a. Bonds sold and purchased

Name of related parties	For the year ended December 31, 2021		
	Type	Purchase Price	Selling Price
Fellow subsidiary:			
Yuanta Securities	Bonds	\$ 199,208	\$ -

There were no bonds sold and purchased with related parties during the year ended December 31, 2022.

b. Futures trading with related parties of Yuanta Bank and its subsidiaries are as follows:

Name of related parties	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Futures		
Futures Margin	\$ 105,310	\$ 84,468

Interest revenue and service charges for trading of futures are as follows:

Name of related parties	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Futures		
Interest income	\$ 100	\$ 2
Service fee expense	\$ 725	\$ 535

(H) Others (recorded as “Bank debentures payable”)

For the year ended December 31, 2022, Yuanta Securities purchased 2022 first general bank debentures in the amount of \$1,400,000 which was issued by Yuanta Bank.

For the year ended December 31, 2021, Yuanta Securities purchased 2021 first subordinated bank debentures in the amount of \$4,500,000 which was issued by Yuanta Bank.

B. Yuanta Securities and its subsidiaries

(A) Futures trading

- a. Futures margins, clearing and settlement service charge payable, service charges - clearing and settlement and handling charges - proprietary trading arising from future transactions are as follows:

	December 31, 2022	
	Futures margins	
	Own funds	Excess margins
Fellow subsidiary:		
Yuanta Futures	\$ 717,219	\$ 2,232,615
Yuanta Futures Hong Kong	24,089	128,210
	<u>\$ 741,308</u>	<u>\$ 2,360,825</u>
	December 31, 2021	
	Futures margins	
	Own funds	Excess margins
Fellow subsidiary:		
Yuanta Futures	\$ 1,484,724	\$ 3,394,382
Yuanta Futures Hong Kong	43,407	118,207
	<u>\$ 1,528,131</u>	<u>\$ 3,512,589</u>
	For the year ended December 31, 2022	
	Service charges - clearing and settlement	Handling charges - proprietary trading
Fellow subsidiary:		
Yuanta Futures	\$ -	\$ 115,485
Yuanta Futures Hong Kong	555	2,816
	<u>\$ 555</u>	<u>\$ 118,301</u>
	For the year ended December 31, 2021	
	Service charges - clearing and settlement	Handling charges - proprietary trading
Fellow subsidiary:		
Yuanta Futures	\$ 26,736	\$ 91,163
Yuanta Futures Hong Kong	31	3,030
	<u>\$ 26,767</u>	<u>\$ 94,193</u>
b. Commission income receivable (recorded as “accounts receivable”) and commission income -futures arising from futures introducing broker transactions on behalf of related parties are as follows:	Commission income receivable	
	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Futures	<u>\$ 22,020</u>	<u>\$ 19,728</u>
	Commission income - futures	
	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Futures	<u>\$ 292,413</u>	<u>\$ 303,403</u>
(B) Bank deposits, interest income and interest receivable		
a. Details of deposits of Yuanta Securities and its subsidiaries with related parties are as follows:		

		December 31, 2022	
		Ending balance of bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 34,431,718	\$ 72,479
		December 31, 2021	
		Ending balance of bank deposits	Other receivables – interests receivable (Note)
Fellow subsidiary:			
Yuanta Bank		\$ 59,176,243	\$ 5,146
		Other gains and losses – interest income (Note)	
		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Bank		\$ 318,684	\$ 36,826
Note: Including the interest of demand deposits, time deposits and operating guarantee deposits.			
b. As of December 31, 2022 and 2021, the certificate of deposits that Yuanta Securities and its subsidiaries provided to Yuanta Bank (recorded as “Other current assets”) as collateral for credit facility and guarantee deposits of structured products amounted to \$521,408 and \$6,637,400, respectively.			
(C) Consolidated income tax return - receivables/ payables (recorded as “Current income tax assets/liabilities”)			
		December 31, 2022	December 31, 2021
Parent company:			
Yuanta Financial Holdings			
Consolidated income			
tax return payables		\$ 377,277	\$ 2,833,710
(D) Operating guarantee deposits			
Yuanta Securities and its subsidiaries provided time deposits to a related party as operating guarantee deposits for engaging in securities and futures business. Details were as follows:			
		December 31, 2022	December 31, 2021
Fellow subsidiary:			
Yuanta Bank		\$ 1,275,000	\$ 1,265,000
(E) Refundable deposits for lending auction			
		December 31, 2022	December 31, 2021
Fellow subsidiary:			
Yuanta Bank		\$ 204,000	\$ 350,000
(F) Deposits on securities borrowed, receivables from deposits on securities borrowed, security borrowing expenses payable and security borrowing expenses			
Please refer to Note 7(2)E.			
(G) Receivables from loans to employees, interest receivables and the interest income generated			
Please refer to Note 7(2)F.			

(H) Commission receivable and commission income

		Commission receivable	
		December 31, 2022	December 31, 2021
Fellow subsidiary:			
Yuanta Life	\$	20,813	\$ 85,142
		Commission income	
		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Life	\$	595,267	\$ 1,092,011

(I) Trust income receivable and trust income

		Trust income receivable	
		December 31, 2022	December 31, 2021
Fellow subsidiary:			
Yuanta Securities Investment Trust	\$	13,394	\$ 6,479
		Trust income	
		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Securities Investment Trust	\$	104,411	\$ 66,342

(J) Other financial assets-loan and interest in advance

Please refer to Note 7(2)L.

(K) Amounts held for settlement

As of December 31, 2022 and 2021, Yuanta Securities and its subsidiaries had amounts held for settlement of \$831,936 and \$1,798,617, respectively, which were deposited at its fellow subsidiary, Yuanta Bank.

(L) Property transactions

a. Bonds transactions under repurchase agreements (recorded as "Liabilities for bonds with repurchase agreements")

Please refer to Note 7(2)C(B).

b. Bonds sold and purchased (recorded as "Financial assets at fair value through profit or loss")

		For the year ended December 31, 2022	
		Purchased	Sold
Parent company:			
Yuanta Financial Holdings	\$	7,900,000	\$ -
Fellow subsidiary:			
Yuanta Bank		1,400,000	-
	\$	9,300,000	\$ -

		For the year ended December 31, 2021	
		Purchased	Sold
Parent company:			
Yuanta Financial Holdings	\$	4,100,000	\$ -
Fellow subsidiary:			
Yuanta Bank		4,500,000	199,208
Yuanta Futures		1,100,000	-
	\$	<u>9,700,000</u>	<u>\$ 199,208</u>

(M) Lease transactions—Lessee

- a. Yuanta Securities and its subsidiaries lease buildings from related parties. Rental contracts are typically made for periods of 3 to 5 years and rental payments are made at the beginning of each month.
- b. Lease liabilities

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Life	\$ 301,588	\$ 406,793
Others	16,391	11,823
	<u>\$ 317,979</u>	<u>\$ 418,616</u>

(N) Customer margin accounts

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Futures	\$ 282,877	\$ 201,455
Others	1,188	1,062
	<u>\$ 284,065</u>	<u>\$ 202,517</u>

(O) Other operating expense—Professional fee

The transaction details of Yuanta Securities' and its subsidiaries' professional fee from investment strategies and recommendations provided by related parties are as follows:

		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Securities Investment Consulting	\$	<u>208,057</u>	<u>\$ 207,840</u>

Professional fees are calculated based on contractual agreements by both parties.

(P) Brokerage fee revenue

		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Bank	\$	22,203	\$ 36,675
Yuanta Life		17,487	28,529
Others		3,711	4,415
Key management personnel:			
Others		24,617	37,086
Other related parties:			
Funds managed by Yuanta			
Securities Investment Trust		179,427	102,864
Others		20,799	32,874
	\$	268,244	\$ 242,443

These securities brokerage transactions mentioned above were made in the ordinary course of business and carried out at arms-length commercial terms.

(Q) Rebate receivable and rebate income

The rebate income received from related parties for using Yuanta Securities' and its subsidiaries' facilities (rebate income is recorded as other gains and losses; rebate receivable to be collected is recorded as other receivables) is as follows:

		Rebate receivable	
		December 31, 2022	December 31, 2021
Fellow subsidiary:			
Yuanta Bank	\$	15,728	\$ 18,152
Rebate income			
		For the years ended December 31,	
		2022	2021
Fellow subsidiary:			
Yuanta Bank	\$	230,122	\$ 258,210

(R) Funds and beneficiary certificates managed by fellow subsidiary (recorded as "Financial assets at fair value through profit or loss")

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Other related parties:				
Fund managed by				
Yuanta Securities				
Investment Trust		<u>\$ 4,753,291</u>		<u>\$ 4,777,424</u>
	For the years ended December 31,			
	<u>2022</u>		<u>2021</u>	
	<u>Proceeds on</u>		<u>Proceeds on</u>	
	<u>disposal</u>	<u>Realised gain</u>	<u>disposal</u>	<u>Realised gain</u>
Other related parties:				
Fund managed by				
Yuanta Securities				
Investment Trust	\$ 390,576,896	\$ 120,904	\$ 379,526,373	\$ 1,101,897

(S) Securities issued by fellow subsidiary (recorded as “Financial assets at fair value through profit or loss”)

	December 31, 2022	December 31, 2021
Other related parties:		
Yuanta SPAC IV	\$ -	\$ 18,051
Yuanta SPAC V	-	22,943
Yuanta SPAC VII	-	22,127
Yuanta SPAC VIII	24,110	23,059
Yuanta SPAC IX	24,110	-
Yuanta SPAC X	24,110	-
Yuanta SPAC XI	24,110	-
Yuanta SPAC XII	19,240	-
Yuanta SPAC XIII	24,111	-
Yuanta SPAC XIV	24,111	-
	<u>\$ 163,902</u>	<u>\$ 86,180</u>

For the years ended December 31,

	2022		2021	
	Proceeds on disposal	Realised gain (loss)	Proceeds on disposal	Realised gain (loss)
Parent subsidiary:				
Yuanta Financial Holdings	\$ 334,941	\$ 192	\$ 788,260	(\$ 3,527)
Other related parties:				
Yuanta SPAC IV	15,423	(3,272)	-	-
YFYCPG	-	-	989,923	49,376
	<u>\$ 350,364</u>	<u>(\$ 3,080)</u>	<u>\$ 1,778,183</u>	<u>\$ 45,849</u>

(T) Credit transaction

Please refer to Note 7(2)R.

(U) Others

- As of December 31, 2022 and 2021, the lines of credit that Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were \$11,500,000 and \$10,000,000, respectively. The carrying amounts of land and building amounting to \$3,426,627 and \$3,496,643, respectively, were designated as collateral.
- Fund management fee income from fund managed and fund balances held by Yuanta Securities and its subsidiaries. (recorded as “Financial assets at fair value through profit or loss”)

	Fund management fee income	
	For the years ended December 31,	
	2022	2021
Other related parties:		
Yuanta Asia Growth Investment, L.P.	\$ 33,685	\$ 25,970
Yuanta Diamond Funds SPC’s funds	24,459	53,139
	<u>\$ 58,144</u>	<u>\$ 79,109</u>

	The balance of fund	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
Global Growth Investment, L.P.	\$ 19,176	\$ 12,044
Yuanta Asia Growth Investment, L.P.	133,063	124,086
	<u>\$ 152,239</u>	<u>\$ 136,130</u>

- c. Details on the performance fee and management fee receivable for fund investments accounted for under the equity method and receipts of performance fee and fund management fee are as follows:

Please refer to Note 7(2)H.

C. Yuanta Futures and its subsidiaries

(A) Cash and cash equivalents / operating guarantee deposits / customer margin deposits

	December 31, 2022			
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>	<u>Balance of excess futures guarantee deposits</u>
Fellow subsidiary:				
Yuanta Bank	\$ 6,098,095	\$ 140,000	\$ 25,549,016	\$ -
Yuanta Securities (Korea)	-	-	4,501	99
Yuanta Securities (Vietnam)	-	-	279,988	-
	<u>\$ 6,098,095</u>	<u>\$ 140,000</u>	<u>\$ 25,833,505</u>	<u>\$ 99</u>
	December 31, 2021			
	<u>Bank deposits ending balance</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>	<u>Balance of excess futures guarantee deposits</u>
Fellow subsidiary:				
Yuanta Bank	\$ 3,344,174	\$ 140,000	\$ 16,371,626	\$ -

(B) Customer margin account for leverage contracts

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Bank	<u>\$ 123,367</u>	<u>\$ 200,734</u>

(C) Equity of futures traders

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Securities	\$ 2,989,090	\$ 4,904,272
Yuanta Securities (Korea)	290,990	210,502
Yuanta Securities		
(Hong Kong)	101,689	132,727
Yuanta Bank	105,315	84,459
Other related parties:		
Funds managed by		
Yuanta Securities		
Investment Trust	37,679,405	29,244,360
Others	89,347	88,823
	<u>\$ 41,255,836</u>	<u>\$ 34,665,143</u>

(D) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Bank	\$ 4,663	\$ 7,051
Yuanta Life	113,561	153,175
Yuanta Securities (Hong Kong)	13,013	-
	<u>\$ 131,237</u>	<u>\$ 160,226</u>

(E) Investment refund receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
SYF Information (Shanghai)	\$ 118,159	\$ -

(F) Brokerage fee revenue

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary:		
Yuanta Securities	\$ 100,975	\$ 87,986
Yuanta Securities (Hong Kong)	19,275	8,768
Yuanta Securities (Korea)	1,929	2,047
Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	135,584	134,998
Others	9,820	8,662
	<u>\$ 267,583</u>	<u>\$ 242,461</u>

(G) Futures commissions expense and consigned/entrusted foreign futures trading commissions

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary:		
Yuanta Securities	\$ 292,413	\$ 303,403

(H) Interest income

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Bank	\$ 254,472	\$ 91,939
Interest income includes the interest from demand deposits, time deposits, customer margin deposits, and operating guarantee deposits.		

(I) Property transactions

	December 31, 2022	December 31, 2021
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 159,540	\$ -
The (losses) gains on disposal of funds managed by fellow subsidiary were (\$2,727) and \$6,964 for the years ended December 31, 2022 and 2021, respectively.		

D. Yuanta Securities Investment Consulting

(A) Bank deposits

As of December 31, 2022 and 2021, Yuanta Securities Investment Consulting deposited \$246,731 and \$241,703, respectively, to Yuanta Bank, amongst which, the operating guarantee deposits were all \$5,000, and annual interest rates were 1.03% and 0.77%, respectively.

(B) Operating income

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Securities	\$ 201,217	\$ 201,000
Yuanta Bank	30,000	15,960
Yuanta Securities Investment Trust	18,000	10,000
Yuanta Futures	3,600	3,600
Yuanta Securities Finance	6,840	6,840
	<u>\$ 259,657</u>	<u>\$ 237,400</u>

E. Yuanta Securities Investment Trust

(A) Sales fee

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Securities	\$ 147,710	\$ 115,607
Yuanta Bank	60,272	32,191
	<u>\$ 207,982</u>	<u>\$ 147,798</u>

(B) Bank deposits

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Bank	<u>\$ 4,254,024</u>	<u>\$ 3,267,493</u>

(C) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Life	\$ 1,543	\$ 1,522
Other related parties:		
Funds managed by Yuanta	384,218	336,337
Securities Investment Trust	<u>\$ 385,761</u>	<u>\$ 337,859</u>

(D) Management fee income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fellow subsidiary:		
Yuanta Life	\$ 16,262	\$ 10,472
Other related parties:		
Funds managed by Yuanta	3,784,559	3,539,086
Securities Investment Trust	<u>\$ 3,800,821</u>	<u>\$ 3,549,558</u>

(E) Fund transactions (recorded as “Financial assets at fair value through profit or loss”)

Securities investment trust funds raised by the Yuanta Securities Investment Trust which are held by Yuanta Securities Investment Trust and its related parties as of December 31, 2022 and 2021 are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Yuanta Securities		
Investment Trust	\$ 229,318	\$ 165,069
Fellow subsidiary	1,324,882	452,295
	<u>\$ 1,554,200</u>	<u>\$ 617,364</u>

F. Yuanta Life

(A) Bank deposits and time deposits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Yuanta Bank (Note)	<u>\$ 1,245,595</u>	<u>\$ 768,267</u>
Note: Including other financial assets.		

(B) Current income tax assets/liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Parent company:		
Yuanta Financial Holdings		
Consolidated income		
tax return receivable	<u>\$ 4,962,290</u>	<u>\$ 1,751,615</u>
Consolidated income		
tax return payable	<u>\$ -</u>	<u>\$ 612,649</u>

(C) Property transactions—Beneficiary certificates(recorded as “Financial assets at fair value through profit or loss”)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 2,570,829	\$ 1,520,526
Yuanta Asia Growth		
Investment, L.P.	<u>133,064</u>	<u>124,675</u>
	<u>\$ 2,703,893</u>	<u>\$ 1,645,201</u>

For the year ended December 31, 2022

	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realised gain</u>
Other related parties:			
Funds managed by			
Yuanta Securities			
Investment Trust	\$ 1,446,000	\$ -	\$ -
Yuanta Asia Growth			
Investment, L.P.	<u>8,980</u>	<u>7,391</u>	<u>3,731</u>
	<u>\$ 1,454,980</u>	<u>\$ 7,391</u>	<u>\$ 3,731</u>

For the year ended December 31, 2021

	<u>Purchase price</u>	<u>Proceeds on disposal</u>	<u>Realised gain</u>
Other related parties:			
Funds managed by			
Yuanta Securities			
Investment Trust	\$ 371,364	\$ 1,855,902	\$ 392,824
Yuanta Asia Growth			
Investment, L.P.	<u>32,309</u>	<u>1,946</u>	<u>1,172</u>
	<u>\$ 403,673</u>	<u>\$ 1,857,848</u>	<u>\$ 393,996</u>

Dividends income from investments in open-end funds were as follows (recorded as “Profit or loss on financial assets at fair value through profit or loss”):

For the years ended December 31,

	<u>2022</u>	<u>2021</u>
Other related parties:		
Funds managed by		
Yuanta Securities Investment Trust	<u>\$ 67,647</u>	<u>\$ 150,255</u>

(D) Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Parent company:		
Yuanta Financial Holdings	\$ 4,098	\$ 1,081
Fellow subsidiary:		
Yuanta Bank	57,406	53,609
Yuanta International		
Insurance Brokers	<u>20,813</u>	<u>82,563</u>
	<u>\$ 82,317</u>	<u>\$ 137,253</u>

(E) Premium income

	For the years ended December 31,	
	2022	2021
Parent company:		
Yuanta Financial Holdings	\$ 1,560	\$ 1,314
Fellow subsidiary:		
Yuanta Bank	30,001	33,936
Yuanta Futures	2,825	2,758
Yuanta Securities Investment Trust	1,880	1,841
Yuanta Securities	40,365	39,132
Other related parties:		
Others (Note)	359,468	342,543
	<u>\$ 436,099</u>	<u>\$ 421,524</u>

Note: The balance of individual related party did not exceed 10% of account balance.

(F) Commission expense

	For the years ended December 31,	
	2022	2021
Fellow subsidiary:		
Yuanta Bank	\$ 1,093,258	\$ 893,768
Yuanta International Insurance Brokers	595,267	1,092,011
	<u>\$ 1,688,525</u>	<u>\$ 1,985,779</u>

(G) Information on investments entrusted to related parties

Yuanta Life entered into a discretionary investment agreement with Yuanta Securities Investment Trust to entrust Yuanta Securities Investment Trust to serve as the trustee of discretionary investment-linked insurance. The entrusted investment items are mainly funds, beneficiary certificates and ETFs. The amount of investments as of December 31, 2022 and 2021 were \$28,486,717 and \$28,705,318, respectively; the trustee's compensation for the commissioned services during the years ended December 31, 2022 and 2021 amounted to \$16,262 and \$10,472, respectively. In addition, Yuanta Life entrusted Yuanta Bank to serve as the custody institution of discretionary investment-linked insurance. The custody institution's compensation for the commissioned services during the years ended December 31, 2022 and 2021 amounted to \$29,582 and \$17,729, respectively.

(H) Rental income

Yuanta Life leases buildings and parking spaces to related parties. Rental contracts are typically made for periods of 5 years. Rents are collected monthly according to the contracts.

	For the years ended December 31,	
	2022	2021
Parent company:		
Yuanta Financial Holdings	\$ 5,223	\$ 5,189
Fellow subsidiary:		
Yuanta Securities	92,777	95,069
Yuanta Futures	35,353	36,050
Yuanta Bank	12,583	13,074
Yuanta Asset Management	4,070	4,165
Yuanta International Insurance Brokers	1,064	1,089
Other related parties:		
Yunta Development	7,922	8,068
	<u>\$ 158,992</u>	<u>\$ 162,704</u>

G. Yuanta Ventures and its subsidiary

(A) Bank deposits

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Bank	\$ 739,988	\$ 952,219
Yuanta Securities (Hong Kong)	5,627	5,073
	<u>\$ 745,615</u>	<u>\$ 957,292</u>

a. For the years ended December 31, 2022 and 2021, interest income from abovementioned bank accounts were \$5,444 and \$2,738, respectively.

b. As of December 31, 2022 and 2021, the deposits in Yuanta Securities (Hong Kong) for invested securities settlement amounted to HKD1,429 thousand, the corresponding rate used to convert the amounts were 3.9383 and 3.5507, respectively.

H. Yuanta Asset Management

(A) Bank deposits

	December 31, 2022	December 31, 2021
Fellow subsidiary:		
Yuanta Bank	<u>\$ 446,218</u>	<u>\$ 179,926</u>

For the years ended December 31, 2022 and 2021, interest income from abovementioned bank accounts were \$3,943 and \$50, respectively.

(B) Property transactions—Beneficiary certificates(recorded as financial assets at fair value through profit or loss)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fellow subsidiary:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>130,431</u>	\$ <u>-</u>
	<u>For the year ended December 31, 2022</u>	
	<u>Proceeds on disposal</u>	<u>Realised gain</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>151,945</u>	(\$ <u>28,055</u>)
	<u>For the year ended December 31, 2021</u>	
	<u>Proceeds on disposal</u>	<u>Realised gain</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ <u>207,855</u>	\$ <u>7,855</u>

(BLANK)

8. Pledged assets

As of December 31, 2022 and 2021, the Yuanta Group's assets pledged as collateral are as follows:

Items	December 31, 2022	December 31, 2021	Purpose of pledge
Due from Central Bank and call loans to other banks	\$ 121,770	\$ 116,460	Operating guarantee deposits
Financial assets at fair value through profit or loss	133,457,339	125,360,233	Bonds under repurchase agreement, collateral for securities lending and OTC trading
	52,617,228	76,340,247	Merchant business
	50,260	51,208	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	4,441,970	3,904,550	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
	-	1,216,100	Operating guarantee deposits
	70,950,144	64,853,914	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds, claim reserve from trust fund and guarantees on asset disposal
Financial assets at amortised cost	3,622,836	2,407,130	Operating guarantee deposits
	209,857	211,874	Deposits for guarantees in the Central Bank
	182,600	183,796	Claim reserve from trust fund
	10,000,000	10,651,885	Overdraft guarantee for foreign currency settlement
	108,092	108,807	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	54,046	54,404	Deposit guarantees of bills merchants
	286,767	463,301	Collateral for provisional seizure
	5,837	5,223	VISA international card payment reserves
	54,046	-	Settlement reserves for Taiwan Futures Exchange
Restricted assets	2,004,543	2,143,011	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	696,307	306,264	Operating guarantee deposits-exchange, structured notes, interest rate swap account, repo trade and money lending refundable liquidation and settlement
	962	920	Overdraft guarantee
	24,480	21,834	Dividends payable arising from stock agency business
Other assets	569,146	435,358	Operating guarantee deposits
	4,228,069	1,775,239	Performance bond and rental deposits
	12,551	32,594	Underwriting share proceeds collected on behalf of customers
Property and equipment and investment property	2,506,252	2,956,216	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	402,462	646,073	Collateral for securities lending business

9. Significant contingent liabilities and unrecognized contract commitments

- (1) As of December 31, 2022 and 2021, capital expenditure contracted for at the balance sheet date but not yet incurred were \$8,634,777 and \$6,327,872, respectively.
- (2) As of December 31, 2022, the upper limit of remaining capital commitment for the investment agreement signed by Yuanta Life of the Yuanta Group was US \$5,054 thousand dollars.
- (3) Stocks entrusted to custody
As of December 31, 2022 and 2021, the stocks entrusted to the custody of Yuanta Securities Finance of the Yuanta Group by clients were all 7,483 thousand shares. The market value of these entrusted stocks was approximately \$78,133 and \$79,180, respectively.
- (4) Transactions on behalf of customers
Yuanta Securities had several proxy delivery agreements with certain securities companies. In accordance with these agreements, these securities companies have agreed to be Yuanta Securities' first and second proxy. If Yuanta Securities is unable to fulfil its settlement obligations to the TWSE, the proxies must then act pursuant to said obligations and responsibilities.
- (5) As of December 31, 2022, Yuanta Securities (Korea) had issued a commitment letter for convertible bond private placements with the total commitment amount no more than KRW 1,000 million (about \$24 million) for an investment bank business. The commitment has expired and ended on February 6, 2023 due to conditions are not fulfilled.
- (6) Other lawsuits- Yuanta Securities
 - A. With respect to the land and parking space sales dispute, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a mediation procedure against Yuanta Securities and another party. On January 17, 2018, the claimants raised its claim to \$952,511 thousand (the amount of \$950,861 thousand of which was claimed on a jointly-liable basis). The mediation failed before the Taiwan Taipei District Court. On July 11, 2018, Seventh-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital initiated a separate suit for the same matter and claimed the same compensation. The Taiwan Taipei District Court ruled to reject all the plaintiffs' claims on January 27, 2022 (i.e., Yuanta Securities and another party won the lawsuit). The plaintiffs appealed and reduced the claim amount to \$722,378 thousand (the amount of \$512,454 thousand of which is claimed by Seventh-Day Adventist Church Taiwan Conference and the amount of \$209,924 thousand of which is claimed by Taiwan Adventist Hospital). Yuanta Securities will defend the case in accordance with the law.
 - B. As of December 31, 2022, of the total 13 litigations against Yuanta Securities (Korea) and its subsidiaries, 2 litigations were related to the financial product selling disputes of former TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 11 litigations were compensation claims totaling KRW 19,542 million (approximately \$500 million). Also, please refer to the explanation in Note 6(26) for an arbitration award to which Yuanta Securities (Korea) is subject to.
As of December 31, 2022, Yuanta Securities (Korea) and its subsidiaries provided provisions amounting to KRW 454 million (about \$11 million) for the abovementioned 11 litigations that were unrelated to the financial product selling disputes. Separately, Yuanta Securities (Korea) filed 10 lawsuits as the plaintiff with a total claimed amount of KRW 82,900 million (about \$2 billion).
 - C. Due to the alleged fraudulent act committed by a former employee of KK Trade Securities Co., Ltd., the affected clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for a joint liability to pay the compensation of THB 301 million (approximately \$300 million). In August 2017, Yuanta Securities (Thailand) received a civil complaint of the lawsuit. As part of the claimed amount was not remitted to the account of KK Trade Securities Co., Ltd., but rather directly remitted to the former employee's private account from the plaintiffs, the liability is denied by Yuanta Securities (Thailand). The claims made by the plaintiffs were all

dismissed by the court of the first instance on October 8, 2020. The court of the second instance also dismissed all the plaintiffs' claims on April 7, 2022. The plaintiffs appealed the case to the court of the third instance for review and reduced the claim amount from THB 301 million to THB 149 million (approximately \$100 million).

- D. As of December 31, 2022, Yuanta Securities (Hong Kong)'s receivables from certain margin loans amounting to HKD 147,504 thousand (approximately \$600 million) were secured by listed securities that were suspended for trading. These margin clients were served by an account executive who entered into a guarantee agreement with Yuanta Securities (Hong Kong) (the "Guarantee Agreement") under which the account executive agreed to guarantee against all losses incurred by Yuanta Securities (Hong Kong) in relation to the accounts of these margin clients. Considering that Yuanta Securities (Hong Kong) had exercised its right of set-off under the Guarantee Agreement against the account executive's assets amounting to HKD 68,552 thousand (approximately \$300 million) and received the first repayment distributed by certain clients' liquidator amounting to HKD 44 thousand (approximately \$170 thousand), the remaining loss of HKD 78,908 thousand (approximately \$300 million) has been recognised. Yuanta Securities (Hong Kong) has raised a litigation proceeding against the account executive claiming the full amount of the debt owed by those margin clients based on the Guarantee Agreement. The claim amount is HKD 135,191 thousand (approximately \$500 million) including the interest calculated as of the date of filing the lawsuit. The account executive claimed that she has no liability for losses in relation to the accounts of these margin clients. On February 22, 2021, the court of the first instance issued a summary judgment, ruling that the account executive should bear full guarantee liabilities. However, the account executive filed an appeal against such decision on March 22, 2021. As at the date of the approval of the financial statements, Yuanta Securities (Hong Kong) has considered the external legal advice, and deemed that no provision in relation to the above set-off is necessary.

(7) Other lawsuits- Banks

Yuanta Savings Bank (Korea) exercised its pledge right for several times from 2006 to 2008 to acquire a 33.3% equity interest in Pentagon City under a credit loan extended by Yuanta Savings Bank (Korea) to Pentagon City. In September 2008, Pentagon City implemented a capital reduction on shares held by Yuanta Savings Bank (Korea) and another shareholder under which Pentagon City returned cash of KRW 28 billion to Yuanta Savings Bank (Korea). In 2018, Pentagon City claimed that Yuanta Savings Bank (Korea) breached the 10% holding limit for an unlisted company imposed by laws with respect to savings banks, and thus claimed Yuanta Savings Bank (Korea) should return KRW 19,599,160 thousand as unjustly received benefit, which represents consideration of shares above the 10% holding limit. On June 20, 2019, the Seoul Central District Court as the court of the first instance ruled in favour of Yuanta Savings Bank (Korea). Pentagon City disagreed with the ruling and filed an appeal on July 8, 2019. The Seoul High Court as the court of the second instance ruled in favor of Yuanta Savings Bank (Korea) on November 3, 2020. However, Pentagon City still disagreed with the ruling and filed an appeal for the review of the third instance on November 18, 2020. As of December 31, 2022, 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 shareholders' equity of Yuanta Savings Bank (Korea) and Yuanta Bank.

(8) Other lawsuits- Yuanta Securities Investment Trust

Yuanta Securities Investment Trust was commissioned under discretionary investment businesses of domestic investment contracts by the Bureau of Labor Funds, Ministry of Labor (formerly the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan, restructured as the Bureau of Labor Funds, Ministry of Labor as of February 17, 2014, hereinafter referred to as the "Labor Pension"). Because the former manager of former Polaris Securities Investment Trust, surnamed Qu (hereinafter referred to as "Manager Qu") was suspected of being involved in illegal

activities from 2011 to 2012 while dealing with commissioned trading of stocks for the governmental funds, the Labor Pension filed a civil complaint attached with criminal proceedings with the Taiwan Taipei District Court on January 28, 2014 based on the indictment issued by the Special Investigation Division of the Supreme Prosecutor Office, claiming Manager Qu and Yuanta Securities Investment Trust should bear a joint and several liability for its losses. In order to protect its interests, Yuanta Securities Investment Trust appointed a lawyer to assist in handling the case. After the aforementioned criminal charges against Manager Qu were adjudicated by the Taiwan Taipei District Court for the first instance and the civil case was transferred to the civil court for review, on September 5, 2016, the Labor Pension decreased its joint and several liability claims to \$108,411 thousand. On April 28, 2017, the Labor Pension decreased such claims to \$71,575 thousand after the Taiwan High Court rendered its decision for the aforementioned criminal case as the court of the second instance. The aforementioned criminal rulings made by the first and second instance courts were based on a breach of trust by Manager Qu to Yuanta Securities Investment Trust, while the Labor Pension was concluded as not being the principal in the context of Manager Qu's provision of services. Furthermore, the relevant prior trading, which was considered a criminal breach of trust offense and insider trading actions in violation of the Securities Exchange Act and alleged to have damaged the Labor Pension as illustrated in the indictment, cannot be established as a crime. The civil case filed with the Taiwan Taipei District Court by the Labor Pension for compensation was dismissed by the Taiwan Taipei District Court on May 15, 2020 and the appeal against such decision made to the Taiwan High Court was also dismissed by the Taiwan High Court on December 8, 2021. The Courts ruled that the Labor Pension did not provide sufficient evidence to prove that it had suffered any damage caused by Manager Qu's intentional or negligent actions based on torts laws, and that there was no causation between the alleged compensation and Manager Qu's aforementioned wrongful actions. Accordingly, the Courts found that the Labor Pension has no grounds for claiming that Yuanta Securities Investment Trust shall bear the joint liability for such compensation. However, the Labor Pension appealed the case to the court of the third instance for review on January 7, 2022. Yuanta Securities Investment Trust and the Labor Pension settled the case and the Labor Pension made a motion to the Supreme Court to voluntarily withdraw the case on March 30, 2022. As a result, this case was closed.

(9) Other lawsuits- Yuanta Life Insurance

As of December 31, 2022, Yuanta Life Insurance still has several insurance claim litigations in process. Yuanta Life Insurance handled these cases by itself or with assistance of legal counsels and has provisioned an appropriate amount of claim reserves.

(10) Others

	December 31, 2022	December 31, 2021
Commitment of the securities under a repurchase agreement	\$ 229,074,828	\$ 187,259,926
Commitment of the securities under a resale agreement	94,442,928	46,501,102
Unused loan commitments	17,517,117	22,005,017
Credit commitment on credit card	121,431,714	120,652,007
Unused L/C balance	2,378,257	2,495,253
Other guarantees	9,236,552	10,180,354
Consignment collection for others	14,667,670	15,679,854
Trust assets	308,923,240	256,989,946
Items under custody	61,309,258	68,681,307
Book-Entry Central Government Securities	117,452,000	113,609,500

(11) In accordance with Article 17 of the Trust Enterprise Act, the Yuanta Bank discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

December 31, 2022			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 6,171,056	Payable - Customers' securities under custody	\$ 37,104,555
Stocks	7,737,858	Pecuniary trust	180,916,214
Funds (Note)	128,043,073	Securities trust	1,281,753
Bonds	36,926,891	Real estate trust	19,768,603
Structured products	6,510,700	Net income	457,205
Real estate-Land	12,606,605	Retained earnings	1,326,390
-Construction in progress	5,753,982		
Customers' securities under custody	37,104,555		
Total trust assets	<u>\$ 240,854,720</u>	Total trust liabilities	<u>\$ 240,854,720</u>

December 31, 2021			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 5,045,722	Payable - Customers' securities under custody	\$ 38,685,338
Stocks	6,364,607	Pecuniary trust	148,762,694
Funds (Note)	113,593,865	Securities trust	849,188
Bonds	21,105,792	Real estate trust	16,949,742
Structured products	5,877,762	Net income	346,960
Real estate-Land	12,586,630	Retained earnings	945,509
-Construction in progress	3,279,716		
Customers' securities under custody	38,685,337		
Total trust assets	<u>\$ 206,539,431</u>	Total trust liabilities	<u>\$ 206,539,431</u>

Trust Income Statement

	For the years ended December 31,	
	2022	2021
Trust revenue		
Interest income	\$ 17,665	\$ 5,172
Investment income (Stock)	-	1
Investment income (Fund)	14	69
Dividend income	468,150	377,636
	<u>485,829</u>	<u>382,878</u>
Trust expenses		
Management fees	(15,395)	(13,890)
Tax expense	(3,134)	(14,616)
Insurance expense	(9,231)	(7,357)
Investment loss (Stock)	(43)	-
Investment loss (Fund)	(326)	-
	<u>(28,129)</u>	<u>(35,863)</u>
Income before income tax	457,700	347,015
Income tax expense	(495)	(55)
Net income	<u>\$ 457,205</u>	<u>\$ 346,960</u>

Trust Property List

	December 31, 2022	December 31, 2021
Invested items	Book value	Book value
Bank deposits	\$ 6,171,056	\$ 5,045,722
Bonds	36,926,891	21,105,792
Stocks	7,737,858	6,364,607
Structured products	6,510,700	5,877,762
Funds (Note)	128,043,073	113,593,865
Real estate-Land	12,606,605	12,586,630
-Construction in progress	5,753,982	3,279,716
Customers' securities under custody	37,104,555	38,685,337
	<u>\$ 240,854,720</u>	<u>\$ 206,539,431</u>

Note : Includes mutual funds in money market.

The trust balance sheet and schedule of trust property as at December 31, 2022 and 2021 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Yuanta Bank.

(12) In accordance with Article 17 of the Trust Enterprise Act, the Yuanta Securities discloses its trust balance sheet, trust income statement and trust property list are as follows:

December 31, 2022			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 1,434,976	Payables	\$ 29,015
Stocks	3,520,211	Income tax payable	264
Funds	62,196,327	Advance receipts	-
Bonds	26,169	Trust capital-pecuniary trust	58,373,206
Structured products	714,085	Trust capital-securities trust	3,260,292
Accounts receivable	176,752	Net income	1,370,845
		Retained earnings	5,480,745
		Deferred carryforwards	(445,847)
Total trust assets	<u>\$ 68,068,520</u>	Total trust liabilities	<u>\$ 68,068,520</u>
December 31, 2021			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 2,347,924	Payables	\$ 70,211
Stocks	4,529,695	Income tax payable	248
Funds	42,147,798	Advance receipts	18
Bonds	23,597	Trust capital-pecuniary trust	41,798,321
Structured products	914,360	Trust capital-securities trust	3,093,757
Accounts receivable	487,141	Net income	5,030,636
		Retained earnings	3,418,606
		Deferred carryforwards	(2,961,282)
Total trust assets	<u>\$ 50,450,515</u>	Total trust liabilities	<u>\$ 50,450,515</u>

Trust Income Statement

	For the years ended December 31,	
	2022	2021
Trust revenue		
Interest income	\$ 1,657,736	\$ 1,342,648
Realized investment income	-	3,988,365
Unrealized investment income	-	63,397
Foreign exchange gain	1,488,378	-
Rental income	30,878	26,137
Dividend revenue	171,035	98,410
	<u>3,348,027</u>	<u>5,518,957</u>
Trust expenses		
Management fees	(23,371)	(38,063)
Fees (Service charges)	(157,095)	(186,028)
Realized investment loss	(614,529)	-
Unrealized investment loss	(1,176,020)	-
Foreign exchange loss	-	(240,107)
Insurance expense	(2,355)	(1,092)
Others	(5)	(5)
	<u>(1,973,375)</u>	<u>(465,295)</u>
Income before income tax	1,374,652	5,053,662
Income tax expense	(3,807)	(23,026)
Net income	<u>\$ 1,370,845</u>	<u>\$ 5,030,636</u>

Trust Property List

Invested items	December 31, 2022	December 31, 2022
	Book value	Book value
Bank deposits	\$ 1,434,976	\$ 2,347,924
Stocks	3,520,211	4,529,695
Funds	62,196,327	42,147,798
Bonds	26,169	23,597
Structured products	714,085	914,360
Others	176,752	487,141
	<u>\$ 68,068,520</u>	<u>\$ 50,450,515</u>

- (13) According to Ministry of Finance, Ruling No.1030026386, disclose the information as follows:
Offshore Securities Unit of Yuanta Securities engaged in custody and investment of funds affairs on behalf of customers. Related bank deposits under such affairs on December 31, 2022 and 2021 were USD 5,996 thousand dollars and USD 8,698 thousand dollars, respectively.

10. Significant losses from disasters

(1) The Company:

None.

(2) Subsidiaries:

None.

11. Significant subsequent events

(1) The Company:

None.

(2) Subsidiaries:

None.

12. Others

(1) Capital risk management

A. The objectives of capital management of the Yuanta Group:

(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 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 Company assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realise utilization of capital allocation.

B. Capital management procedure:

(A) The Company regularly monitors the overall capital adequacy ratio, which is maintained and reported to the competent authorities every 6 or 12 months in compliance with the regulations from both competent authorities and internal requirements.

(B) Calculation and control procedures related to capital adequacy of the financial group are all in compliance with “Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies” and “Regulations Governing the Capital Adequacy management for the Yuanta Financial Holding Company., Ltd.”.

(C) The objective of capital management of the Company shall be agreed by the Board of Directors, of which an appropriate capital projection is scheduled by the finance management according to the long-term developing strategies, operating plan and characteristics of assets and liabilities. The consolidated capital adequacy ratio of the Yuanta Group is assessed and calculated by month. The Risk Management Department regularly monitors the overall capital adequacy and analyses the impact to the capital adequacy arising from the Company’s business development and the change of regulations. The Business Departments shall consider the impact of each transaction or task on the capital adequacy when conducting such transaction or task according to the annual risk limits authorised by the Company.

(D) The Company also sets up a warning indicator in relation to above managing objectives, that is, when the capital adequacy ratio drops to the warning indicator, the risk management shall call a meeting to discuss a responding solution which is handed to the finance management for the following executive operations.

(2) Fair value information of financial instruments

A. Information on fair value of financial instruments and fair value hierarchy

(A) Outline

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments are initially recognised at fair value. For subsequent measurements, except for those measured at amortised cost, financial instruments are measured at fair value. For active markets, fair value is measured according to quoted prices. For non-active markets, the Yuanta Group utilises valuation techniques or references quoted prices from Reuters, Bloomberg or counterparties to determine the fair value of financial instruments.

(B) Definition for the hierarchy classification of financial instruments measured at fair value

a. Level 1

Level 1 refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. An active market refers to 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 Yuanta Group, such as listed stocks investment, beneficiary certificates, popular Taiwan government bonds and the derivatives with a quoted price in an active market, are deemed as Level 1.

b. Level 2

Level 2 refers to prices in active markets other than quoted market prices that are observable, including direct (e.g. prices) or indirect (i.e. derived from prices) observable inputs from active markets. Investment of the Yuanta Group such as non-popular government bonds, corporate bonds, bank debentures, convertible corporate bonds, most derivatives and bank debentures issued by the Yuanta Group are all classified within Level 2.

c. Level 3

Level 3 refers to situations that measures fair value by using the unobservable inputs for assets and liabilities with very few (occasional) market activities. However, it has the same fair value measurement purpose which is the exit price at the measurement date for a market participant who holds the assets or owes the liabilities. Thus, the unobservable inputs reflect the assumptions (including assumptions in relation to risks) used by the market participant during the pricing of assets and liabilities.

B. Financial instruments measured at fair value

(A) Hierarchy of fair value estimation of financial instruments:

	December 31, 2022			December 31, 2021				
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Recurring fair value measurements								
<u>Non-derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss								
Equity instruments	\$ 30,704,236	\$ 28,301,431	\$ -	\$ 2,402,805	\$ 46,682,480	\$ 44,338,674	\$ -	\$ 2,343,806
Liability instruments	256,124,753	69,349,109	185,999,107	776,537	340,079,459	76,358,173	263,201,601	519,685
Others	113,598,530	32,818,232	76,129,285	4,651,013	128,923,284	43,315,551	79,415,014	6,192,719
Financial assets at fair value through other comprehensive income (Note)								
Equity instruments	53,997,024	18,548,658	-	35,448,366	44,301,514	17,551,150	-	26,750,364
Liability instruments	285,714,529	128,391,252	157,282,929	40,348	295,405,248	116,970,889	178,322,333	112,026
Other financial assets								
Purchase of claim receivable	1,792,753	-	-	1,792,753	1,813,266	-	-	1,813,266
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 105,491,172	\$ 33,370,409	\$ 26,075,197	\$ 46,045,566	\$ 133,670,994	\$ 75,119,499	\$ 20,674,852	\$ 37,876,643
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss	\$ 19,629,863	\$ 7,344,343	\$ 9,869,773	\$ 2,415,747	\$ 13,556,918	\$ 6,253,670	\$ 5,597,219	\$ 1,706,029
Liabilities								
Financial liabilities at fair value through profit or loss	\$ 29,331,504	\$ 3,843,329	\$ 16,016,341	\$ 9,471,834	\$ 25,014,745	\$ 5,217,054	\$ 15,523,237	\$ 4,274,454
Note: As of December 31, 2021, the statutory deposits of Yuanta Life of the Yuanta Group was \$1,216,100.								

Note: As of December 31, 2021, the statutory deposits of Yuanta Life of the Yuanta Group was \$1,216,100.

- (B) When quotes of financial instruments are obtained from the Stock Exchange, Reuters, Bloomberg, dealers or competent authorities and the prices represent arm's length transactions with sufficient frequency, the financial instruments are regarded as active market quotes. If the aforementioned requirements are not met, then the financial instruments are regarded as quotes without an active market. Large bid-ask spreads or low trade volumes are features of quotes without an active market.

Whenever the financial instruments held by the Yuanta Group have active market quotes, the active market quotes are regarded as fair value. Publicly listed and over-the-counter traded equity instruments of primary stock exchanges along with central government bonds that are popular securities all regard active market quotes as the basis of fair value.

Excluding the above-mentioned financial instruments with active market quotes, the fair value of the remaining financial instruments are obtained by financial valuation models or referencing counterparty quotes. Fair value obtained through the calculations of financial valuation models include, but are not limited to, fair value references of substantive factors and characteristics from similar financial instruments, those obtained from the cash flow discounting method or those obtained by other financial valuation techniques. Fair values obtained through financial valuation techniques are derived from market information on the balance sheet date, and utilises the fair values derived from the calculations of financial valuation models (for example referencing the yield curve from the Taipei Exchange, Reuters' average commercial paper interest, etc.).

- (C) Fair value adjustment

- a. Limits and adjustments of financial valuation models

Financial valuation techniques do not necessarily completely reflect all relevant elements of financial instruments held by the Yuanta Group. Thus, the outputs of financial valuation models may need necessary adjustments in line with important relevant elements. For example, adjustments on model risk or adjustments on liquidity risk etc. In accordance with the Yuanta Group's financial valuation model management policy, management believes in order to fairly present the fair value of financial instruments within the consolidated balance sheet, valuation adjustments are pertinent and appropriate.

- 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 Yuanta Group's credit quality.

- (D) Transfer between Level 1 and Level 2

As of December 31, 2022 and 2021, certain foreign debt held by the Yuanta Group, totaling, USD 1,744 thousand and USD 15,514 thousand, respectively, have been transferred from level 1 to level 2, because the debt instrument either had no steady quoted market price from stockbrokers and Bloomberg Valuation Services (BVAL) was used due to wider region of price quotes from stock brokers. As of December 31, 2022 and 2021, certain foreign debt held by the Yuanta Group, totaling USD 8,467 thousand and USD 14,690 thousand, have been transferred from level 2 to level 1 since these assets now have steady sources for price information.

(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:

For the year ended December 31, 2022							
Items	Beginning balance	Gain and loss on valuation		Addition		Reduction	
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)
Financial assets at fair value through profit or loss	\$ 10,762,239	\$ 2,588,825	\$ (113,475)	\$ 18,274,750	\$ -	\$ (15,564,028)	\$ 524,559
Financial assets at fair value through other comprehensive income	26,862,390	239,289	8,435,645	57,722	-	(106,332)	-
Other financial assets- purchase of claim receivable	1,813,266	(570)	-	-	-	(19,943)	-
Total	\$ 39,437,895	\$ 2,350,106	\$ 8,322,170	\$ 18,332,472	\$ -	\$ (15,690,303)	\$ 524,559
							\$ 1,792,753
							\$ 47,527,569

For the year ended December 31, 2021

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction	
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)
Financial assets at fair value through profit or loss	\$ 16,559,951	\$ 1,874,614	\$ 107,006	\$ 131,075,477	\$ 91,530	(\$ 137,541,966)	(\$ 1,404,373)
Financial assets at fair value through other comprehensive income	20,290,988	(580,735)	7,243,123	27,731	-	(118,717)	-
Other financial assets- purchase of claim receivable	1,831,820	(602)	-	-	-	(17,952)	-
Total	<u>\$ 38,682,759</u>	<u>\$ 1,293,277</u>	<u>\$ 7,350,129</u>	<u>\$ 131,103,208</u>	<u>\$ 91,530</u>	<u>(\$ 137,678,635)</u>	<u>(\$ 1,404,373)</u>
							<u>\$ 1,813,266</u>
							<u>\$ 39,437,895</u>

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net (losses) gains belonging to assets as of December 31, 2022 and 2021 were (\$3,128,968) and \$1,725,552, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net gains belonging to assets as of December 31, 2022 and 2021 were \$8,318,571 and \$7,350,129, respectively.

b. Movements of financial liabilities classified into Level 3 of fair value are as follows:

For the year ended December 31, 2022

Items	Gain and loss on valuation		Addition		Reduction	
	Beginning balance	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)
Financial liabilities at fair value through profit or loss	\$ 42,151,097	\$ 611,430	\$ 50,637,512	\$ 1,641,488	\$ 39,398,438	\$ 133,685
						\$ 55,517,400

For the year ended December 31, 2021

Items	Gain and loss on valuation		Addition		Reduction	
	Beginning balance	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)
Financial liabilities at fair value through profit or loss	\$ 55,750,149	\$ 5,534,818	\$ 63,169,956	\$ -	\$ 71,213,082	\$ 25,697
						\$ 42,151,097

In relation to the above, valuation gains and losses are recognised in gain and loss in the period. The net gains belonging to liabilities as of December 31, 2022 and 2021 were \$3,183,588 and \$1,968,546, respectively.

In relation to the above, valuation gains and losses are recognised in other comprehensive income. The net losses belonging to liabilities as of December 31, 2022 and 2021 were \$7,355 and \$4,176, respectively.

Note: For the years ended December 31, 2022 and 2021, the fair value transferred from Level 1 to Level 3 initially was for emerging stocks whose trading volumes were active but were reclassified due to inactive trading volumes subsequently. Also, the fair value of certain investments were transferred into Level 3 because there was no observable information obtained from the public market; the fair value transferred from Level 3 to Level 1 initially was emerging stocks whose trading volumes were inactive but were reclassified due to active trading volumes or becoming listing stocks subsequently.

(F) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value.

The fair value measurement that the Yuanta Group made onto the financial instruments is deemed reasonable; however, different valuation input could result in different valuation result. The effects on gain and loss in the period or the effects on other comprehensive income are as follows:

Items	Change in fair value recognised in current profit and loss		Change in fair value recognised in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
December 31, 2022				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 155,334	(\$ 151,467)	\$ -	\$ -
Derivative instruments	25,035	(25,035)	-	-
Financial assets at fair value through other comprehensive income	-	-	488,359	(378,093)
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(\$ 98,600)	\$ 98,600	\$ -	\$ -
Derivative instruments	(158,284)	158,266	-	-
December 31, 2021				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 366,343	(\$ 363,204)	\$ -	\$ -
Derivative instruments	10,854	(10,854)	-	-
Financial assets at fair value through other comprehensive income	-	-	439,786	(324,876)
Other financial assets- purchase of claim receivable	83,360	(83,360)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(\$ 41,449)	\$ 41,449	\$ -	\$ -
Derivative instruments	(72,766)	72,829	-	-

Favorable and unfavorable movements of the Yuanta Group refer to the favorable and unfavorable movements of fair value. Movements in fair value are derived from financial valuation techniques on different unobservable valuation parameters. If the fair value of financial instruments is affected by more than one input, the above table will only reflect the impact resulting from changes in the single input without considering the correlations and variability between inputs.

(G) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

December 31, 2022		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,402,805	1.Market method	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value The higher the discount rate, the lower the fair value The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.Income method			
		3.Equity Model by L. Anderson and D. Buffum	Discount rate	11.85%~15.54%	
		4.Discounted Cash Flow	Stock price volatility	19.25%~97.79%	
			Credit Spread	5.39%~26.50%	
			Recovery rate	20.00%~20.00%	
Liability instruments	776,537	1.Hybrid Model	Stock price volatility	35.61%~40.59%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.Equity Model by L. Anderson and D. Buffum			
		3.Discounted cash flow			
			Credit Spread	77.67%~77.69%	
			Recovery rate	20.00%~20.00%	
			Discount rate	3.05%~8.44%	
Derivative instruments (including futures and options traded in futures market)	2,415,747	1.Option Model	Stock price volatility	18.08%~25.14%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.FDM			
		3.Monte Carlo Simulation			
			Correlation coefficient	0.15~0.97	
			Probability of Default (PD)	0.03%~100%	
			Recovery rate	0.55~0.55	
Others	4,651,013	1.Net asset value	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.Option Model			
		3.FDM	Stock price volatility	18.08%~25.14%	
		4.Monte Carlo Simulation			
			Correlation coefficient	0.15~0.97	
			Probability of Default (PD)	0.03%~100%	
Other financial assets	1,792,753	Recoverable amount	Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
			Contact rate	6.61%~43.20%	The higher the contact rate, the higher the fair value
			Payment rate	4.99%~38.00%	The higher the payment rate, the higher the fair value
			Discount rate	4.90%~39.94%	The higher the discount rate, the lower the fair value

December 31, 2022		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	\$ 35,448,366	1.Market method	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
		2.Residual income valuation model	Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
		3.Discounted cash flow	Discount rate	0.1126~0.1126	The higher the discount rate, the lower the fair value
Liability instruments	40,348	Discounted cash flow	Discount rate	3.05%-8.44%	The higher the discount rate, the lower the fair value
Derivative instruments (including futures and options trade in futures market)	9,471,834	1.FDM	Stock price volatility	18.08%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.Option Model			
		3.Monte Carlo Simulation			
		4.Equity Model by L.Andersen and D.Buffum	Correlation coefficient	0.15~0.97	The higher the correlation coefficient, the
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
		Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value	
Others	46,045,566	1.FDM	Stock price volatility	0.46%~85.87%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		2.Option Model			
		3.IR Model			
		4.Hybrid Model			
		5.Monte Carlo Simulation			
		6.Equity Model by L.Andersen and D.Buffum	Correlation coefficient	0.15~0.97	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
		Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value	
December 31, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,343,806	1.Market method	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
		2.Income method	Discount rate	10.01%~16.80%	The higher the discount rate, the lower the fair value
		3.Equity Model by L. Anderson and D. Buffum	Stock price volatility	17.03%~125.06%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
			Credit Spread	5.39%~19.28%	The higher the credit spread, the lower the fair value
			Recovery rate	20.00%~20.00%	The higher the recovery rate, the higher the fair value

December 31, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Liability instruments	\$ 519,685	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Discounted cash flow	Stock price volatility	35.61%~47.90%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both. The higher the credit spread, the lower the fair value The higher the recovery rate, the higher the fair value The higher the discount rate, the lower the fair value
			Credit Spread	54.58%~54.60%	
			Recovery rate	20.00%~20.00%	
			Discount rate	0.71%~5.85%	
Derivative instruments (including futures and options trade in futures market)	1,706,029	1.Option Model 2.FDM 3.Monte Carlo Simulation	Stock price volatility	17.75%~21.86%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both. The higher the correlation coefficient, the higher the fair value The higher the default rate, the lower the fair value The higher the recovery rate, the higher the fair value
			Correlation coefficient	0.20~0.96	
			Probability of Default (PD)	0.03%~100%	
			Recovery rate	0.55~0.55	
Others	6,192,719	1.Net asset value 2.Option Model 3.FDM 4.Monte Carlo Simulation	Discount for marketability	<=10%	The higher the discount for marketability, the lower the fair value The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both. The higher the correlation coefficient, the higher the fair value The higher the default rate, the lower the fair value The higher the recovery rate, the higher the fair value
			Stock price volatility	17.75%~21.86%	
			Correlation coefficient	0.20~0.96	
			Probability of Default (PD)	0.03%~100%	
			Recovery rate	0.55~0.55	
Other financial assets					
Purchase of claim receivable	1,813,266	Recoverable amount	Contact rate	7.08%~39.53%	The higher the contact rate, the higher the fair value The higher the payment rate, the higher the fair value The higher the discount rate, the lower the fair value
			Payment rate	3.88%~35.97%	
			Discount rate	5.20%~41.18%	
Financial assets at fair value through other comprehensive income					
Equity instruments	26,750,364	1.Market method 2.Residual income valuation model 3.Discounted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value The higher the growth rate, the higher the fair value The higher the discount rate, the lower the fair value
			Expected growth rate	0.00%~1.00%	
			Discount rate	0.1096~0.1096	
Liability instruments	112,026	Discounted cash flow	Discount rate	0.71%~5.85%	The higher the discount rate, the lower the fair value

December 31, 2021	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial liabilities at fair value through profit or loss				
Derivative instruments (including futures and options traded in futures market)	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	17.75%~37.61%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
Others	1.FDM 2.Option Model 3.IR Model 4.Hybrid Model 5.Monte Carlo Simulation 6.Equity Model by L.Andersen and D.Buffum	Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
		Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
		Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
		Stock price volatility	0.22%~86.39%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.
		Correlation coefficient	0.20~0.96	The higher the correlation coefficient, the higher the fair value
		Probability of Default (PD)	0.03%~100%	The higher the default rate, the lower the fair value
		Recovery rate	0.55~0.55	The higher the recovery rate, the higher the fair value
		Stock price volatility	0.22%~86.39%	The relationship of volatility degree and fair value will be different with the changes of term structure and characteristic and the degree of in or out-of-money in the duration or knock out event, thus, there was no consistency between both.

(H) Valuation procedure of financial instruments classified into Level 3

The Yuanta Group established the unobservable inputs by taking into account all information in relation to market participants assumption which is reasonably available to meet the purpose of fair value measurement, and analyzed changes in fair value measurement periodically in accordance with the internal valuation management policy and procedure to ensure that valuation procedure and results meet International Accounting Standards.

C. Financial instruments not measured at fair value

(A) Fair value information:

Except for those listed in the table below, the carrying amounts of the Yuanta Group's financial instruments not measured at fair value are approximate to their fair values.

December 31, 2022					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Investments in debt instruments at amortised cost (Notes 1 and 2)	\$ 371,014,715	\$ 313,929,993	\$ 6,383,759	\$ 307,531,304	\$ 14,930
<u>Financial liabilities</u>					
Bonds payable	102,487,542	95,557,208	-	95,557,208	-

	December 31, 2021				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets					
Investments in debt instruments at amortised cost					
(Notes 1 and 2)	\$ 312,286,347	\$ 332,489,267	\$ 2,905,700	\$ 329,562,722	\$ 20,845

Financial liabilities

Bonds payable	82,539,085	88,480,772	-	88,480,772	-
Note 1: Including the statutory deposits of \$3,560,400 and \$2,344,300, respectively of Yuanta Life of the Yuanta Group as of December 31, 2022 and 2021.					
Note 2: The government bonds, corporate bonds, and bank debentures which are classified as debt instruments without active market.					

(B) Financial 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 (not including debt instruments without active market), refundable deposits, due to Central Bank and other banks, payables, short-term borrowings 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 (including non-performing 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: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.
- d. Deposits and remittances: The duration between the commencement date and maturity date for deposits and remittances are usually within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. The fair value of long-term fixed rate deposits should be estimated by discounting expected future cash flows; however, since the duration between the commencement date and the maturity date is within three years, it is reasonable to use the carrying amount to estimate the fair value.
- e. Bonds payable: The coupon rate for bank debentures issued by the Yuanta Group is approximate to the market interest rate. Thus, the present value of its expected future cash flows for estimating fair value is approximate to carrying value.

(3) Management objective and policy for financial risk

A. Risk management policy and structural organization

(A) The Yuanta Group's risk management organization structure includes the Board of Directors, the Audit Committee, the Risk Management Committee, senior management, other business departments, the Risk Management Department, the Legal Compliance Department, other Risk Management departments and Internal Auditing Department. The Board of Directors is the highest decision-making unit for risk management. Its primary responsibilities include approving the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, monitoring the indicator threshold, as well as supervising the enforcement of the risk management system. The Audit Committee should assist the Board of Directors in implementing its risk management responsibilities. Its primary responsibilities include deliberating the Yuanta Group's risk management policy, important risk management systems, and annual risk limits, monitoring the indicator threshold, as well as assisting the Board of Directors in supervising the management of the Company's existing or potential risk. The Risk Management Committee should assist the Audit Committee and Board of Directors in implementing their risk management responsibilities. Its primary responsibilities include negotiating the annual risk limits, monitoring the indicator threshold, reviewing risk monitor execution reports, coordinating common risk management issues between subsidiaries, and promoting important risk management issues. Senior management should examine risks involved in operating activities and ensure the Yuanta Group's risk management system can thoroughly and effectively control related risks. The Risk Management Department is an independent department subordinated under the Board of Directors. The Risk Management Department's primary responsibilities includes developing the risk management system, establishing a method to effectively measure risk, establishing the risk management system, monitoring and analyzing risk and alerting and reporting significant risks in a timely manner. The Legal Compliance department should implement legal compliance risk management. It should ensure that all businesses and management regulations are updated in time in accordance with the relevant laws and regulations, supervise Legal Compliance Management of all units to carry out introduction, establishment and implement of related internal measurements, as well as assist in evaluating possible legal compliance risks that all business units may be involved with. The Legal Department should implement legal risk management. It should assist in evaluating possible legal risk that business units, legal documents and contracts may be involved with. The Information Department's primary responsibilities are to implement information security risk control and assist in preventing damage to the related information system and impact on information security risk of normal operations caused by external deliberate cyber attack or internal improper use, leakage, tampering and destruction of information assets.

The risk management responsibilities of business departments are to comprehensively examine all risk management regulations before conducting their respective tasks and certainly comply with all risk management regulations.

Each subsidiary has built a risk management organization with appropriate levels and scale based on its business portfolio, operating scale and capital scale. The Yuanta Group constantly examines each subsidiary's risk management structure to ensure that it can manage its assumed risks effectively.

(B) Risk management policy

In order to establish the Yuanta Group's risk management standard, ensuring the completeness, effectiveness and reasonableness of risk management, the risk management policy was devised to act as the highest guiding principle for the Yuanta Group's risk

management. All risk management systems should comply with the risk management policy and consider the attributes of all risk and its impact degree on the Yuanta Group's operating stability capital soundness to respectively establish appropriate risk management systems.

The Yuanta Group's risk management system covers market risk, credit risk, market liquidity risk, asset liability matching risk (including capital liquidity risk and interest risk), significant amount exposure risk, insurance risk, operating risk, legal compliance risk, legal risk and other risks related with operations, laws and compliance and environment (including climate risk). Subsidiaries should establish a risk management system which matches its business portfolio, operating scale and capital scale in accordance with the Yuanta Group's risk management policy and local regulations, in order to effectively manage the risks it endures.

B. Methods for risks measurement and controlling and exposure quantitative information

(A) Credit risk

a. Source and definition of credit risk

Credit risks occur when the bond issuer, borrower or counterparty fails to fulfil its obligation and results in a loss of default. Credit risk may happen due to accounts on and off the balance sheet. For accounts on the balance sheet, credit risk exposure of the Yuanta Group mainly comprises of bills discounted and loans and credit card business, debt instrument and derivatives and call loans from banks, etc. Off-balance-sheet accounts include financial guarantee, acceptance bill, letter of credit and loan commitments that could give rise to credit risk exposure to the Yuanta Group.

b. Principle of credit risk management

In order to effectively consolidate credit distribution and control change in credit exposure, except for establishment of internal credit rating system and implementation of credit risk rating system, the Yuanta Group also establishes credit pre-warning program, carries out escalation procedures and effectively improves the time efficiency of credit incidence. Secondly, to benefit the control of credit risk concentration, the Yuanta Group has developed information system for significant amount exposure, which covers credit risks of credit and investment transactions, cross-analyses and cross-consolidates by issuer and trading counterparty and monitors overall credit exposure. In addition, the Yuanta Group also conducts research and development of various credit risk model to strengthen quantitative mechanism of the Yuanta Group's credit rating. As such, the credit limits of the subsidiaries can be dynamically and reasonably allocated and transferred according to different business risks and asset characteristics.

The measurement of credit risks, risk limits, limit exceeding response and exception regulation should be treated in compliance with related credit risk regulations. Business units, before the underwriting of a transaction, should assess internal credit rating, credit limit and current limit usage ratio of a company upon the receipt of executed transaction.

c. Methods used in credit risk management

Procedures and methods used in credit risk management for the core businesses of the Yuanta Group are as follows:

(a) Credit business (including loan commitment and guarantees)

Credit assets are classified into five types. Other than normal credit assets shall be 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 that are doubtful. Category Five for assets that are not recoverable.

In response to the characteristics and scale of business, the Yuanta Group 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).

The Yuanta Group, mainly based on the statistics and professional judgement of experts and 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 on various inputs should be calibrated to optimize the calculation result.

Credit rating of corporate finance is categorised into 11 levels upon underwriting 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, repayment source, protection of claims and credit prediction should be considered, 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 the consumer finance is categorised by client superiority, client profession and the rating of collateral threshold.

(b) Debt instruments investment and derivatives

The Yuanta Group manages the credit risk of debt instruments through consolidating external credit rating and internal credit rating model to establish internal credit rating system, and sets up credit limits for issuers and counterparties accordingly. Credit risk exposure of related business is consolidated for calculation to ensure that the overall credit risks are in compliance with limits as approved by the Yuanta Group. In addition to the establishment of credit risk management and procedures, the credit risk model is also used to quantify credit risk so that credit risk can be reasonably and effectively controlled and evaluated, so the overall credit risk will be within reasonable bearable capacity of the Yuanta Group's capital.

(c) Margin purchase and short sale

Other than the compliance with regulations governing the margin sale and short sale business from SEC and the decreased ratio or allocated securities for warning of abnormal individual stock as defined by OTC, the Yuanta Group also sets up risk management structure such as quota allocation, pre-warning indicators and process standards and credit diversification standards with specific associate being responsible for related risk control. In addition, the comprehensively computerized risk information system can help assist with enhancing the pre-warning function of margin sale and short sale credit so that awareness of market movement at an early stage may be achieved.

d. Analysis on credit quality and overdue impairment of financial assets held by the Yuanta Group

(a) Credit risk rating is categorised into Excellent, Acceptable, Weak, and Credit-impaired, and the definitions are illustrated below:

- I. Excellent: This level shows that the counterparty or the underlying asset is equipped with strong capability of fulfilling financial commitments, even under significantly uncertain or adverse conditions.
- II. Acceptable: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is weak. Any adverse operation, financial or economic conditions will reduce its capability.
- III. Weak: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is extremely low. The counterparty is able to fulfill financial commitments only when the operating circumstances and its financial condition are favorable.

IV. Credit-impaired: This level shows that the financial asset has been impaired or there has been a significant increase in the credit risk since initial recognition.

The comparison between internal credit risk ratings and external credit ratings is provided below. However, these two credit risk ratings do not have any direct relation.

The comparison chart is just for disclosing approximate level of credit risk ratings.

Credit quality	Corporate finance	Consumer finance	Debt instruments and others	
	Internal and external credit rating	Credit rating	Taiwan Ratings	Standard & Poor's Ratings
Excellent	Level 1~6	Excellent	twAAA ~ twBBB-	AAA ~ BBB-
Acceptable	Level 7~8	Acceptable	twBB+ ~ twBB	BB+ ~ BB
Weak	Level 9~10	Weak	twBB- ~ twC	BB- ~ C
Credit impaired	Level D	Credit impairment	Credit impairment	Credit impairment

(b) 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 Yuanta Group 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 recognises 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 recognised for assets in Stage 1, and lifetime expected credit losses are recognised for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognised 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 Yuanta Group uses the following key judgements and assumptions when estimating expected credit losses in accordance with IFRS 9:

I. Determining whether there has been a significant increase in credit risk since initial recognition

At every balance sheet date, the Yuanta Group 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.

(I) Credit business

The Yuanta Group 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 Yuanta Group's warning list.
- iii. Deterioration in credit rating:
Credit rating: The Yuanta Group'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.

(II) Investments in debt instruments

At the balance sheet date, a debt instrument is considered to have significant increase in credit risk when the internal credit ratings of the credit reference subject is of non-investment grade and any one of the following conditions is met:

- i. The internal ratings of the credit reference subject has 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.

(III) Other financial assets

Except for credit business and debt instruments investment, the criteria that the Yuanta Group uses to determine that there has a significant increase in credit risk at balance sheet date is as follows:

- i. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is lower than the terms recorded in the contract, unless the contractual terms specify it.
- ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group 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 the days recorded in the contract, receivables have been transferred to overdue receivables or have been provided the bad debt expense, or the number of past-due days is not over the days recorded in the contract but it meets the terms of default.

II. 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.

(I) 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 recognised 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 Yuanta Group's internal credit rating model.

(II) Investments in debt instruments

An investment in a debt instrument by the Yuanta Group 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.

(III) Other financial assets

- i. Guarantee deposits: At the balance sheet date, the deposit has not been returned at maturity, and the number of past-due days is in line with the days recorded in the contract.
- ii. Call loans to (from) banks and due from the Central Bank, banks overdrafts, bills with a reverse repo and bond, commercial paper and time deposit and its interest receivable: At the balance sheet date, the date that the Yuanta Group 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 the days recorded in the contract, and receivables have been transferred to overdue receivables or have been provided the bad debt expense.

(IV) Definition of default

When assessing whether the borrower is in default, the Yuanta Group 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.

III. Write off policy

If any of the following conditions apply, the Yuanta Group writes off its non-performing and non-accrual loans as bad debt, less the estimated recoverable amount:

- (I) The loan cannot be fully or partially recovered due to the dissolution of, disappearance of, settlement with, or declaration of bankruptcy by the debtor.
- (II) 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.
- (III) The collateral and assets of the primary and secondary debtors could not be auctioned off after multiple attempts.
- (IV) The non-performing and non-accrual loans are two years past due, and could not be recovered from collection procedures.

IV. 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).

(I) Credit business

i. Probability of default

The estimation of PD is based on the product type and internal credit ratings of the Yuanta Group, 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.”

(II) Investments in debt instruments

- i. Probability of default: Calculated based on the internal credit ratings of the credit reference subject determined using external credit rating which has taken into consideration the forecastability, such as macroeconomics, incorporating default rates published by external credit rating agencies.
- ii. Loss given default: Calculated based on the collateral and order of compensation of the debt instrument, incorporating the average recovery rate disclosed by external credit

rating agencies.

- 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.

V. Consideration of forecastable information

The Yuanta Group incorporates forecastable information when determining whether there has been a significant increase in credit risk in relation to credit business since initial recognition and measuring expected credit losses.

(I) For determining significant increase in credit risk

- i. The Yuanta Group's credit approval process includes evaluation of forecastable 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 Yuanta Group. The early warning system of the Yuanta Group 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.

(II) For measuring expected credit losses

At least reflected in the forecastable adjustments of PD and LGD: 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 forecastable scenarios of PD. The PD parameters are then adjusted accordingly to produce the forecastable PD parameters.

(III) 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 or mitigation of credit risk

(a) Collateral

The Yuanta Group 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 Yuanta Group 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. In addition, 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.

(b) Credit risk limit and credit risk concentration control

The Yuanta Group controls the concentration risk of various assets in order to avoid high risk concentration. The Yuanta Group has set up credit extension limits for a single counterparty or a single group, and set up investment standards and risk

controlling regulations for stock investment for a single person (entity) or affiliated enterprises' (group) various investment limit. In addition, in order to control concentration risk of various assets, the Yuanta Group has also 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, affiliated enterprise, industry, nationality, ultimate risk and various credit risk concentration can be monitored.

(c) Net-settled general agreement

The transactions of the Yuanta Group 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.

(d) Others

The Yuanta Group regularly assesses the credit status in relation to the issuers or the counterparties and hedges or mitigates its credit risks through the following procedures:

- I. Additional credit exposure limit;
- II. Credit limits reduction;
- III. Hedging through credit derivatives;
- IV. Credit enhancement, such as guarantee from qualifying bank or obtaining collateral.

f. Climate-related Risk Management:

The Yuanta Group has established three lines of defense for risk management and an Enterprise Risk Management (ERM) mechanism. Each line of defense has clear organization, responsibilities, and functions to ensure the effective operation of the risk management mechanism. The assessment and management of transition risk or physical risk related to climate risk are integrated into the existing risk management framework, including qualitative and quantitative analysis.

The climate risk and opportunity management process of our group mainly consists of four steps, from risk and opportunity identification, measurement, monitoring to reporting, and the responsibilities and management actions of each step are described as follows:

(a) Risk and opportunity identification:

- I. Each subsidiary conducts climate risk and opportunity identification annually based on its business characteristics.
- II. The Risk Management Department of the Yuanta Financial Holdings integrates overall risk and opportunity identification.
- III. Refers to international organizations' climate risk reports.

(b) Risk and opportunity measurement:

- I. Each subsidiary evaluates the impact and influence of each risk and opportunity based on its business characteristics.
- II. The scope of measurement includes impact pathways, impact time and geographical scope, the position of the impact value chain, and financial impact.
- III. The Risk Management Department of the Yuanta Financial Holdings establishes a climate risk value measurement model to enhance quantitative management of climate risk.

(c) Risk and opportunity monitoring:

- I. Include environmental and social risk factors of each industry in the industry risk level assessment mechanism.

- II. Establish quantifiable indicators and limits for climate risk, and conduct analysis, monitoring, and reporting monthly.

(d) Risk and Opportunity Reporting:

- I. Develop response strategies for each risk and opportunity and report to the Sustainability Committee and the Board of Directors.
- II. Regularly report on the use of various risk indicators or limits at the Risk Management Committee and the Board of Directors.
- III. Report climate risk-related information to the Risk Management Committee and the Board of Directors on an irregular basis.

g. The impact of COVID-19

The COVID-19 continued to spread globally in the beginning of 2020 and affected the macroeconomic development. With the development and roll-out of vaccines, the global economy will recover from the negative impact of the pandemic. However, as the emergence of new variants of COVID-19 still threatens the economic recovery of various countries and there are differences in the abilities in terms of pandemic prevention and practices between regions and countries, the degree of resumption of work and production varies significantly.

The pandemic in Taiwan escalated since the beginning of the current year; the consolidated company started to implement various pandemic prevention measures and continued to monitor the global pandemic's impact on the economy. In response to COVID-19, the Yuanta Group continues to monitor and manage the risk of the countries and industries affected the most. The review and analysis showed that the risk is still within tolerance. In addition, the government and the financial industry had already proposed countermeasures. Therefore, it is not expected that the Yuanta Group's assets will be exposed to an increase in credit risk in 2022. The Yuanta Group will continually monitor the development of the pandemic, and assess the related impact on the financial condition and operating performance of the Yuanta Group.

h. Maximum risk exposure of the Yuanta Group

The maximum risk exposure of assets on the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. Please see Note 9(9) for the maximum credit risk exposure of the consolidated balance sheet.

The management of the Yuanta Group believes that through a series of stringent evaluation procedures and follow-up reviews, credit risk exposure off the balance sheet of the Yuanta Group can be minimized and continuously controlled. The total carrying value of the Yuanta Group's financial assets with the maximum credit risk is as follows:

(BLANK)

Bills discounted and loans

December 31, 2022	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Credit ratings					
Internal ratings — excellent	\$ 710,921,062	\$ 1,192,067	\$ -	\$ -	\$ 712,113,129
Internal ratings — acceptable	243,423,036	4,269,264	-	-	247,692,300
Internal ratings — weak	45,050,252	1,400,174	-	-	46,450,426
Internal ratings — not rated	153,369	-	-	-	153,369
Internal ratings — credit impairment	-	62,936	4,308,988	-	4,371,924
The total carrying amount	999,547,719	6,924,441	4,308,988	-	1,010,781,148
Allowance for credit losses	(1,682,978)	(453,410)	(2,370,871)	-	(4,507,259)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(9,878,100)	(9,878,100)
Total (Note)	\$ 997,864,741	\$ 6,471,031	\$ 1,938,117	(\$ 9,878,100)	\$ 996,395,789

Note: Including interest receivable and temporary payments for others amounting to \$1,224,774. In addition, allowance for doubtful receivables was \$18,267.

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as “financial assets at fair value through other comprehensive income” and “financial assets measured at amortised cost”) are \$174,010,115 and \$850,325,913, respectively, and 12-month expected credit losses (Stage 1) are recognised for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
December 31, 2021					
Credit ratings					
Internal ratings— excellent	\$ 592,358,294	\$ 545,945	\$ -	\$ -	\$ 592,904,239
Internal ratings— acceptable	249,849,806	3,288,504	-	-	253,138,310
Internal ratings— weak	46,104,704	484,892	-	-	46,589,596
Internal ratings— not rated	154,602	14	-	-	154,616
Internal ratings— credit impairment	-	62,919	5,373,026	-	5,435,945
The total carrying amount	888,467,406	4,382,274	5,373,026	-	898,222,706
Allowance for credit losses	(1,654,969)	(380,386)	(2,973,774)	-	(5,009,129)
Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(8,250,923)	(8,250,923)
Total (Note)	\$ 886,812,437	\$ 4,001,888	\$ 2,399,252	(\$ 8,250,923)	\$ 884,962,654

Note: Including interest receivable and temporary payments for others amounting to \$710,651. In addition, allowance for doubtful receivables was \$16,654.

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as “financial assets at fair value through other comprehensive income” and “financial assets measured at amortised cost”) are \$208,639,501 and \$808,148,135, respectively, and 12-month expected credit losses (Stage 1) are recognised for the majority of these items. The internal ratings of these items are all excellent and acceptable.

The financial impact related to maximum amount exposed to credit risk arises from collaterals pledged for assets on the balance sheets and items off the balance sheets of Yuanta Bank and master netting

arrangements. The table summarizes the relevant information:

December 31, 2022	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 18,166	\$ -	\$ 18,166
Bills discounted and loans	731,753,219	-	731,753,219
Financial assets at fair value through profit or loss	1,122,407	1,863,544	2,985,951
<u>For off-balance sheet accounts</u>			
Unused loan commitments	5,091,118	-	5,091,118
Unused credit commitment	102,140	-	102,140
Guarantees (including for non-performing loans)	2,848,121	-	2,848,121
December 31, 2021	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 22,727	\$ -	\$ 22,727
Bills discounted and loans	701,837,022	-	701,837,022
Financial assets at fair value through profit or loss	190,680	820,329	1,011,009
<u>For off-balance sheet accounts</u>			
Unused loan commitments	6,048,487	-	6,048,487
Unused credit commitment	88,207	-	88,207
Guarantees (including for non-performing loans)	4,063,835	-	4,063,835

Note: The value of collaterals, except for cash items, is at present value, the others are allocated based on amount of loans.

h. 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 Yuanta Group concentrate on accounts on and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including cash and cash equivalents, loans, placements and call loan from the banks, securities investment, receivables and derivatives. The Yuanta Group does not significantly carry out transactions with single client or single counterparty, and the credit risk concentration by industry and location are shown as follows:

(a) Industry:

Industry	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Privately owned businesses	\$ 782,691,868	27.95	\$ 717,967,191	25.59
Natural person	704,215,983	25.15	740,580,656	26.40
Financial institutions	777,788,781	27.78	750,072,096	26.74
Governmental institutions	493,309,142	17.62	544,046,612	19.39
Government-owned businesses	39,010,527	1.39	49,974,810	1.78
Others	3,061,140	0.11	2,661,691	0.10
Total	\$ 2,800,077,441	100.00	\$ 2,805,303,056	100.00

(b) Geographic location:

<u>Geography location</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan	\$ 1,990,532,604	\$ 2,024,766,293
Asia	467,593,310	486,761,330
America	219,048,787	184,156,621
Europe	79,246,441	79,497,554
Oceania	43,449,731	29,832,581
Africa	206,568	288,677
Total	<u>\$ 2,800,077,441</u>	<u>\$ 2,805,303,056</u>

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i. Changes in the Yuanta Group's allowance for credit losses and accumulative impairment

(a) Credit business

For the years ended December 31, 2022 and 2021, the reconciliation of the balance of allowance for bad debt are as follows:
Bills discounted and loans

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2022	\$ 1,595,241	\$ 380,510	\$ 3,026,002	\$ 5,001,753	\$ 8,241,645	\$ 13,243,398
Beginning balances						
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(19,292)	21,343	(2,051)	-	-	-
-Transferred to credit-impaired financial asset	(5,758)	(463)	6,221	-	-	-
-Transferred to 12-month expected credit losses	57,079	(4,087)	(52,992)	-	-	-
-Financial assets derecognised in the current period	(599,067)	(1,591)	(398,734)	(999,392)	-	(999,392)
Impairment allowance for purchased or originated financial assets	755,228	2,148	49,982	807,358	-	807,358
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	1,630,244	1,630,244
Write-off as bad debt	(28,239)	(6,585)	(131,353)	(166,177)	-	(166,177)
Change in exchange and others	(75,474)	62,046	(134,911)	(148,339)	-	(148,339)
Ending balances	\$ 1,679,718	\$ 453,321	\$ 2,362,164	\$ 4,495,203	\$ 9,871,889	\$ 14,367,092

		12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2021		\$	\$	\$	\$	\$	\$
Beginning balances							
Changes from financial instruments recognised at the beginning:							
-Transferred to lifetime expected credit losses	(	14,347)	17,142 (	2,795)	-	-	-
-Transferred to credit-impaired financial asset	(	8,186)	4,969)	13,155	-	-	-
-Transferred to 12-month expected credit losses		109,818 (	16,720)	93,098)	-	-	-
-Financial assets derecognised in the current period	(	584,718)	8,329)	1,207,280)	1,800,327)	- (	1,800,327)
Impairment allowance for purchased or originated financial assets		837,843	5,628	29,066	872,537	-	872,537
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans		-	-	-	-	1,336,288	1,336,288
Write-off as bad debt	(	58,567)	17,597)	856,546)	932,710)	- (	932,710)
Change in exchange and others	(	163,888)	168,314	561,444	565,870	-	565,870
Ending balances	\$	1,595,241	380,510	3,026,002	5,001,753	8,241,645	13,243,398

For the year ended December 31, 2022, significant changes in the total carrying amount that affected allowance for credit losses are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 887,776,383	\$ 4,373,695	\$ 5,361,977	\$ 897,512,055
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(3,306,543)	3,319,846	(13,303)	-
-Transferred to credit-impaired financial asset	(487,895)	(24,546)	512,441	-
-Transferred to 12-month expected credit losses	522,166	(368,009)	(154,157)	-
-Financial assets derecognised in the current period	(292,815,957)	(1,175,113)	(1,184,465)	(295,175,535)
Impairment allowance for purchased or originated financial assets	454,151,336	469,165	116,837	454,737,338
Write-off as bad debt	(28,239)	(6,586)	(131,353)	(166,178)
Change in exchange and others	(47,457,136)	320,970	(215,140)	(47,351,306)
Ending balances	\$ 998,354,115	\$ 6,909,422	\$ 4,292,837	\$ 1,009,556,374

For the year ended December 31, 2021, significant changes in the total carrying amount that affected allowance for credit losses are as follows:

Bills discounted and loans	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Total
Beginning balances	\$ 794,212,653	\$ 5,598,352	\$ 7,190,776	\$ 807,001,781
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(2,905,580)	2,919,334	(13,754)	-
-Transferred to credit-impaired financial asset	(968,822)	(537,499)	1,506,321	-
-Transferred to 12-month expected credit losses	1,045,755	(786,796)	(258,959)	-
-Financial assets derecognised in the current period	(260,445,321)	(2,362,546)	(1,982,425)	(264,790,292)
Impairment allowance for purchased or originated financial assets	403,274,954	68,659	80,748	403,424,361
Write-off as bad debt	(58,567)	(17,597)	(856,546)	(932,710)
Change in exchange and others	(46,378,689)	(508,212)	(304,184)	(47,191,085)
Ending balances	\$ 887,776,383	\$ 4,373,695	\$ 5,361,977	\$ 897,512,055

(b) Receivables and other financial assets

I. The Yuanta Group applies the simplified approach to estimate expected credit loss for certain accounts receivable (including trading securities receivable and settlement price). Expected credit loss rate is determined by assessing historical information and examining whether a significant changes in past events, current conditions and future economic conditions are incurred. As of December 31, 2022 and 2021, the carrying amount of accounts receivable amounted to \$30,341,959 and \$57,142,471, respectively. For the years ended December 31, 2022 and 2021, movements in relation to the Yuanta group applying the simplified approach to provide loss allowance for accounts receivable, are as follows:

	For the years ended December 31,	
	2022	2021
January 1	(\$ 544)	(\$ 871)
Reversal of impairment loss	351	327
December 31	(\$ 193)	(\$ 544)

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II. For the years ended December 31, 2022 and 2021, movements in relation to providing loss allowance for receivables and other financial assets, which are not stated as above accounts receivable, are as follows:

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2022	\$ 251,559	\$ 56,746	\$ 2,599,027	\$ 2,907,332	\$ 92,961	\$ 3,000,293
The beginning balances						
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(223)	2,623 (	2,400)	-	-	-
-Transferred to credit-impaired financial asset	(47,247)	733)	47,980	-	-	-
-Transferred to 12-month expected credit losses	43,131 (	26,555)	16,576)	-	-	-
-Financial assets derecognised in the current period	(9,473)	603)	1,125)	11,201)	-	11,201)
Impairment allowance for purchased or originated financial assets	15,755	6,410	13,140	35,305	-	35,305
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	17,872)	17,872)
Write-off as bad debt	(21,329)	6,924)	149,870)	178,123)	-	178,123)
Change in exchange and others	(121,735)	29,351	179,513	87,129	-	87,129
The ending balances	\$ 110,438	\$ 60,315	\$ 2,669,689	\$ 2,840,442	\$ 75,089	\$ 2,915,531

		12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2021		\$	\$	\$	\$	\$	\$
The beginning balances							3,083,013
Changes from financial instruments recognised at the beginning:							
-Transferred to lifetime expected credit losses	(	192)	2,250 (	2,058)	-	-	-
-Transferred to credit-impaired financial asset	(	4,685)	31,204)	35,889	-	-	-
-Transferred to 12-month expected credit losses		50,033 (	24,156)	25,877)	-	-	-
-Financial assets derecognised in the current period	(	7,524)	34)	73,497)	(81,055)	- (	81,055)
Impairment allowance for purchased or originated financial assets		7,284	4,679	10,889	22,852	-	22,852
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans		-	-	-	-	19,113	19,113
Write-off as bad debt	(	27,318)	11,227)	45,337)	(83,882)	- (	83,882)
Change in exchange and others	(	28,889)	36,506	32,635	40,252	-	40,252
The ending balances	\$	251,559	\$ 56,746	\$ 2,599,027	\$ 2,907,332	\$ 92,961	\$ 3,000,293

For the years ended December 31, 2022 and 2021, there were no significant changes to allowance for credit losses for accounts receivable and other financial assets.

(c) Guarantee reserve, loan commitment reserve and others

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing/Non-accrual Loans	Total
For the year ended December 31, 2022	\$	\$	\$	\$	\$	\$
The beginning balances						
Changes from financial instruments recognised at the beginning:						
-Transferred to lifetime expected credit losses	(769)	805 (73)	(36)	-	-	-
-Transferred to credit-impaired financial asset	(115)	(73)	188	-	-	-
-Transferred to 12-month expected credit losses	8,159	(7,893)	(266)	-	-	-
-Financial assets derecognised in the current period	(15,315)	(1,725)	(19,860)	(36,900)	- (36,900)	
Impairment allowance for purchased or originated financial assets	10,213	487	18,905	29,605	-	29,605
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	-	-	-	-	24,023	24,023
Change in exchange and others	(20,545)	8,786	27,766	16,007	-	16,007
The ending balances	\$ 29,264	\$ 12,275	\$ 85,263	\$ 126,802	\$ 88,037	\$ 214,839

		12-month expected credit losses (Stage 1)	Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Impairment recognised in accordance with IFRS 9	Differences in impairment provided in accordance with the Regulation Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non- performing /Non-accrual Loans	Total
For the year ended December 31, 2021		\$ 53,523	\$ 10,834	\$ 56,344	\$ 120,701	\$ 74,526	\$ 195,227
The beginning balances							
Changes from financial instruments recognised at the beginning:							
-Transferred to lifetime expected credit losses	(	203)	241	(38)	-	-	-
-Transferred to credit-impaired financial asset	(	1)	(14)	15	-	-	-
-Transferred to 12-month expected credit losses		7,510	(7,160)	(350)	-	-	-
-Financial assets derecognised in the current period	(	25,874)	(1,857)	(19,806)	(47,537)	-	(47,537)
Impairment allowance for purchased or originated financial assets		18,023	281	19,494	37,798	-	37,798
Differences in impairment provided in accordance with the Regulations Governing the Procedures for Banking/Insurance Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans		-	-	-	-	(10,512)	(10,512)
Change in exchange and others	(	5,342)	9,563	2,907	7,128	-	7,128
The ending balances	\$	47,636	\$ 11,888	\$ 58,566	\$ 118,090	\$ 64,014	\$ 182,104
(I) For the years ended December 31, 2022 and 2021, there were no significant changes to guarantee reserve and loan commitment reserve.							
(II) Information relating to credit risk is provided in Note 12(3).							

(d) Bills and bonds investments

For the years ended December 31, 2022 and 2021, the beginning balances of the accumulative impairment of financial assets measured at fair value through other comprehensive income were \$81,595 and \$97,219; the ending balances were \$62,053 and \$81,595, respectively. For the years ended December 31, 2022 and 2021, the beginning balances of the accumulative impairment of financial assets measured at amortised cost were \$148,842 and \$145,737; the ending balances were \$163,379 and \$148,842, respectively. The changes are attributed to changes in 12-month expected credit losses and were immaterial. In addition, there were no material changes to the related total carrying amounts.

(B) Market risk

a. Source and definition of 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 instrument price. Market risk management is there to identify, evaluate, monitor and report the risks for a purpose of ensuring that market risk of all kinds should be controlled within certain bearable level.

The market risks that the Yuanta Group faces mainly are equity securities, interest rate and exchange rate risk. Market risk position of equity securities mainly include domestic listed stocks, emerging stocks, domestic stock index options and stock index futures, etc. Positions of interest rate risk mainly include bonds and interest-derivative instruments, such as interest swap and bond option, etc. Exchange rate risk are investment position denominated in foreign currency mainly including spot exchange, FX exchange, foreign exchange options and other derivatives business.

b. Risk management principle

The risk management principle of the Yuanta Group is to establish efficient and completed risk managing program, including the setting up of risk limits, duty segregation, completed risk managing execution procedure and timely risk monitor, etc. Risk limits are set up in order to effectively control the market risk under the capital capacity and the duty segregation can help regulate management and approval authorisation of various risks. Risk management conducts all kinds of evaluation and monitoring over all kinds of market risk and, at the same time, uses VaR model to coordinate quantification management of market risks together with timely monitoring during trading hours and after trading hour analysis to actually control any abnormal signal of trading risks. Risk management regularly provides risk management reports to managers of each line to ensure that the entity's market risk can be timely and completely controlled in depth.

c. Market risk assessment

(a) The Yuanta Group adopts the Value at risk (VaR) valuation model for the trading position as a major instrument to monitor market risk. In a 99% confidence interval, the estimated possible maximum loss of the trading position in one day is the benchmark for market risk assessment.

VaR for a trading purpose:

Instrument type	For the year ended December 31, 2022			
	December 31, 2022	VaR Average	VaR Minimum	VaR Maximum
Interest rate	137,036	150,662	103,874	211,805
Equity securities	213,011	284,584	122,786	501,653
Foreign exchange	676,012	433,725	219,145	762,623
Commodity	12,846	73,561	9,256	204,720
Less: diversification effects	(420,766)	(406,849)	-	-
Total VaR	618,139	535,683	442,301	701,826

Instrument type	For the year ended December 31, 2021			
	December 31, 2021	VaR Average	VaR Minimum	VaR Maximum
Interest rate	138,304	150,662	115,904	213,911
Equity securities	448,977	485,050	344,096	1,639,063
Foreign exchange	229,480	241,610	202,399	281,167
Commodity	37,073	36,216	13,555	70,775
Less: diversification effects	(242,948)	(290,624)	-	-
Total VaR	610,886	622,914	494,300	1,802,244

(b) Non-trading purpose

Sensitivity analysis on interest rate:

		December 31, 2022	December 31, 2021
		Effect on other comprehensive income	Effect on other comprehensive income
	Interest rate shift		
Financial assets at fair value through other comprehensive income-Bonds			
Yuanta Bank	Increase of 1 basis point	(\$ 37,488)	(\$ 47,027)
Yuanta Life	Increase of 1 basis point	(28,240)	(45,633)

- d. As of December 31, 2022 and 2021, the following table summarizes USD-denominated financial instruments of the Yuanta Group and the concentration of foreign exchange risk presented by carrying amount.

	December 31, 2022		December 31, 2021	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Cash and cash equivalents	\$ 1,360,789	\$ 41,787,094	\$ 1,299,520	\$ 35,983,445
Financial assets at fair value through profit or loss	670,049	20,575,871	1,314,397	36,395,660
Financial assets at fair value through other comprehensive income	3,853,642	118,337,628	4,064,619	112,549,288
Financial assets at amortised cost	8,057,761	247,437,727	7,139,259	197,686,075
Bills discounted and loans	1,501,188	46,098,466	1,785,581	49,442,742
Bills and bonds payable under repurchase agreements	1,902,413	58,419,305	1,200,712	33,247,717
Deposits and remittances	5,589,245	171,634,525	5,072,413	140,455,125
Other liabilities	1,830,527	56,211,838	2,270,117	62,859,553

Note: As of December 31, 2022 and 2021, USD to TWD exchange rates were 30.708 and 27.690, respectively.

- e. As of December 31, 2022 and 2021, the following table summarizes KRW-denominated assets and liabilities of Yuanta Securities and the concentration of foreign exchange risk presented by carrying amount.

	December 31, 2022		December 31, 2021	
	KRW position (in thousands)	Carrying amount (NTD)	KRW position (in thousands)	Carrying amount (NTD)
<u>Effect on profit or loss</u>				
Financial assets				
Cash and cash equivalents	\$ 570,912,905	\$ 13,904,013	\$ 591,751,392	\$ 13,783,073
Financial assets at fair value through profit or loss	7,303,285,224	177,864,208	7,907,075,459	184,171,602
Financial assets at fair value through other comprehensive income	226,325,293	5,511,926	207,908,591	4,842,607
Accounts receivable	194,579,155	4,738,781	383,483,014	8,932,086
Other financial assets	436,282,547	10,625,225	588,213,158	13,700,661
Other current assets	117,390,736	2,858,934	125,364,285	2,919,985
Financial liabilities				
Short-term borrowings	1,470,088,286	35,802,530	2,011,922,771	46,861,705
Financial liabilities at fair value through profit or loss	1,904,511,237	46,382,467	1,631,490,451	38,000,676
Bonds sold under repurchase agreements	3,771,448,650	91,849,860	3,323,342,969	77,407,304
Guarantee deposit-in and margin deposits	51,359,250	1,250,803	107,747,250	2,509,649
Other financial liabilities	2,211,438,271	53,857,368	3,352,687,235	78,090,791
<u>Effect on profit or loss and equity</u>				
Financial assets				
Equity investments accounted for under the equity method	125,777,011	3,063,173	118,418,469	2,758,203

Note: As of December 31, 2022 and 2021, the KRW to TWD exchange rate were 0.024 and 0.023, respectively.

(C) Liquidity risk

a. Source and definition of liquidity risk

Liquidity risk includes market liquidity risk and funding liquidity risk. Market liquidity risk refers to risk arising from inadequate market depth or market disruptions, which prevent settlement or closing of positions at normal market prices within a reasonable time frame and therefore necessitate buying at a much higher price or selling at a discount. Funding liquidity risk refers to risk arising from the inability to obtain sufficient capital within the expected time leading to a failure of fulfilling the capital required as maturity comes due.

b. Liquidity risk management principle

To mitigate the market liquidity risk, the Yuanta Group has set up separate standards on position liquidity limits for different operations and different securities to ensure sufficient market liquidity for all positions. For funding liquidity risk management, the Yuanta Group has set appropriate limits and ratios on liquidity supply and demand according to the nature of each operational sector, and evaluates in advance the potential capital gaps of each time period to effectively control overall liquidity risk. Pre-established capital transferring plan is also ready in case of systematic risk event and abnormal capital liquidity to sufficiently respond to overall liquidity risk and enhance overall funding liquidity risk management.

c. Assessment on liquidity risk

(a) Set up liquidity risk indicator and warning in order to control adverse element to the liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.

(b) Assessments are regularly made to the assets and liabilities denominated in major currencies on the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

d. 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 fulfil 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 Yuanta Group, 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 financial assets 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 Yuanta Group 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 responding accounts in the balance sheet.

(c) Maturity analysis on derivative financial assets and financial liabilities by date

I. Derivative financial instruments settled on a net basis

Derivative financial instruments of the Yuanta Group settled on a net basis include: equity options, non-delivery forward, interest swap settled by net cash flow and other interest contract.

II. Derivative financial instruments settled on a gross basis

Derivative financial instruments of the Yuanta Group settled on a gross basis include: FX options, foreign exchange forward contract, cross currency swaps, and foreign exchange swaps.

The following table illustrates the analysis made on cash inflow and outflow of financial assets and financial liabilities held by the Yuanta Group for liquidity risk management of major currencies by the remaining maturity from the financial reporting date to the contract expiration date.

(BLANK)

December 31, 2022

Financial assets	December 31, 2022			Total
	0-90 days	91 days-1 year	Over 1 year	
Non-derivative financial instruments				
Cash and cash equivalents	\$ 72,897,831	\$ 3,390,333	\$ 50,000	\$ 76,338,164
Due from Central Bank and call loans to other banks	45,699,051	14,887,498	19,103,611	79,690,160
Financial assets at fair value through profit or loss	320,444,256	51,875,782	79,986,427	452,306,465
Financial assets at fair value through other comprehensive income	40,211,587	23,954,186	274,166,635	338,332,408
Investments in bills and bonds under resale agreements	94,073,224	-	-	94,073,224
Receivables	140,085,745	50,292,288	12,333,095	202,711,128
Bills discounted and loans	241,491,698	198,684,721	568,412,913	1,008,589,332
Reinsurance contract assets	492,061	876,134	-	1,368,195
Financial assets at amortised cost	65,504,307	107,386,915	367,429,035	540,320,257
Restricted assets	-	-	2,726,292	2,726,292
Other financial assets	82,346,688	26,558	32,449,072	114,822,318
Other assets	15,151,595	541,570	21,472,623	37,165,788
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	63,961,180	19,324,561	6,643,934	89,929,675
Cash outflow	(62,550,991)	(17,669,486)	(5,440,950)	(85,661,427)
Net settlement	654,834	1,429,610	1,051,014	3,135,458
Total	\$ 1,120,463,066	\$ 455,000,670	\$ 1,380,383,701	\$ 2,955,847,437
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 38,607,095	-	-	\$ 38,607,095
Due to Central Bank and other banks	-	-	-	-
Financial liabilities at fair value through profit or loss	32,758,909	-	2,256,712	35,015,621
Bills and bonds payable under repurchase agreements	165,145,273	32,733,638	26,258,580	224,137,491
Commercial paper payable	43,276,548	4,559,522	-	47,836,070
Payables	108,362,439	16,100,155	29,191,749	153,654,343
Deposits and remittances	352,297,313	492,555,499	562,588,687	1,407,441,499
Bonds payable	28,668	18,095,935	82,606,350	100,730,953
Other borrowings	36,461,503	517,003	11,481,693	48,460,199
Other financial liabilities	99,360,116	1,841,150	39,118,132	140,319,398
Other liabilities	58,025,844	32,679	1,489,032	59,547,555
Lease liabilities	257,627	1,036,334	4,847,745	6,141,706
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(74,784,126)	(17,836,384)	(8,612,554)	(101,233,064)
Cash outflow	75,988,914	18,746,111	9,826,560	104,561,585
Net settlement	1,809,664	2,197,142	1,533,288	5,540,094
Total	\$ 937,595,787	\$ 570,578,784	\$ 762,585,974	\$ 2,270,760,545

December 31, 2021					
Financial assets		0-90 days	91 days-1 year	Over 1 year	Total
Non-derivative financial instruments					
Cash and cash equivalents	\$	69,961,736	\$ 10,686,593	\$ 87,292	\$ 80,735,621
Due from Central Bank and call loans to other banks		46,686,645	12,382,640	21,274,072	80,343,357
Financial assets at fair value through profit or loss		348,381,437	62,647,592	106,349,024	517,378,053
Financial assets at fair value through other comprehensive income		19,083,720	19,563,218	286,258,263	324,905,201
Investments in bills and bonds under resale agreements		44,125,764	2,329,200	-	46,454,964
Receivables		192,810,421	60,853,042	10,525,822	264,189,285
Bills discounted and loans		174,449,832	170,544,648	551,594,248	896,588,728
Reinsurance contract assets		469,188	860,333	-	1,329,521
Financial assets at amortised cost		110,669,178	43,916,838	353,841,886	508,427,902
Restricted assets		-	-	2,472,029	2,472,029
Other financial assets		78,432,205	25,808	32,746,739	111,204,752
Other assets		39,374,193	418,499	22,730,781	62,523,473
Derivative financial instruments					
Financial assets at fair value through profit or loss					
Gross settlement					
Cash inflow		54,809,210	18,441,184	9,130,150	82,380,544
Cash outflow	(	53,979,452)	18,295,811)	8,982,730)	81,257,993)
Net settlement		562,785	910,397	1,644,736	3,117,918
Total	\$	1,125,836,862	\$ 385,284,181	\$ 1,389,672,312	\$ 2,900,793,355
Financial liabilities					
Non-derivative financial instruments					
Deposits from Central Bank and other banks	\$	22,360,631	\$ 3,263,493	\$ -	\$ 25,624,124
Due to Central Bank and other banks		19,990	819,710	-	839,700
Financial liabilities at fair value through profit or loss		68,702,426	708,255	7,988,911	77,399,592
Bills and bonds payable under repurchase agreements		128,727,504	24,785,976	30,352,369	183,865,849
Commercial paper payable		46,707,205	3,276,297	-	49,983,502
Payables		137,368,028	24,333,737	52,086,400	213,788,165
Deposits and remittances		248,061,065	439,161,368	687,779,950	1,375,002,383
Bonds payable		2,030,822	6,687,896	71,294,873	80,013,591
Other borrowings		47,239,030	3,594,770	9,164,400	59,998,200
Other financial liabilities		81,937,686	2,330,674	42,351,068	126,619,428
Other liabilities		95,329,056	8,376	2,823,575	98,161,007
Lease liabilities		274,381	1,096,086	5,813,723	7,184,190
Derivative financial instruments					
Financial liabilities at fair value through profit or loss					
Gross settlement					
Cash inflow	(	45,687,854)	(15,746,435)	(11,846,207)	(73,280,496)
Cash outflow		47,003,289	15,888,814	12,126,186	75,018,289
Net settlement		312,943	207,379	792,920	1,313,242
Total	\$	880,386,202	\$ 510,416,396	\$ 910,728,168	\$ 2,301,530,766

Maturity analysis for 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, 2022 and 2021, expenses on period of 0-90 days will increase by \$ 658,355,590 and \$729,314,251, respectively.

e. 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 Yuanta Group 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 Yuanta Group:

		December 31, 2022			
		Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet					
Unused loan commitment	\$	17,517,117	\$ -	\$ -	\$ 17,517,117
Unused credit commitment		2,378,257	-	-	2,378,257
Guarantees		9,236,552	-	-	9,236,552
Capital expenditure commitment		3,449,360	5,185,417	-	8,634,777
		December 31, 2021			
		Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet					
Unused loan commitment	\$	22,005,017	\$ -	\$ -	\$ 22,005,017
Unused credit commitment		2,495,253	-	-	2,495,253
Guarantees		10,180,354	-	-	10,180,354
Capital expenditure commitment		1,859,020	4,468,852	-	6,327,872

(D) Transfer of financial assets

Transferred financial assets not fully derecognized

a. The Yuanta Group has financial assets that are fully or partially derecognized through transactions of transfer of financial assets to others. When the Yuanta Group receives the contract right of cash flow from the financial assets, or retains the above rights but bears obligation to pay the cash flow to one or more recipients and the risks and compensation of rights are mostly transferred, the assets should be derecognized. If the Yuanta Group still retains most of the risks and compensation of rights, the Yuanta Group should continue recognises the financial assets. If the Yuanta Group does not transfer or retains most of the risks and compensation of rights and maintains control over the assets, the Yuanta Group should continue recognize the part of financial assets that are involved.

b. Financial assets that do not meet the derecognition conditions are mainly: (1) convertible bonds transferred to counterparties during transactions of exchanging assets and (2) bonds sold under repurchase agreements. The targeted assets exchanged in the transactions are either acquired through public subscription, book building, auctions or others by the Yuanta Group or owned by the Yuanta Group for proprietary trading, and are sold to counterparties in order to receive consideration. During the contract period, the contracted interest compensation is exchanged for bond interest and interest refund arising from the convertible bonds held by the counterparties. The Yuanta Group obtains rights to repurchase the convertible bonds before the end of contract expiration date. As the options are neither deep-in-the-money nor deep-out-of-the-money at transactions, the Yuanta Group must further assess whether to retain the control over the convertible bonds. Since the convertible bonds cannot be easily obtained in markets, the Yuanta Group still keeps its control over the assets and continuing involvement. Because transactions in respect to the repurchase agreements of debt instruments and bills 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 its entirety.

Financial assets that do not meet the derecognition conditions and related financial liabilities are analysed as below:

December 31, 2022		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 25,532,094	\$ 23,641,439
Bonds sold under repurchase agreements	214,155,002	212,822,398
Bills sold under repurchase agreements	11,294,413	11,315,093
December 31, 2021		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Convertible corporate bonds transferred to the trading counterparties through asset swap	\$ 23,245,037	\$ 18,882,931
Bonds sold under repurchase agreements	186,986,238	183,865,849

(E) Offsetting financial assets and financial liabilities

The Yuanta Group has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. 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 follows:

a. Financial assets

December 31, 2022

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 12,444,763	\$ -	\$ 12,444,763	\$ 8,984,759	\$ 1,467,786	\$ 1,992,218
Bonds purchased under resale agreements	72,876,818	-	72,876,818	69,671,818	3,153,146	51,854
Bills under resale agreements	21,196,406	-	21,196,406	20,946,600	-	249,806

December 31, 2021

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets(a)	Gross amounts of recognised financial liabilities set off in the balance sheet(b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 2)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 7,236,667	\$ -	\$ 7,236,667	\$ 4,528,788	\$ 1,725,916	\$ 981,963
Bonds purchased under resale agreements	46,454,964	-	46,454,964	41,819,387	3,742,680	892,897

b. Financial liabilities

December 31, 2022

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 20,624,935	\$ -	\$ 20,624,935	\$ 14,631,689	\$ 4,011,072	\$ 1,982,174
Bonds sold under repurchase agreements	212,822,398	-	212,822,398	212,485,262	337,136	-
Bills sold under repurchase agreements	11,315,093	-	11,315,093	11,294,413	-	20,680

December 31, 2021

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial liabilities(a)	Gross amounts of recognised financial assets set off in the balance sheet(b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not set off in the balance sheet(d)(Note 1)		
				Financial instruments (Note 3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	\$ 9,115,988	\$ -	\$ 9,115,988	\$ 6,586,777	\$ 918,823	\$ 1,610,388
Bonds sold under repurchase agreements	183,865,849	-	183,865,849	183,811,212	54,637	-

Note 1: The related offsetting amount shall not exceed the recognised financial assets or liabilities.

Note 2: Including net settled master netting arrangements and non-cash collaterals.

Note 3: Including net settled master netting arrangements.

(F) Interest Rate Benchmark Reform

The Yuanta Group's financial instruments which were affected by the interest rate benchmark reform included derivative instruments, discounts and loans and debt instruments. The primarily linked exit interest index was US LIBOR. SOFR was expected to replace US LIBOR and with reference to the public announcement of the Financial Conduct Authority on March 5, 2021, the pricing date of interest rate spread adjustment was March 5, 2021.

In order to effectively control the risk of interest rate benchmark reform, Yuanta Group has a LIBOR transition plan, including the governance framework for top-down and cross segment, internal training and continuous evaluating and identifying the effects of contract remediation, communicating with trading counterparty, risk management and valuation model, operating process and system, accounting and tax. As of December 31, 2022, the Yuanta Group completed confirming the affected transactions, risk and system and was expected to be completed before the exit of LIBOR. As of December 31, 2022, the Yuanta Group's financial instruments which were affected by the interest rate benchmark reform were as follows.

Item	Carrying amount	
	Assets	Liabilities
Derivative financial instruments	\$ 1,475,693	\$ 3,444,249
Non-derivative financial instruments	29,873,833	-

(G) Insurance risk

a. Measurement and management of insurance risk

Insurance risks refer to insufficient estimates over the frequency, severity and lapse rate of the insured incidents, such as death rate, morbidity rate, lapse rate, interest rate, expense rate and so on. These ratios could be influenced by random variable risks and therefore lead to the risks of additional payment exceeding the original estimated values. The Yuanta Group engages in business of life insurance, variable life insurance, accident insurance, and health insurance. The risks and management for the above products are as follows:

(a) Life insurance

The main risk of life insurance comprises of death rate and interest rate. The Yuanta Group assesses the premium rate of main insurance product on the market, makes related statistical measurement and analysis of death rate, such as cash flow test and experience test. Inspections are used to determine whether the death rate is higher than pricing basis in order to evaluate the impact toward the overall operation or the extent of negative impact arising accordingly, and to further determine whether or not to cease the sale of the product and adjust the premium rate of the new product.

As for interest risks, the interest rates of long-term contracts were all locked-in before sales in compliance with regulation. If there is an objective gap of fluctuation between long-term interest rate and the estimated policy interest rate, and the investment income fails to reach the promised policy interest rate, the Yuanta Group will then face a problem of negative spread. Therefore, the Yuanta Group evaluates the investment income in various committees on a regular basis to further evaluate investment portfolios. The Yuanta Group shall review investment allocation, insurance combination and (or) preset interest rates to mitigate risks of negative spread if there is obvious adverse development in the problem of negative spread.

(b) Variable life insurance

The main risk of variable life insurance mainly comprises of death rate. Explanation of death rate risks shall be the same as the life insurance.

(c) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise of the occurrence of the accident rate and the morbidity rate. The Yuanta Group tracks loss rate of each insurance type, assesses the premium rate of main insurance products on the market, and makes related statistical measurement of occurrence of the accident rate and the morbidity rate, such as cash flow test and experience test in order to evaluate the impact toward the overall operation or the extent of negative impact arising accordingly, and to further determine whether or not to cease the sale of the product and adjust the premium rate of the new product. The Yuanta Group also arranges reinsurance ceded to mitigate overall potential risk of loss from claims in the future.

(d) Management of insurance risk

I. Risk management of policy underwriting

Underwriting risk refers to the risk of unexpected losses arising from soliciting insurance policies, assessing policy underwritings and related expenses etc. In accordance with “Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises”, the Yuanta Group has established an appropriate risk management mechanism, which includes the establishment of policy underwriting systems and procedures, the establishment of policy underwriting manuals and standards, and the establishment of policy underwriting risk management indicators, as well as their faithful implementation, in order to regulate the underwriting limit of policy underwriters and control the

accuracy and timeliness of policy underwritings.

II. Risk management of payment of claims

Risk arising from payment of claims refers to the risk of unexpected losses arising from improper assessment of claims or negligence when handling policy claims. In accordance with “Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises”, the Yuanta Group has established an appropriate risk management mechanism, which includes the establishment of policy underwriting systems and procedures, the establishment of policy underwriting manuals and standards, and the establishment of policy underwriting risk management indicators, as well as their faithful implementation, in order to regulate the underwriting limit of policy underwriters and control the accuracy, timeliness, policy claim rate and rate of actual policy payments of policy claims.

III. Risk of product designing and pricing

Risk of product designing and pricing refers to risks arising from the improper or inconsistent design of a product's content, stipulated terms or cited fees, or unexpected changes etc. The Yuanta Group has established related operation procedures pursuant to “Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises”, regulating the operation procedures in each developing phase of an insurance product and controlling product designing and pricing by putting in place quantitative mechanisms such as probability testing.

b. Insurance risk concentration

The insurances covered by the Yuanta Group are distributed over the country and have no specific concentration over any specific location, target client, age group, or type of occupation. Reinsurance arrangement is still made after assessment in order to mitigate the covered insurance risks and avoid the overall cumulative risks exceeding the Yuanta Group's risk capacity. Additionally, through catastrophe reinsurance, the Yuanta Group transfers concentrated risks to highly secure reinsurance companies to further mitigate the risks of large claims and catastrophe claims.

c. Liability adequacy test

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience as time goes by. Pursuant to IFRS 4, ‘Insurance contracts’, the Yuanta Group should perform liability adequacy test accordingly to determine whether or not the recognised insurance liability is adequate. In respect of overall insurance contracts of the Yuanta Group as of December 31, 2022 and 2021, the liabilities will still be adequate on the assumption that the mortality, lapse, and expense rates all change by 10% and inflation rate changes by 1%.

If the discount rate of the liability adequacy test decreases by 10 basis points, the liability recognised is still deemed to be adequate and should not influence income before tax and other comprehensive income. If the discount rate of the adequacy test decreases significantly, the change would impact income before tax and other comprehensive income.

d. Credit risk, liquidity risk and market risk of insurance contracts

(a) Credit risk

Credit risks primarily refer to the risk of a reinsurer's failure to fulfil its obligations on the ceded business, which leads to its inability to share its stake of the premiums, claims and other expenses. To manage this risk, the Yuanta Group will, all conditions being equal, foremost consider the distribution to different reinsurers to mitigate the concentration risk. The reinsurers will be selected prudently in accordance with the reinsurance risk management plan as set by the Yuanta Group. To mitigate

the credit risk, the reinsurance agreement will require that reinsurance fees shall be paid on a net basis by deducting any receivables or share of payments recoverable from the reinsurer. In addition, the Yuanta Group will demand the inclusion of a special termination clause in the reinsurance agreement, allowing the Yuanta Group to terminate the agreement in the circumstances that the reinsurer defaults on its obligations to limit further credit risk.

After ceding the business, the Yuanta Group will review the credit rating of the reinsurers regularly in accordance with its reinsurance risk management plan. In the event of a credit rating downgrade of a reinsurer leading to its failure to meet the minimum requirement of being an eligible reinsurer as stipulated by the “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”, the Yuanta Group will disclose reinsurance reserve as required to monitor the adverse impacts from the downgraded reinsurer on the Yuanta Group.

Currently, the credit ratings of all reinsurance counterparties of the Yuanta Group have met the eligibility standards as stipulated by the regulations.

(b) Liquidity risk

The liquidity risk of the insurance contract arises mainly from the Yuanta Group’s failure to realise the assets or to obtain sufficient funding in time to fulfil its obligations on insurance benefits payment. To manage the risk, the Yuanta Group regularly conducts maturity analysis on the insurance contracts and reviews the matching of assets and liabilities.

The table below shows the net liability cash flow analysis on the insurance portfolio of the Yuanta Group by maturity (excluding net cash flow from investing activities). The figures reflect, for the in-force policies as at the valuation date, the estimation of undiscounted total insurance benefit payments, expense and other outflows, net of insurance premiums and other income at each future time point. The future actual amounts may vary as the actual experience may be different from the expected amounts.

Net cash flows used in (provided by) the insurance contracts:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Less than 1 year	(\$ 2,003,722)	(\$ 3,321,539)
1 ~5 years	23,126,077	18,352,896
6 ~15 years	105,179,714	94,350,259
More than 15 years	570,041,728	522,891,775
Total	<u>\$ 696,343,797</u>	<u>\$ 632,273,391</u>

The Yuanta Group has insurance contracts that are classified as investment-linked product liabilities. However, such liabilities are repaid based on investment-linked product assets. Therefore, the Yuanta Group has no significant liquidity risk.

(c) Market risk

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations, the Yuanta Group calculates and sets aside statutory reserves in accordance with assumed interest rate and incidence rate regulated by the supervisors. As the assumed interest rate is pre-determined as at policy issuance, the statutory reserves will not change with market interest rate fluctuations. The regulator will regularly review the discount rate assumption, which however may not necessarily correspond to the market risk factors (e.g. market interest rate) in terms of time, amount, or direction, and it is only applicable to the new policies. Therefore, the impact of probable changes in market risks on the statutory reserves of

the Yuanta Group's in-force insurance policies is negligible. In case the regulator changes the discount rate assumption, its impact on profit/loss or equity will vary depending on the range of the change and the Yuanta Group's overall product mix. Furthermore, reasonable and probable variations in market risks may affect the liability adequacy test, which requires the future cash flows for insurance contracts and financial instruments with discretionary participation features to be estimated based on the current information as at the balance sheet date to assess whether recognised insurance liabilities are adequate. Please refer to the liability adequacy test for the impact of market risk variables on the current liability adequacy of the Yuanta Group.

(4) Capital adequacy ratio:

Expressed In Thousands of New Taiwan Dollars
December 31, 2022

	Financial Holding Company	Shareholding Ratio	Eligible capital	Minimum capital
Financial holding company	-		\$ 256,272,433	\$ 292,041,702
Bank subsidiaries	100.00%		134,758,411	96,564,581
Securities subsidiaries	100.00%		85,003,269	26,507,976
Insurances subsidiaries	100.00%		30,521,303	12,147,468
Futures subsidiaries	66.27%		8,529,512	4,892,338
Venture capital subsidiaries	100.00%		2,747,844	1,420,846
Securities Investment Trust subsidiaries	74.71%		4,531,441	2,673,586
Other subsidiaries	100.00%		4,164,175	2,207,354
Deduction items			(308,833,954)	(290,751,677)
Subtotal			<u>\$ 217,694,434</u>	<u>\$ 147,704,174</u>
Capital adequacy ratio of the Consolidated Company				147.39%

Expressed In Thousands of New Taiwan Dollars
December 31, 2021

	Financial Holding Company	Shareholding Ratio	Eligible capital	Minimum capital
Financial holding company	-		\$ 268,970,625	\$ 305,806,950
Bank subsidiaries	100.00%		134,478,132	91,635,561
Securities subsidiaries	100.00%		86,322,796	31,271,253
Insurances subsidiaries	100.00%		28,304,178	10,099,034
Futures subsidiaries	66.27%		8,184,277	4,720,654
Venture capital subsidiaries	100.00%		3,759,269	1,937,030
Securities Investment Trust subsidiaries	74.71%		4,397,758	2,590,349
Other subsidiaries	100.00%		4,022,094	2,154,720
Deduction items			(316,986,360)	(301,303,505)
Subtotal			<u>\$ 221,452,769</u>	<u>\$ 148,912,046</u>
Capital adequacy ratio of the Consolidated Company				148.71%

As of December 31, 2022, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	\$ 125,015,590
Additional paid-in capital	38,010,564
Legal reserve	20,481,785
Special reserve	6,549,234
Accumulated earnings	73,279,144
Other equity	(6,968,170)
Less: goodwill and other intangible assets	(17,102)
Less: deferred assets	(78,612)
Total net eligible capital	<u>\$ 256,272,433</u>

As of December 31, 2021, the financial holding's net eligible capital was as follows:

Item	Amount
Common stocks	\$ 121,374,360
Additional paid-in capital	37,885,949
Legal reserve	17,040,473
Special reserve	6,549,234
Accumulated earnings	77,775,254
Other equity	8,410,191
Less: goodwill and other intangible assets	(14,504)
Less: deferred assets	(50,332)
Total net eligible capital	<u>\$ 268,970,625</u>

(5) In accordance with Article 46 of the Financial Holding Company Act, the following table represents the Company and its subsidiaries' provision of business credit or endorsements to, or other transactions with, the same individual, the same related party, or the same affiliated company.

Name	(Expressed In Millions of New Taiwan Dollars) December 31, 2022	
	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 172,775	67.39
Securities Korea_Korea_Finance and Insurance Industry	118,672	46.29
Central Government, R.O.C	116,162	45.31
Agricultural Bank of Taiwan	34,729	13.55
Taiwan Cement Corporation	19,540	7.62
U.S. Government	19,533	7.62
Taiwan Semiconductor Manufacturing Co., Ltd.	16,671	6.50
Taiwan Depository & Clearing Corporation	15,011	5.86
Securities Korea_Korea_Public Administration and National Defense	11,797	4.60
ASE Technology Holding Co., Ltd.	10,875	4.24
CPC Corporation, Taiwan	10,771	4.20
Nan Ya Plastics Corporation	10,022	3.91
Chunghwa Telecom Co., Ltd.	9,610	3.75
Uni-President Enterprises Group	9,505	3.71
China Steel Corporation	8,790	3.43
Cathay Financial Holding Co., Ltd.	8,756	3.42
Quanta Computer Inc.	8,416	3.28
GlobalWafers Co., Ltd.	8,333	3.25
Taiwan Cooperative Bank	8,150	3.18
Taiwan Stock Exchange	8,079	3.15
Taiwan Water Corporation	7,949	3.10
National Australia Bank Ltd.	7,719	3.01
Far Eastern New Century Corporation	7,320	2.86
Taiwan Futures Exchange	7,220	2.82
First Financial Holding Co. Ltd.	6,806	2.65
TSMC Global Ltd.	6,451	2.52
JPMorgan Chase & Co.	6,373	2.49
Federal National Mortgage Association	6,343	2.47
SinoPac Securities Corporation	6,330	2.47
China Bills Finance Corporation	6,303	2.46
DING SHUAI Development Co., Ltd.	6,294	2.45
Federal Home Loan Mortgage CORPORATION	6,209	2.42
ASUSTEK COMPUTER INCORPORATION	6,143	2.40
CTBC Financial Holding Co., Ltd.	5,964	2.33
Asia Cement Corporation	5,778	2.25
Commonwealth Bank of Australia	5,773	2.25
YO JI CONSTRUCTION CO., LTD.	5,700	2.22
WESTPAC GROUP	5,644	2.20
Formosa Chemicals & Fibre Corporation	5,642	2.20
STATE OF ISRAEL	5,431	2.12
BNP Paribas	5,320	2.08
Far Eastone Telecommunications Co., Ltd.	5,316	2.07
Fubon Securities Investment Trust Co., Ltd	5,260	2.05
ABU DHABI GOVT INTL	5,122	2.00
Mega Financial Holding Company Ltd.	5,041	1.97
Taiwan Mobile Co., Ltd.	4,985	1.94
Taiwan Power Company	4,949	1.93
Capital Securities Investment Trust Co., Ltd	4,808	1.88
Aerospace Industrial Development Corporation	4,773	1.86

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2022		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
ASE Technology Holding Co., Ltd.	\$ 4,699	1.83
Bank Korea Branch_Korea_Real Estate Industry	4,676	1.82
Apple Inc.	4,612	1.80
Shanghai Commercial and Savings Bank	4,517	1.76
Formosa Plastics Corporation	4,486	1.75
Chang Chun Petrochemical Co., Ltd.	4,472	1.74
Formosa Group (Cayman) Limited	4,458	1.74
Yuan Ding Investment Corp.	4,393	1.71
Formosa Petrochemical Corp	4,364	1.70
TATUNG CO.	4,301	1.68
CTBC Bank Co., Ltd.	4,301	1.68
Wan Hai Lines Limited	4,212	1.64
BANK OF THAILAND	4,197	1.64
Taiwan High Speed Rail Corporation	4,118	1.61
Taishin International Bank Co., Ltd.	4,041	1.58
Synnex Technology International Corporation	4,009	1.56
STATE OF QATAR	3,927	1.53
Bank Korea Branch_Korea_Finance and Insurance Industry	3,926	1.53
The Bank of Tokyo-Mitsubishi UFJ	3,851	1.50
Taiwan Railways Administration	3,824	1.49
ADCB Finance Cayman Ltd	3,711	1.45
FIRST ABU DHABI BANK PJS	3,705	1.45
BANK OF AMERICA CORP	3,648	1.42
RABO BANK NEDERL-ANDS(New York)	3,523	1.37
SUNPOWER CONSTRUCTION CO., LTD.	3,523	1.37
Lien-Jade Construction Co.,Ltd.	3,494	1.36
Shuohe Development Co., Ltd.	3,484	1.36
UNITED OVERSEAS BANK LTD.	3,421	1.33
GOLDMAN SACHS GROUP INC	3,417	1.33
Wells Fargo & Company	3,400	1.33
RUN LONG CONSTRUCTION CO., LTD.	3,390	1.32
Compal Electronics, Inc	3,386	1.32
FORMOSA HA TINH (CAYMAN) LIMITED	3,378	1.32
AUSTRALIAN GOVERNMENT	3,368	1.31
VISA INC	3,358	1.31
Sumitomo Mitsui Financial Group Inc	3,337	1.30
Bank Korea Branch_Korea_Natural Person	3,320	1.30
IBF Securities Co., Ltd.	3,316	1.29
CITIGROUP INC	3,308	1.29
IBM	3,304	1.29
Securities Korea_U.S._Public Administration and National Defense	3,262	1.27
KEB Hana Bank	3,212	1.25
UBS Taiwan	3,201	1.25
Crédit Agricole Corporate and Investment Bank	3,195	1.25
Leofoo Development Co.Ltd.	3,150	1.23
Hua Nan Commercial Bank, Ltd.	3,143	1.23
Alphabet Inc.	3,134	1.22
VEDAN Enterprise Corporation	3,133	1.22
FORMOSA HA TINH STEE	3,132	1.22
The Export-Import Bank of the Republic of China	3,131	1.22
BARCLAYS BANK PLC	3,091	1.21
SAUDI ARABIAN OIL CO	3,088	1.20
Wistron Corporation	3,087	1.20

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2022		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Australia and New Zealand Banking Group	\$ 3,073	1.20
COMCAST CORP	3,027	1.18
Total	1,000,397	390.19
Same related party:		
Mr. Jin and its related parties	\$ 25,427	9.92
Mr. Lin and its related parties	19,902	7.76
Mr. Liao and its related parties	16,688	6.51
Mr. Chen and its related parties	11,326	4.42
Mr. Wu and its related parties	7,452	2.91
Mr. Hsu and its related parties	6,535	2.55
Mr. Wang and its related parties	6,340	2.47
Mr. Huang and its related parties	5,917	2.31
Mr. Chang and its related parties	4,349	1.70
Mr. Yang and its related parties	4,188	1.63
Mr. Yang and its related parties	4,181	1.63
Mr. Hsu and its related parties	4,155	1.62
Mr. Li and its related parties	3,851	1.50
Mr. Chang and its related parties	3,667	1.43
Mr. Chang and its related parties	3,615	1.41
Mr. Yang and its related parties	3,461	1.35
Mr. Kuo and its related parties	3,351	1.31
Mr. Chang and its related parties	3,279	1.28
Mr. Yang and its related parties	3,237	1.26
Mr. Yen and its related parties	3,144	1.23
Mr. Ding and its related parties	3,074	1.20
Mr. Lin and its related parties	3,063	1.19
Mr. Chen and its related parties	3,032	1.18
Total	153,234	59.77
Same affiliated company:		
Formosa Plastic Group	\$ 38,772	15.12
Far Eastern Group	30,485	11.89
Taiwan Semiconductor Group	27,634	10.78
Taiwan Stock Exchange	23,106	9.01
Taiwan Cement Group	21,464	8.37
CTBC Financial Holding Group	16,967	6.62
ASE Group	15,575	6.08
Uni-President Enterprises Group	15,397	6.01
China Steel Corporation Group	15,226	5.94
Taiwan Cooperative Financial Holding Co., Ltd.	13,229	5.16
Cathay Holdings Group	13,182	5.14
Yong Feng Yu Group	13,010	5.07
First Financial Holdings Group	12,390	4.83
Fubon Group	11,309	4.41
Chunghwa Telecom Company, Ltd.	9,701	3.78
Quanta Computer Group	9,351	3.65
MAW DER Property Development Group	9,074	3.54
SINO-AMERICAN SILICON PRODUCTS INC.	8,461	3.30
Mega Financial Holdings Group	8,167	3.19
KINPO Group	7,907	3.08
MiTAC-SYNNEX Group	7,726	3.01
China Development Group	7,515	2.93
JPMorgan Chase & Co.	6,979	2.72

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2022		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
O-Bank Group	\$ 6,803	2.65
Commonwealth Bank of Australia	6,676	2.60
Wistron Corporation	6,433	2.51
Taishin Financial Holdings Group	6,254	2.44
Crédit Agricole Group	6,183	2.41
ASUS Group	6,157	2.40
Hua Nan Financial Holdings Group	5,981	2.33
BNP Paribas S.A.	5,883	2.29
Foxconn Technology Group	5,829	2.27
Evergreen Group	5,420	2.11
IBF Financial Holdings Group	5,342	2.08
ADCB Group	5,334	2.08
Shin Kong Group	5,320	2.08
Four Union Group	5,262	2.05
Macquarie Taiwan	4,900	1.91
Mitsubishi UFJ Financial Group	4,786	1.87
Kingtown & Construction Co., Ltd	4,680	1.83
Union Group	4,638	1.81
Tatung Company	4,303	1.68
Wan Hai & Shihlin Paper Group	4,292	1.67
Vedan Group	4,183	1.63
Berkshire Hathaway Group	4,176	1.63
LIEN JADE Construction Group	4,130	1.61
Lealea Group	4,074	1.59
Australia and New Zealand Banking Group	3,891	1.52
Yulon Group	3,843	1.50
Tung Ho Steel Group	3,800	1.48
HIGHWEALTH Group	3,706	1.45
Hotai Motor Group	3,702	1.44
Foxlink Group	3,650	1.42
Sumitomo Mitsui Financial Group	3,625	1.41
Fu Yu Construction Group	3,581	1.40
United Overseas Bank Group	3,574	1.39
Wintech Microelectronics Group	3,531	1.38
AURORA Group	3,412	1.33
BenQ Group	3,389	1.32
USI Group	3,322	1.30
Total	516,692	201.50
	\$ 1,670,323	651.46
(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 197,172	73.29
Central Government, R.O.C	133,072	49.46
Securities Korea_Korea_Finance and Insurance Industry	114,270	42.47
Taiwan Cement Corporation	21,981	8.17
Taiwan Semiconductor Manufacturing Co., Ltd.	18,952	7.04
CPC Corporation, Taiwan	14,078	5.23
U.S. Government	13,569	5.04

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Taiwan Power Company	\$ 12,108	4.50
GlobalWafers Co., Ltd.	11,438	4.25
Taiwan Depository & Clearing Corporation	10,333	3.84
Far Eastern New Century Corporation	9,679	3.60
CTBC Financial Holding Co., Ltd.	9,404	3.50
Cathay Financial Holding Co., Ltd.	9,112	3.39
ASE Technology Holding Co., Ltd.	8,465	3.15
Nan Ya Plastics Corporation	7,836	2.91
Far Eastone Telecommunications Co., Ltd.	7,791	2.90
Uni-President Enterprises Group	7,415	2.76
Chunghwa Telecom Co., Ltd.	7,397	2.75
Taiwan Cooperative Bank	7,379	2.74
Asia Cement Corporation	7,360	2.74
China Steel Corporation	7,129	2.65
Taiwan Water Corporation	6,827	2.54
YO JI CONSTRUCTION CO., LTD.	6,802	2.53
Taiwan Mobile Co., Ltd.	6,716	2.50
TSMC Global Ltd.	6,637	2.47
Federal National Mortgage Association	6,514	2.42
Federal Home Loan Mortgage CORPORATION	6,496	2.41
Quanta Computer Inc.	6,453	2.40
Taiwan Futures Exchange	6,357	2.36
TING-SHUAI Development Co., Ltd.	6,340	2.36
Chang Chun Petrochemical Co., Ltd.	6,172	2.29
Fubon Securities Investment Trust Co., Ltd.	5,974	2.22
Taiwan Stock Exchange	5,948	2.21
JPMorgan Chase & Co.	5,923	2.20
Waverley Logistics Limited.,Taiwan Branch	5,920	2.20
National Australia Bank Ltd.	5,901	2.19
Formosa Chemicals & Fibre Corporation	5,868	2.18
First Abu Dhabi Bank PJS	5,699	2.12
Formosa Plastics Corporation	5,548	2.06
BNP Paribas	5,419	2.01
STATE OF ISRAEL	5,277	1.96
Capital Securities Investment Trust Co., Ltd.	5,228	1.94
ABU DHABI GOVT INTL	5,129	1.91
Taiwan High Speed Rail Corp.	5,104	1.90
Formosa Group (Cayman) Limited	5,024	1.87
UBS of Australia Corp.	5,020	1.87
Yuan Ding Investment Corp.	4,964	1.85
Shanghai Commercial and Savings Bank	4,683	1.74
Credit Suisse International	4,436	1.65
Commonwealth Bank of Australia	4,346	1.62
EVA Airways Corporation	4,327	1.61
TATUNG CO.	4,317	1.61
Evergreen Marine Corp.	4,243	1.58
FORMOSA HA TINH (CAYMAN) LIMITED	4,237	1.58
ASUSTEK COMPUTER INCORPORATION	4,227	1.57
CTBC Investments	4,130	1.54
Agricultural Bank of Taiwan	4,099	1.52
Sumitomo Mitsui Financial Group Inc	4,016	1.49
Highwealth Construction Corp.	4,012	1.49
BANK OF THAILAND	4,009	1.49

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
The Bank of Tokyo-Mitsubishi UFJ	\$ 3,994	1.49
Securities Korea_Korea_Public Administration and National Defense	3,932	1.46
The Export-Import Bank of the Republic of China	3,901	1.45
WESTPAC GROUP	3,869	1.44
Wistron Corporation	3,775	1.40
Coöperatieve Rabobank U.A.	3,750	1.39
Apple Inc.	3,715	1.38
STATE OF QATAR	3,652	1.36
Wells Fargo & Company	3,642	1.35
Pegatron Corporation	3,561	1.32
Bank Korea Branch_Korea_Real Estate Industry	3,558	1.32
ASE Technology Holding Co., Ltd.	3,514	1.31
Cheng Shin Rubber Ind., Co., Ltd.	3,448	1.28
SAUDI INTERNATIONAL BOND	3,448	1.28
Lien-Jade Construction Co., Ltd.	3,415	1.27
CTBC Securities Co., Ltd.	3,398	1.26
Visa Inc.	3,389	1.26
KKY Co., Ltd.	3,382	1.26
SUNPOWER CONSTRUCTION CO., LTD.	3,372	1.25
United Microelectronics Corporation	3,304	1.23
Shuohe Development Co., Ltd.	3,280	1.22
BANK OF AMERICA CORP	3,257	1.21
Compal Electronics, Inc.	3,234	1.20
ADCB FINANCE CAYMAN LTD	3,233	1.20
Radium Life Tech Co., Ltd.	3,232	1.20
Bank Korea Branch_Korea_Natural Person	3,231	1.20
Formosa Petrochemical Corp.	3,176	1.18
Alphabet Inc.	3,159	1.17
Hana Bank	3,140	1.17
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	3,125	1.16
Securities Korea_US_Finance and Insurance Industry	3,090	1.15
Export-Import Bank of Korea	3,068	1.14
Leofoo Development Co., Ltd.	3,050	1.13
Australia and New Zealand Banking Group	3,048	1.13
USI Corporation	3,028	1.13
Cathay Securities Investment Trust Co., Ltd.	3,006	1.12
Total	966,658	359.31
Same related party:		
Mr. Jin and its related parties	\$ 26,130	9.71
Mr. Lin and its related parties	22,310	8.29
Mr. Liao and its related parties	18,980	7.06
Mr. Wu and its related parties	9,882	3.67
Mr. Chen and its related parties	8,689	3.23
Mr. Lin and its related parties	7,503	2.79
Mr. Huang and its related parties	5,653	2.10
Mr. Chang and its related parties	5,167	1.92
Mr. Chang and its related parties	4,948	1.84
Mr. Chang and its related parties	4,394	1.63
Mr. Chang and its related parties	4,369	1.63
Mr. Chen and its related parties	4,248	1.58
Mr. Xu and its related parties	3,990	1.48
Mr. Ding and its related parties	3,950	1.47
Mr. Yang and its related parties	3,749	1.39

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same related party:		
Mr. Li and its related parties	\$ 3,730	1.39
Mr. Yang and its related parties	3,728	1.39
Mr. Yang and its related parties	3,722	1.38
Mr. Chang and its related parties	3,191	1.19
Total	148,333	55.14
Same affiliated company:		
Formosa Plastic Group	\$ 37,402	13.90
Far Eastern Group	36,050	13.40
Taiwan Semiconductor Group	28,612	10.63
Taiwan Cement Group	22,949	8.53
CTBC Financial Holding Group	21,275	7.91
Taiwan Stock Exchange	16,290	6.05
Cathay Holdings Group	15,214	5.65
Fubon Group	13,864	5.15
Uni-President Enterprises Group	12,731	4.73
ASE Group	12,506	4.65
Taiwan Cooperative Financial Holding Co., Ltd.	12,471	4.64
Sino-American Silicon Products Inc	11,728	4.36
China Steel Corporation Group	11,518	4.28
Evergreen Group	9,016	3.35
CHANG CHUN Group	7,777	2.89
Yong Feng Yu Group	7,570	2.81
JPMorgan Chase & Co.	7,502	2.79
Chunghwa Telecom Company, Ltd.	7,452	2.77
China Development Group	6,958	2.59
Foxconn Technology Group	6,690	2.49
Quanta Computer Group.	6,542	2.43
First Financial Holdings Group	6,252	2.32
Hua Nan Financial Holdings Group	6,237	2.32
BNP Paribas S.A.	6,195	2.30
Crédit Agricole Group	5,895	2.19
Yulon Group	5,848	2.17
Wistron Corporation	5,585	2.08
Credit Suisse Group AG	5,530	2.06
Shin Kong Group	5,364	1.99
New Kinpo Group	5,296	1.97
Commonwealth Bank of Australia	5,262	1.96
Mega Financial Holdings Group	4,988	1.85
Four Union Group	4,889	1.82
The Shanghai Commercial & Savings Bank, Ltd.	4,752	1.77
HIGHWEALTH Group	4,519	1.68
MiTAC-Synnex Group	4,396	1.63
Tatung Company	4,322	1.61
ASUS Group	4,278	1.59
Cheng Shin Group	4,154	1.54
Taishin Financial Holdings Group	4,115	1.53
Sumitomo Mitsui Financial Group	4,057	1.51
United Microelectronics Corporation	3,937	1.46
USI Group	3,889	1.45
Pegatron Group	3,810	1.42
Ting Hsin International Group	3,739	1.39

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2021		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same affiliated company:		
Vedan Group	\$ 3,724	1.38
Lealea Group	3,702	1.38
Testrite Group	3,602	1.34
LIEN JADE Construction Group	3,513	1.31
O-Bank Co., Ltd.	3,499	1.30
Radium Life Tech Co., Ltd.	3,385	1.26
E.SUN Financial Holding Co., Ltd.	3,320	1.23
Kingtown & Construction Co., Ltd.	3,291	1.22
Sinar Mas Group	3,289	1.22
IBF Financial Holdings Group	3,189	1.19
Foxlink Group	3,170	1.18
Total	467,110	173.62
	\$ 1,582,101	588.07

(6) Significant impact arising from changes in government laws and regulations:

None.

(7) Information for discontinued operations:

None.

(8) Major operating assets or liabilities transferred from (or to) other financial institutions:

None.

(9) Allocation of expenses between the Company and its subsidiaries and among subsidiaries

According to Article 7 of the Yuanta Group's Cross-Marketing Management System, contracts regarding legal responsibility and the allocation method for expenses arising from the mutual use of business facilities and cross-sales between the Company's subsidiaries should be formulated and signed.

(10) Information for private placement securities:

None.

(11) Financial information by business segments

Information by business segments for the year ended December 31, 2022 is as follows:

Item	(Expressed In Thousands of New Taiwan Dollars)				
	Bank business	Securities business	Futures business	Insurance business	Other businesses
Net interest income (loss)	\$ 14,940,545	\$ 4,962,464	\$ 671,191	\$ 10,464,790	\$ 337,625
Net non-interest income	5,284,415	35,225,968	2,172,494	13,970,301	4,147,339
Net profit	20,224,960	40,188,432	2,843,685	24,435,091	3,809,714
Provision for bad debt expenses, commitment and guarantee policy reserve	(361,604)	40,861	2,795	(242)	-
Net change in provisions for insurance liabilities	-	-	-	(19,533,972)	-
Operating expenses	(11,227,465)	(26,289,744)	(1,462,433)	(1,568,172)	(2,688,093)
Net income from continuing operations before income tax	8,635,891	13,939,549	1,384,047	3,332,705	1,121,621
Income tax expense	(1,574,463)	(2,662,434)	(277,117)	(289,553)	(899,833)
Consolidated income, net of tax	\$ 7,061,428	\$ 11,277,115	\$ 1,106,930	\$ 3,043,152	\$ 221,788

Information by business segments for the year ended December 31, 2021 is as follows:

Item	(Expressed In Thousands of New Taiwan Dollars)				
	Bank business	Securities business	Futures business	Insurance business	Other businesses
Net interest income (loss)	\$ 13,213,964	\$ 7,757,704	\$ 257,929	\$ 9,038,451	\$ 294,297
Net non-interest income	7,089,296	56,894,760	2,209,879	17,732,723	5,340,094
Net profit	20,303,260	64,652,464	2,467,808	26,771,174	5,045,797
(Provision for) reversal of bad debt expenses, commitment and guarantee policy reserve	(532,883)	47,923	3,755	151	(53,202)
Net change in provisions for insurance liabilities	-	-	-	(21,301,277)	-
Operating expenses	(11,056,540)	(36,173,503)	(1,293,524)	(1,543,849)	(3,196,210)
Net income from continuing operations before income tax	8,713,837	28,526,884	1,178,039	3,926,199	1,796,385
Income tax (expense) benefits	(1,174,945)	(5,096,156)	(188,678)	(110,601)	(601,455)
Consolidated income, net of tax	\$ 7,538,892	\$ 23,430,728	\$ 989,361	\$ 4,036,800	\$ 1,194,930
					\$ 37,190,711

(12) Financial statements of the Company and condensed financial statements of its subsidiaries:

A. Financial statements of the Company

Yuanta Financial Holding Co., Ltd.

Yuanta Financial Holding Co., Ltd.
Individual Balance Sheets
December 31, 2022 and 2021

		(Expressed In Thousands of New Taiwan Dollars)	
ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY
Cash and cash equivalents	\$ 6,508,655	\$ 841,258	Commercial paper payable - net
Financial assets at fair value through other comprehensive income			Payables
Receivables - net	66,320	45,653	Current income tax liabilities
Current income tax assets	1,040,134	4,344,257	Bonds payable
Equity investments accounted for under the equity method - net	2,670,949	-	Liabilities reserve
Property and equipment - net	290,751,677	301,303,505	Lease liability
Right-of-use assets - net	45,973	47,060	Other liabilities
Intangible assets - net	127,440	54,468	Total liabilities
Deferred income tax assets	17,102	14,504	Equity
Other assets - net	78,612	50,332	Common stock
	10,158	12,007	Additional paid-in capital
			Retained earnings
			Legal reserve
			Special reserve
			Undistributed earnings
			Other equity
			(6,968,170)
			Total equity
			256,368,147
Total assets	\$ 301,317,020	\$ 306,713,044	Total liabilities and equity
			\$ 301,317,020
			\$ 306,713,044

Yuanta Financial Holding Co., Ltd.
Individual Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the years ended December 31,	
	2022	2021
Revenues		
Share of the profit or loss of associates and joint ventures accounted for under the equity method	\$ 22,907,800	\$ 36,575,675
Realised gain on financial assets at fair value through other comprehensive income	1,518	1,453
Other revenues	<u>126,782</u>	<u>19,817</u>
	<u>23,036,100</u>	<u>36,596,945</u>
Expenses and losses		
Operating expenses	(974,686)	(1,350,334)
Other expenses and losses	(299,464)	(282,217)
	<u>(1,274,150)</u>	<u>(1,632,551)</u>
Income from continuing operations before income tax	21,761,950	34,964,394
Income tax expense	(305,623)	(98,437)
Net income	<u>21,456,327</u>	<u>34,865,957</u>
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss (net of tax)		
Loss on remeasurements of defined benefit plans	2,707	(649)
Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	20,667	17,170
Share of other comprehensive income of associates and joint ventures accounted for under the equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,263,944	6,747,533
Components of other comprehensive income that will be reclassified to profit or loss (net of tax)		
Share of other comprehensive income of associates and joint ventures accounted for under the equity method, components of other comprehensive income that will be reclassified to profit or loss	(20,329,420)	(11,366,216)
Other comprehensive loss	<u>(16,042,102)</u>	<u>(4,602,162)</u>
Total comprehensive (loss) income	<u>\$ 5,414,225</u>	<u>\$ 30,263,795</u>
Earnings per share (in dollars)		
Basic and diluted earnings per share	<u>\$ 1.72</u>	<u>\$ 2.79</u>

Yuantta Financial Holding Co., Ltd.
Individual Statement of Change in Equity
For the years ended December 31, 2022 and 2021
(Expressed In Thousands of New Taiwan Dollars)

	Retained Earnings					Other equity				
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk	Other comprehensive income (loss) on reclassification under the overlay approach	Total equity
For the year ended December 31, 2021										
Balance, January 1, 2021	\$ 121,374,360	\$ 37,885,949	\$ 14,633,733	\$ 6,549,234	\$ 60,333,790	\$ 4,467,136	\$ 16,726,148	\$ 45,138	\$ 345,649	\$ 253,336,589
Appropriation of 2020 earnings										
Legal reserve	-	-	2,406,740	-	(2,406,740)	-	-	-	-	-
Cash dividend	-	-	-	-	(14,564,923)	-	-	-	-	(14,564,923)
Net income for the year	-	-	-	-	34,865,957	-	-	-	-	34,865,957
Other comprehensive income (loss) for the year	-	-	-	-	(642,790)	3,932,987	1,394,484	2,483	1,418,386	(4,602,162)
Total comprehensive income (loss) for the year	-	-	-	-	34,223,167	3,932,987	1,394,484	2,483	1,418,386	30,263,795
Disposal of investments in equity instruments designated at fair value through other comprehensive income										
Balance, December 31, 2021	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	\$ 8,400,123	\$ 17,930,672	\$ 47,621	\$ 1,072,737	\$ 269,035,461
For the year ended December 31, 2022										
Balance, January 1, 2022	\$ 121,374,360	\$ 37,885,949	\$ 17,040,473	\$ 6,549,234	\$ 77,775,254	\$ 8,400,123	\$ 17,930,672	\$ 47,621	\$ 1,072,737	\$ 269,035,461
Appropriation of 2021 earnings										
Legal reserve	-	-	3,441,312	-	(3,441,312)	-	-	-	-	-
Cash dividend	-	-	-	-	(18,206,154)	-	-	-	-	(18,206,154)
Stock dividend	3,641,230	-	-	-	(3,641,230)	-	-	-	-	-
Net income for the year	-	-	-	-	21,456,327	-	-	-	-	21,456,327
Other comprehensive income (loss) for the year	-	-	-	-	1,034,054	2,280,219	15,182,928	3,597	4,169,850	16,042,102
Total comprehensive income (loss) for the year	-	-	-	-	22,490,381	2,280,219	15,182,928	3,597	4,169,850	5,414,225
Changes in equity of associates and joint ventures accounted for under equity method										
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	124,615	-	-	-	-	-	-	-	124,615
Balance, December 31, 2022	\$ 125,015,590	\$ 38,010,564	\$ 20,481,785	\$ 6,549,234	\$ 73,279,144	\$ 6,119,904	\$ 4,445,539	\$ 51,218	\$ 5,242,587	\$ 256,368,147

Yuanta Financial Holding Co., Ltd.
Individual Statement of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2022	2021
Cash Flows From Operating Activities		
Profit before tax	\$ 21,761,950	\$ 34,964,394
Adjustment items		
Income and expense item		
Depreciation	64,158	56,094
Amortisation	4,164	2,697
Interest expense	299,288	257,623
Interest income	(38,623)	(5,448)
accounted for under the equity method	(22,907,800)	(36,575,675)
Gain on lease modification	(2)	(511)
Gain from disposal or retirement of property and equipment	(200)	(640)
Intangible assets transferred to expense	126	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(30,244)	28,104
Decrease (increase) in other assets	1,850	(110)
(Decrease) increase in payables	(351,896)	284,054
Increase in liabilities reserve	148	76
Increase in other liabilities	4,735	1,245
Interest received	33,689	5,575
Dividend received	17,518,766	14,478,283
Interest paid	(251,675)	(249,196)
Income tax refunded (paid)	21,853	(2,327,423)
Net cash flows generated from operating activities	16,130,287	10,919,142
Cash Flows From Investing Activities		
Acquisition of property and equipment	(18,888)	(25,534)
Proceeds from disposal of property and equipment	510	1,920
Acquisition of intangible assets	(4,313)	(11,045)
Acquisition of right-of-use assets	(71)	(27)
Net cash flows used in investing activities	(22,762)	(34,686)
Cash Flows From Financing Activities		
(Decrease) increase in commercial paper payable	(2,789,000)	1,789,000
Proceeds from issuance of bonds	13,500,000	5,000,000
Repayments of bonds	(2,900,000)	(4,000,000)
Cash dividends paid	(18,206,154)	(14,564,923)
Principal payment for lease liabilities	(44,974)	(41,714)
Net cash flows used in financing activities	(10,440,128)	(11,817,637)
Net increase (decrease) in cash and cash equivalents	5,667,397	(933,181)
Cash and cash equivalents at beginning of year	841,258	1,774,439
Cash and cash equivalents at end of year	\$ 6,508,655	\$ 841,258
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 6,508,655	\$ 841,258
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	-	-
Cash and cash equivalents at end of reporting year	\$ 6,508,655	\$ 841,258

B. Condensed financial statements of subsidiaries and significant components

(A) Yuanta Commercial Bank

Yuanta Commercial Bank
Individual Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 20,068,692	\$ 19,643,928	Deposits from Central Bank and other banks	\$ 38,607,095	\$ 25,624,124
Due from Central Bank and call loans to other banks	76,497,355	78,084,601	Due to Central Bank and other banks	-	839,700
Financial assets at fair value through profit or loss	89,187,683	161,867,167	Financial liabilities at fair value through profit or loss	3,811,451	2,169,051
Financial assets at fair value through other comprehensive income	212,621,110	210,637,712	Bills and bonds payable under repurchase agreements	36,546,046	2,769,734
Investments in debt instruments at amortised cost	254,722,768	266,805,420	Payables	8,849,401	8,205,358
Investments in bills and bonds under resale agreements	33,014,468	4,268,212	Current income tax liabilities	1,098,841	1,302,784
Receivables- net	20,635,484	18,173,257	Deposits and remittances	1,473,530,937	1,457,271,213
Current income tax assets	99,119	120,152	Bank debentures payable	28,700,000	22,200,000
Assets held for sale- net	81,469	194,563	Other financial liabilities	2,578,157	2,553,403
Bills discounted and loans- net	962,259,898	850,861,516	Liabilities reserve	859,981	1,107,679
Equity investments accounted for under the equity method- net	4,931,796	4,688,779	Lease reserve	2,331,706	2,308,934
Other financial assets- net	2,582	4,682	Deferred income tax liabilities	634,313	469,722
Property and equipment- net	14,823,963	13,705,909	Other liabilities	2,707,920	1,633,031
Right-of-use assets- net	9,976,030	10,082,232	Total liabilities	1,600,255,848	1,528,454,733
Investment property- net	946,386	818,751			
Intangible assets- net	8,799,242	9,021,529	Common stock	73,940,390	73,940,390
Deferred income tax assets	1,120,560	1,067,740	Additional paid-in capital	25,960,441	25,960,441
Other assets - net	2,347,200	1,432,761	Retained earnings	24,990,852	23,623,460
Total assets	\$ 1,712,135,805	\$ 1,651,478,911	Other equity	(13,011,726)	(500,113)
			Total equity	111,879,957	123,024,178
			Total liabilities and equity	\$ 1,712,135,805	\$ 1,651,478,911

Yuanta Commercial Bank
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Interest income	\$ 21,860,546	108	\$ 16,957,020	82
Less: Interest expense	(8,093,263)	(40)	(4,329,781)	(21)
Net interest income	13,767,283	68	12,627,239	61
Net non-interest income	6,597,156	32	8,110,257	39
Net profit	20,364,439	100	20,737,496	100
Provision for bad debt expenses, commitment and guarantee policy reserve	(346,441)	(2)	(539,619)	(3)
Operating expenses	(11,177,383)	(54)	(11,023,350)	(53)
Income from continuing operations before income tax	8,840,615	44	9,174,527	44
Income tax expense	(1,552,227)	(8)	(1,152,665)	(5)
Net income	7,288,388	36	8,021,862	39
Other comprehensive loss (net of tax)	(13,428,946)	(66)	(3,866,203)	(19)
Total comprehensive (loss) income	<u>(\$ 6,140,558)</u>	<u>(30)</u>	<u>\$ 4,155,659</u>	<u>20</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 0.99</u>		<u>\$ 1.08</u>	

(B) Yuanta Securities

Yuanta Securities
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 334,793,432	\$ 456,131,835	Current liabilities	\$ 267,543,455	\$ 381,658,714
Financial assets at fair value through profit or loss-non-current	50,260	51,208	Bonds payable	23,500,000	23,500,000
Financial assets at fair value through other comprehensive income-non-current	14,538,468	10,902,585	Liabilities reserve- non-current	65,326	63,464
Equity investments accounted for under the equity method	58,014,091	49,053,724	Lease liabilities- non-current	468,953	595,925
Property and equipment	5,327,266	5,286,076	Deferred income tax liabilities	1,501,202	1,471,698
Right-of-use assets	724,514	854,175	Other non-current liabilities	1,105,551	3,062,871
Investment property	2,012,153	2,145,846	Total liabilities	294,184,487	410,352,672
Intangible assets	11,574,551	11,576,055	Common stock	65,924,526	59,820,321
Deferred income tax assets	671,887	734,460	Additional paid-in capital	1,105,055	980,441
Other non-current assets	2,363,429	2,270,277	Retained earnings	54,459,661	58,242,887
Total assets	\$ 430,070,051	\$ 539,006,241	Other equity	14,396,322	9,609,920
			Total equity	135,885,564	128,653,569
			Total liabilities and equity	\$ 430,070,051	\$ 539,006,241

Yuanta Securities
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Revenues	\$ 29,976,467	100	\$ 46,504,238	100
Service fee expense	(1,207,414)	(4)	(1,917,705)	(5)
Employee benefit expense	(7,884,256)	(26)	(13,071,312)	(28)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	2,240,943	8	4,323,523	9
Operating expenses	(9,094,414)	(31)	(9,314,959)	(19)
Income from continuing operations before income tax	14,031,326	47	26,523,785	57
Income tax expense	(1,979,822)	(7)	(3,230,705)	(7)
Net income	12,051,504	40	23,293,080	50
Other comprehensive income (net of tax)	5,055,877	17	1,525,136	3
Total comprehensive income	<u>\$ 17,107,381</u>	<u>57</u>	<u>\$ 24,818,216</u>	<u>53</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>1.83</u>	<u>\$</u>	<u>3.53</u>

(C) Yuanta Securities (Korea)

Yuanta Securities (Korea)
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 48,401,970	\$ 48,572,310	Current liabilities	\$ 126,691,235	\$ 142,316,397
Financial assets at fair value			Bonds payable	132,090,107	124,917,190
through profit or loss-non-current	187,300,865	194,030,857	Liabilities reserve- non-current	4,018,548	3,709,044
Financial assets at fair value through			Lease liabilities- non-current	592,197	1,611,895
other comprehensive income			Other non-current liabilities	14,086,310	20,849,250
-non-current	5,540,954	4,855,033	Total liabilities	277,478,397	293,403,776
Equity investments accounted for					
under the equity method	2,475,720	2,383,915			
Property and equipment	1,149,159	1,235,722			
Right-of-use assets	616,592	1,505,362	Common stock	25,877,195	24,748,773
Investment property	1,110,270	1,663,804	Additional paid-in capital	(1,378,562)	(1,312,622)
Intangible assets	948,228	790,207	Retained earnings	8,846,113	8,436,879
Deferred income tax assets	718,865	1,215,198	Other equity	3,344,077	2,641,458
Other non-current assets	65,904,597	71,665,856	Total equity	36,688,823	34,514,488
Total assets	\$ 314,167,220	\$ 327,918,264	Total liabilities and equity	\$ 314,167,220	\$ 327,918,264

Note: Individual condensed financial statements of Yuanta Securities (Korea) have been prepared in accordance with Korea IFRS.

Yuanta Securities (Korea)
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Revenues	\$ 57,090,838	100	\$ 56,531,729	100
Service fee expense	(381,972)	(1)	(483,018)	(1)
Employee benefit expense	(4,905,809)	(9)	(7,381,184)	(13)
Operating expenses	(50,384,809)	(88)	(44,126,672)	(78)
Income from continuing operations before income tax	1,418,248	2	4,540,855	8
Income tax expense	(525,676)	(1)	(1,127,570)	(2)
Net income	892,572	1	3,413,285	6
Other comprehensive income (net of tax)	551,465	1	301,383	1
Total comprehensive income	<u>\$ 1,444,037</u>	<u>2</u>	<u>\$ 3,714,668</u>	<u>7</u>
Earnings per share (in dollars)				
Basic earnings per share - ordinary share	<u>\$ 4.11</u>		<u>\$ 16.27</u>	
Diluted earnings per share - ordinary share	<u>\$ 4.11</u>		<u>\$ 15.29</u>	
Basic earnings per share - preferred share	<u>\$ 7.80</u>		<u>\$ 21.91</u>	
Diluted earnings per share - preferred share	<u>\$ 7.80</u>		<u>\$ 21.91</u>	

Note: Individual condensed financial statements of Yuanta Securities (Korea) have been prepared in accordance with Korea IFRS.

(D) Yuanta Futures

Yuanta Futures
Individual Condensed Balance Sheets
December 31, 2022 and 2021

		(Expressed In Thousands of New Taiwan Dollars)			
ASSETS		December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	
		\$	\$	Current liabilities	December 31, 2022
Financial assets at fair value through		104,902,918	90,816,473	Non-current liabilities	December 31, 2021
other comprehensive income				Total liabilities	
-non-current		2,155,715	1,932,733		
Equity investments accounted for					
under the equity method		1,218,760	1,141,781		
Property and equipment		649,159	624,845	Common stock	2,899,763
Right-of-use assets		113,172	147,548	Additional paid-in capital	3,070,484
Intangible assets		74,012	86,979	Retained earnings	4,763,738
Deferred income tax assets		27,643	31,686	Other equity	1,615,913
Other non-current assets		737,301	870,910	Total equity	12,349,898
Total assets		\$ 109,878,680	\$ 95,652,955	Total liabilities and equity	\$ 95,652,955

Yuanta Futures
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Revenues	\$ 3,921,823	100	\$ 3,782,309	100
Service fee expense	(801,046)	(20)	(780,550)	(21)
Employee benefit expense	(799,901)	(20)	(676,529)	(18)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	(27,264)	(1)	(33,082)	(1)
Operating expenses	(871,745)	(23)	(1,243,188)	(32)
Income from continuing operations before income tax	1,421,867	36	1,048,960	28
Income tax expense	(276,519)	(7)	(188,678)	(5)
Net income	1,145,348	29	860,282	23
Other comprehensive income (net of tax)	42,548	1	442,988	11
Total comprehensive income	<u>\$ 1,187,896</u>	<u>30</u>	<u>\$ 1,303,270</u>	<u>34</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 3.95</u>		<u>\$ 2.97</u>	

(E) Yuanta Life

Yuanta Life
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 9,876,325	\$ 17,022,396	Payables	\$ 1,387,264	\$ 1,905,538
Receivables	2,802,445	2,472,495	Current income tax liabilities	30,829	636,728
Current income tax assets	4,979,572	1,768,897	Financial liabilities at fair value		
Financial assets at fair value			through profit or loss	4,454,436	670,673
through profit or loss	35,530,502	41,357,010	Insurance liabilities	347,102,856	321,600,082
Financial assets at fair value through			Reserve for insurance contract with		
other comprehensive income	20,608,078	31,650,962	the nature of financial products	130,855	58,139
Financial assets at amortised cost	280,777,815	236,310,741	Foreign exchange reserve	3,988,784	333,427
Other financial assets	300,000	1,000,000	Liabilities reserve	54,877	77,764
Right-of-use assets	257,082	310,858	Lease liabilities	1,076,693	1,117,799
Investment property	13,004,627	12,491,047	Deferred income tax liabilities	1,383,398	659,937
Loans	7,651,046	7,303,121	Other liabilities	2,238,152	3,509,168
Reinsurance contract assets	1,368,195	1,329,521	Investment-linked insurance		
Property and equipment	54,819	48,665	products liabilities	30,353,012	30,724,970
Intangible assets	142,655	95,369	Total liabilities	392,201,156	361,294,225
Deferred income tax assets	1,067,637	2,779,416	Common stock	23,735,695	23,735,695
Other assets	6,280,850	3,863,624	Retained earnings	7,105,328	5,722,767
Investment-linked insurance			Other equity	(7,987,519)	(223,596)
products assets			Total equity	22,853,504	29,234,866
Total assets	\$ 30,353,012	\$ 30,724,969	Total liabilities and equity	\$ 415,054,660	\$ 390,529,091
	\$ 415,054,660	\$ 390,529,091			

Yuanta Life
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	\$ 51,389,606	100	\$ 53,250,605	100
Operating costs	(48,078,814)	(94)	(49,694,069)	(93)
Operating expenses	(1,638,101)	(3)	(1,589,338)	(3)
Net operating income	1,672,691	3	1,967,198	4
Non-operating revenues and expenses	(6,621)	-	(3,511)	-
Income from continuing operations before income tax	1,666,070	3	1,963,687	4
Income tax (expense) benefit	(289,553)	-	110,602	-
Net income	1,376,517	3	2,074,289	4
Other comprehensive loss (net of tax)	(7,757,879)	(15)	(2,627,443)	(5)
Total comprehensive loss	<u>(\$ 6,381,362)</u>	<u>(12)</u>	<u>(\$ 553,154)</u>	<u>(1)</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 0.58</u>		<u>\$ 0.87</u>	

(F) Yuanta Securities Investment Trust

Yuanta Securities Investment Trust
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)							
ASSETS		December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY		December 31, 2022	December 31, 2021
Current assets		\$ 5,218,988	\$ 4,939,965	Current liabilities		\$ 878,111	\$ 817,453
Financial assets at fair value through other comprehensive income		377,739	327,755	Deferred income tax liabilities		159,026	159,031
Equity investments accounted for under the equity method		346,416	337,265	Lease liability- non-current		21,643	35,504
Property and equipment		295,882	324,456	Other non-current liabilities		33,059	35,962
Intangible assets		768,551	768,551	Total liabilities		1,091,839	1,047,950
Prepaid pension cost		30,193	31,125	Common stock		2,269,235	2,269,235
Deferred income tax assets		675	8,653	Additional paid-in capital		296,729	296,729
Right-of-use assets		34,626	48,010	Retained earnings		3,338,452	3,214,285
Other non-current assets		84,015	148,484	Other equity		160,830	106,065
Total assets		\$ 7,157,085	\$ 6,934,264	Total equity		6,065,246	5,886,314
				Total liabilities and equity		\$ 7,157,085	\$ 6,934,264

Yuanta Securities Investment Trust
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	\$ 3,995,132	100	\$ 3,732,164	100
Operating expenses	(1,558,058)	(39)	(1,490,577)	(40)
Operating income	2,437,074	61	2,241,587	60
Non-operating revenues and expenses	(125,766)	(3)	120,261	4
Income from continuing operations before income tax	2,311,308	58	2,361,848	64
Income tax expense	(490,674)	(12)	(442,888)	(12)
Net income	1,820,634	46	1,918,960	52
Other comprehensive income (net of tax)	53,870	1	44,020	1
Total comprehensive income	<u>\$ 1,874,504</u>	<u>47</u>	<u>\$ 1,962,980</u>	<u>53</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$</u>	<u>8.02</u>	<u>\$</u>	<u>8.46</u>

(G) Yuanta Asset Management

Yuanta Asset Management
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 2,930,335	\$ 2,746,721	Current liabilities	\$ 88,554	\$ 121,557
Financial assets at fair value through other comprehensive income	47,865	39,842	Non-current liabilities	17,631	20,745
Property and equipment	7,303	8,830	Total liabilities	106,185	142,302
Right-of-use assets	11,284	15,266	Common stock	3,346,138	3,220,649
Investment property	1,120,879	1,208,951	Additional paid-in capital	1,047	1,047
Deferred income tax assets	3,116	2,951	Retained earnings	638,418	637,528
Other non-current assets	842	777	Other equity	29,836	21,812
Total assets	\$ 4,121,624	\$ 4,023,338	Total equity	4,015,439	3,881,036
			Total liabilities and equity	\$ 4,121,624	\$ 4,023,338

Yuanta Asset Management
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	\$ 399,953	100	\$ 383,329	100
Operating expenses	(219,369)	(55)	(222,442)	(58)
Operating income	180,584	45	160,887	42
Non-operating revenues and expenses	(18,936)	(5)	10,757	3
Income from continuing operations before income tax	161,648	40	171,644	45
Income tax expense	(35,269)	(8)	(32,211)	(9)
Net income	126,379	32	139,433	36
Other comprehensive income (net of tax)	8,023	2	2,707	1
Total comprehensive income	<u>\$ 134,402</u>	<u>34</u>	<u>\$ 142,140</u>	<u>37</u>

(H) Yuanta Venture Capital

Yuanta Venture Capital
Individual Condensed Balance Sheets
December 31, 2022 and 2021

		(Expressed In Thousands of New Taiwan Dollars)			
ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY		
Current assets	\$ 1,829,803	\$ 2,594,922	Current liabilities	\$ 153,344	\$ 182,775
Financial assets at fair value through other comprehensive income	60,604	78,012	Lease liability- non-current	7,087	-
Equity investments accounted for under the equity method			Other non-current liabilities	5,400	4,000
Property and equipment	948,689	1,227,016	Total liabilities	165,831	186,775
	2,038	2,697	Common stock	2,715,221	2,715,221
Right-of-use assets	10,823	3,142	Additional paid-in capital	918	918
Deferred income tax assets	61,073	39,620	(Accumulated deficit)	(34,360)	968,328
Other non-current assets	645	635	retained earnings	66,065	74,802
Total assets	\$ 2,913,675	\$ 3,946,044	Other equity	2,747,844	3,759,269
			Total equity	\$ 2,913,675	\$ 3,946,044
			Total liabilities and equity		

Yuantan Venture Capital
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	(\$ 126,293)	(100)	\$ 1,178,548	100
Operating expenses	(40,793)	(32)	(224,278)	(19)
Operating (loss) income	(167,086)	(132)	954,270	81
Non-operating revenues and expenses	3,518	3	(2,104)	-
(Loss) income from continuing operations before income tax	(163,568)	(129)	952,166	81
Income tax expense	(33,704)	(27)	(12,861)	(1)
Net (loss) income	(197,272)	(156)	939,305	80
Other comprehensive (loss) income (net of tax)	(12,402)	(10)	16,663	1
Total comprehensive (loss) income	(\$ 209,674)	(166)	\$ 955,968	81

(I) Yuanta Securities Investment Consulting

Yuanta Securities Investment Consulting
Individual Condensed Balance Sheets
December 31, 2022 and 2021

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022	December 31, 2021	LIABILITIES AND EQUITY	December 31, 2022	December 31, 2021
Current assets	\$ 248,925	\$ 242,450	Current liabilities	\$ 135,695	\$ 125,904
Property and equipment	13,721	15,589	Non-current liabilities	23,441	33,023
Right-of-use assets	21,703	25,315	Total liabilities	159,136	158,927
Intangible assets	586	991	Common stock	100,000	100,000
Deferred income tax assets	2,894	5,621	Additional paid-in capital	6,017	6,017
Other non-current assets	20,043	10,018	Retained earnings	42,719	35,040
			Total equity	148,736	141,057
Total assets	\$ 307,872	\$ 299,984	Total liabilities and equity	\$ 307,872	\$ 299,984

Yuantan Securities Investment Consulting
Individual Condensed Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenues	\$ 261,384	100	\$ 238,477	100
Operating costs	(1,133)	-	(1,108)	-
Operating expenses	(248,212)	(95)	(237,078)	(100)
Operating income	12,039	5	291	-
Non-operating revenues and expenses	1,406	-	1,011	-
Income from continuing operations				
before income tax	13,445	5	1,302	-
Income tax expense	(2,595)	(1)	(217)	-
Net income	10,850	4	1,085	-
Other comprehensive income (net of tax)	1,406	1	4,001	2
Total comprehensive income	<u>\$ 12,256</u>	<u>5</u>	<u>\$ 5,086</u>	<u>2</u>

(13) Profitability, asset quality, management information, and liquidity and market risk sensitivity of the Yuanta Group and its subsidiaries:

A. Profitability

(A) Yuanta Financial Holdings

Unit: %

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	7.16	11.74
	After tax	7.06	11.70
Return on equity	Before tax	8.28	13.39
	After tax	8.17	13.35
Net profit margin ratio		94.37	96.01

(B) Yuanta Financial Holdings and its subsidiaries

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	0.94	1.53
	After tax	0.75	1.29
Return on equity	Before tax	10.03	15.69
	After tax	8.02	13.22
Net profit margin ratio		24.82	31.19

(C) Yuanta Bank

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	0.53	0.60
	After tax	0.43	0.52
Return on equity	Before tax	7.53	7.43
	After tax	6.21	6.50
Net profit margin ratio		35.79	38.68

(D) Yuanta Securities

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	2.90	5.34
	After tax	2.49	4.69
Return on equity	Before tax	10.61	22.08
	After tax	9.11	19.39
Net profit margin ratio		38.86	47.62

(E) Yuanta Life

		For the years ended December 31,	
		2022	2021
Return on total assets	Before tax	0.41	0.53
	After tax	0.34	0.56
Return on equity	Before tax	6.40	6.65
	After tax	5.29	7.03
Net profit margin ratio		41.66	58.38

Note 1: Return on total assets = Income (loss) before (after) income tax/average total assets.

Note 2: Return on equity = Income (loss) before (after) income tax / average equity.

Note 3: Net profit margin ratio = Income (loss) after income tax / net revenues.

Note 4: The term "Income (loss) before (after) income tax" represents net income (loss) from January 1 to the balance sheet date of the reporting period.

Note 5: The profitability of Yuanta Financial Holdings, Yuanta Financial Holdings and its subsidiaries, Yuanta Bank, Yuanta Securities, and Yuanta life insurance agency shall be respectively specified in the said table.

B. Information of Yuanta Bank is as follows:

(A) Non-performing loans and non-performing loan asset quality

Unit: In thousands of NT Dollars

Month / Year	December 31, 2022					December 31, 2021				
Business / Items	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio	Amount of non-performing loans	Gross loans	Non-performing loan ratio	Allowance for doubtful accounts	Coverage ratio
Corporate banking	44,240	249,381,318	0.02%	3,348,360	7,368.63%	441,633	247,754,056	0.18%	3,298,612	746.91%
	69,642	257,327,057	0.03%	3,783,660	5,433.01%	182,046	175,705,281	0.10%	3,123,289	1,715.66%
Residential mortgage loans	32,894	267,848,793	0.01%	4,016,169	12,209.43%	142,016	256,543,082	0.06%	3,854,972	2,714.46%
Cash card services	-	20,979	-	465	-	-	32,440	-	643	-
Small amount of credit loans	8,335	16,138,446	0.05%	179,089	2,148.64%	4,112	12,528,651	0.03%	136,289	3,314.42%
Secured loans	63,644	195,324,184	0.03%	2,030,509	3,190.42%	95,825	179,590,545	0.05%	1,873,330	1,954.95%
Unsecured loans	1,217	4,095,296	0.03%	41,798	3,434.51%	752	3,265,710	0.02%	32,932	4,379.26%
Others										
Gross loan business	219,972	990,136,073	0.02%	13,400,050	6,091.71%	866,384	875,419,765	0.10%	12,320,067	1,422.01%

Month / Year	December 31, 2022					December 31, 2021				
	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services	6,915	8,906,268	0.08%	109,709	1,586.54%	6,289	8,348,643	0.08%	104,297	1,658.40%
Without recourse factoring	-	6,749,712	-	79,350	-	-	5,463,356	-	79,692	-

Note 1: The amount recognised 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".

Note 2: The amount included in overdue accounts for credit cards is in compliance with Jin-Guan-Yin (4) Letter No. 0944000378 dated July 6, 2005.

Note 3: 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 Jin-Guan-Yin (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 Jin-Guan-Yin-Wai Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognised as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

(B) Non-performing loans and overdue receivables exempted from reporting to the competent authority

Unit: In thousands of NT Dollars

	December 31, 2022		December 31, 2021	
	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)	19,451	15,438	32,907	20,919
Perform in accordance with debt liquidation program and restructuring program (Note 2)	627,342	281,906	766,243	313,242
Total	646,793	297,344	799,150	334,161

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 Jin-Guan-Yin (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 Jin-Guan-Yin (1) Letter No. 09700318940 of FSC dated September 15, 2008 and Jin-Guan-Yin-Fa Letter No. 10500134790 of FSC dated September 20, 2016.

(BLANK)

(C) Contract amounts of significant credit risk concentration are as follows:

Unit: In thousands of NT Dollars, %

December 31, 2022			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A—Real Estate Development	\$ 9,074,350	8.11
2	Group B—Retail Sale of Computers, Computer Peripheral Equipment and Software in Specialized Stores	7,707,500	6.89
3	Group C—Packaging and Testing of Semi-conductors	7,280,000	6.51
4	Group D—Financial Holding Companies	6,800,000	6.08
5	Group E—Quarrying of Stone and Sand and Other Mining	6,299,790	5.63
6	Group F—Financial Holding Companies	5,800,000	5.18
7	Company G—Real Estate Development	5,700,000	5.09
8	Group H—Manufacture of Other Computer Peripheral Equipment	5,000,000	4.47
9	Group I—Financial Holding Companies	4,550,000	4.07
10	Group J—Manufacture of Power Generation, Transmission and Distribution Machinery	4,300,000	3.84

Unit: In thousands of NT Dollars, %

December 31, 2021			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A—Iron and Steel Refining	\$ 10,058,149	8.18
2	Company B—Real Estate Development	6,802,000	5.53
3	Company C—Real Estate Development	6,340,000	5.15
4	Group D—Real Estate Leasing	5,920,000	4.81
5	Group E—Computer Manufacturing	4,897,951	3.98
6	Group F—Manufacture of Power Generation, Transmission and Distribution Machinery	4,300,000	3.50
7	Group G—Real Estate Development	3,513,318	2.86
8	Group H—Chemical Materials Manufacturing	3,381,673	2.75
9	Company I—Real Estate Development	3,371,923	2.74
10	Group J—Real Estate Development	3,280,269	2.67

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 categorised 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, securities financing receivable, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), remittances purchased, advance accounts for factoring receivable, acceptances receivable, and guarantees receivable.

(D) Structure analysis of time to maturity
a. Structure analysis of time to maturity (NTD)

December 31, 2022

		(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	1,538,163,531	192,484,952	88,943,571	179,819,096	159,284,501	173,261,491	744,369,920
Primary funds outflow upon maturity	1,796,483,109	73,518,921	112,929,281	267,798,728	240,447,609	350,410,602	751,377,968
Gap	(258,319,578)	118,966,031	(23,985,710)	(87,979,632)	(81,163,108)	(177,149,111)	(7,008,048)

December 31, 2021

		(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	1,511,508,496	238,080,640	163,197,263	113,262,211	95,730,461	137,619,905	763,618,016
Primary funds outflow upon maturity	1,745,603,433	52,420,912	77,841,952	188,841,520	223,590,580	323,592,530	879,315,939
Gap	(234,094,937)	185,659,728	85,355,311	(75,579,309)	(127,860,119)	(185,972,625)	(115,697,923)

b. Structure analysis of time to maturity (USD)

December 31, 2022

		(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	6,539,868	1,643,965	908,961	180,233	305,433	3,501,276
Primary funds outflow upon maturity	8,413,008	2,780,634	1,892,420	1,134,298	1,596,003	1,009,653
Gap	(1,873,140)	(1,136,669)	(983,459)	(954,065)	(1,290,570)	2,491,623

December 31, 2021

		(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	6,118,301	1,409,964	419,331	190,148	232,803	3,866,055
Primary funds outflow upon maturity	6,975,154	1,662,546	992,608	970,649	1,374,691	1,974,660
Gap	(856,853)	(252,582)	(573,277)	(780,501)	(1,141,888)	1,891,395

(E) Sensitivity analysis of interest rate for assets and liabilities

a. Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2022

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	963,146,182	128,437,641	62,485,337	236,034,078	1,390,103,238
Interest-rate-sensitive liabilities	421,883,323	759,456,536	107,445,638	32,616,705	1,321,402,202
Interest-rate-sensitive gap	541,262,859	(631,018,895)	(44,960,301)	203,417,373	68,701,036
Total equity					121,626,066
Ratio of interest-rate-sensitive assets to liabilities					105.20
Ratio of interest-rate-sensitive gap to equity					56.49

December 31, 2021

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	927,641,426	75,819,390	30,212,966	323,916,911	1,357,590,693
Interest-rate-sensitive liabilities	290,209,512	850,198,334	157,063,616	25,667,825	1,323,139,287
Interest-rate-sensitive gap	637,431,914	(774,378,944)	(126,850,650)	298,249,086	34,451,406
Total equity					122,670,383
Ratio of interest-rate-sensitive assets to liabilities					102.60
Ratio of interest-rate-sensitive gap to equity					28.08

Note 1: The above amounts include only New Taiwan Dollars held by Yuanta 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, 2022

(Expressed in Thousands of US Dollars, %)					
Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,925,595	133,863	135,506	2,589,367	5,784,331
Interest-rate-sensitive liabilities	3,753,148	728,751	1,173,959	1,074,852	6,730,710
Interest-rate-sensitive gap	(827,553)	(594,888)	(1,038,453)	1,514,515	(946,379)
Total equity				(287,743)	
Ratio of interest-rate-sensitive assets to liabilities					85.94
Ratio of interest-rate-sensitive gap to equity					328.90

December 31, 2021

(Expressed in Thousands of US Dollars, %)					
Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,570,972	75,992	16,842	3,145,014	5,808,820
Interest-rate-sensitive liabilities	2,077,300	599,322	1,034,920	1,663,465	5,375,007
Interest-rate-sensitive gap	493,672	(523,330)	(1,018,078)	1,481,549	433,813
Total equity					13,122
Ratio of interest-rate-sensitive assets to liabilities					108.07
Ratio of interest-rate-sensitive gap to equity					3,306.00

Note 1: The above amounts include only US Dollars amounts held by Yuanta 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).

(14) Information with respect to the subsidiary holding the capital share of parent company

None.

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 Company's paid-in capital: None.
- B. Information on the acquisition and disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.
- C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded \$5 million: None.
- D. Information regarding receivables from related parties exceeding \$300 million or 10% of the Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2022	Turnover rate	Amount overdue		Amount collected subsequent to the balance sheet date	Amount of credit losses
					Amount	Action taken		
Yuanta Financial Holdings	Yuanta Securities	Subsidiary of the Company	\$ 387,480	-	\$ -	-	\$ -	-
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of the Company	361,049	-	-	-	-	-

Note: Income tax refundable arising from filing consolidated income tax returns which has been eliminated.

- E. Information regarding selling non-performing loans: None.
- F. 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.
- G. Other material transaction items which were significant to the users of the financial statements: None.

(2) Supplementary disclosure regarding investee companies:

(Expressed In Thousand of New Taiwan Dollars)									
Share ownerships of the Company and related parties									
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Total		
							Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Financial Holdings Co., Ltd.	Yuanta Securities Co., Ltd.	R.O.C	Securities brokerage, dealing, underwriting, financing and refinancing, futures business and raising and issuing derivative instruments	100	\$ 136,309,873	\$ 12,055,052	6,592,453	-	100
"	Yuanta Commercial Bank Co., Ltd.	"	Banking	100	111,937,433	7,291,352	7,394,039	-	100
"	Yuanta Futures Co., Ltd.	"	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	9,087,200	757,686	192,167	-	66.27
"	Yuanta Life Co., Ltd.	"	Life insurance business	100	20,178,585	1,503,529	2,373,570	-	100
"	Yuanta Asset Management Co., Ltd.	"	Venture capital business	100	3,943,121	126,379	334,614	-	100
"	Yuanta Venture Capital Co., Ltd.	"	Management of monetary debts of financial institutions	100	2,747,844	(197,272)	271,522	-	100
"	Yuanta Securities Investment Consulting Co., Ltd.	"	Investment consulting on securities	100	148,736	10,850	10,000	-	100
"	Yuanta Securities Investment Trust Co., Ltd.	"	Investment trust	74.71	6,398,885	1,360,224	169,538	-	74.71
Yuanta Commercial Bank Co., Ltd.	Yuanta International Leasing Co., Ltd.	"	Lease businesses of personal property and real assets	100	104,718	-	10,000	-	100
"	Yuanta Savings Bank (Philippines)	Philippines	Deposit services	100	1,099,754	-	2,400,000	-	100
"	Yuanta Savings Bank (Korea)	Korea	Deposit services	100	3,727,324	-	13,516	-	100

(Expressed In Thousand of New Taiwan Dollars)										
Share ownerships of the Company and related parties										
Total										
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Commercial Bank Co., Ltd.	Yuanta Securities Asia Financial Services Limited	Singapore	Investment holding	100	42,289,150	-	390,909	-	390,909	100
Yuanta Securities Co., Ltd.	Yuanta International Insurance Brokers Co., Ltd.	R.O.C	Insurance agent	100	\$ 220,932	-	500	-	500	100
"	Yuanta Securities Finance Co., Ltd.	"	Margin loans and short sales of securities	100	15,506,698	-	400,000	-	400,000	100
"	Yuanta Asset Management (Singapore)	Singapore	-	100	(2,689)	-	-	-	-	100
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Hong Kong) Limited	Hong Kong	Securities trading, futures trading, providing opinions on securities, providing opinions on futures contract, providing opinions on institutions' financing and providing assets management services	100	7,976,492	-	2,268,133	-	2,268,133	100
"	Yuanta Asia Investment (Hong Kong) Ltd.	"	Securities trading and providing assets management services	100	1,355,752	-	293,892	-	293,892	100
"	Yuanta Securities (Korea) Co., Ltd.	Korea	Investment and trading business,investment intermediary business, trust business, investment consultancy, discretionary account business, in addition, concurrent operating business and auxiliary business	57.89	21,882,321	-	115,550	-	115,550	57.89

(Expressed In Thousand of New Taiwan Dollars)

Share ownerships of the Company and related parties

Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Total			
							Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	Percentage of ownership (%)
Yuanta Securities Asia Financial Services Limited	Yuanta Hong Kong Holdings(Cayman) Co., Ltd.	Cayman Islands	Investment holding	100	39,895	-	74	-	74	100
Yuanta Securities Asia Financial Services Limited	Yuanta Securities (Thailand) Co., Ltd.	Thailand	Security brokerage, proprietary trading, underwriting, and investment consulting; mutual fund management; private fund borrowing; venture capital fund management; derivative product brokerage, proprietary trading Brokerage, dealing, underwriting, Securities investment consulting Derivatives product	99.99	\$ 5,634,548	\$ -	450,000	-	450,000	99.99
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	proprietary trading Brokerage, dealing, underwriting, Securities investment consulting Derivatives product	92.62	3,127,606	-	-	-	-	100
Yuanta Securities Korea Co., Ltd.	Yuanta Investment Co., Ltd.	Korea	Venture investment	100	1,369,379	-	6,401	-	6,401	100
"	Yuanta Financial (Hong Kong) Limited	Hong Kong	Investment holding	100	421,905	-	18,954	-	18,954	100
"	Woori Asset Management Corp.	Korea	Asset management	27	793,797	-	1,080	-	1,080	27
Yuanta Financial (Hong Kong) Limited	Yuanta Securities (Cambodia) Plc.	Cambodia	Underwriting guidelines and financial advisory services, Securities brokerage, dealing, Investment Advisory	100	385,977	-	12,500	-	12,500	100
"	Yuanta International Investment (Hong Kong) Ltd.	Hong Kong	Solicitation of financial products, proprietary investment	100	229,763	-	50,000	-	50,000	100

(Expressed In Thousand of New Taiwan Dollars)									
Share ownerships of the Company and related parties									
Investor	Investee	Address	Main Service	Percentage of ownership at the period end (%)	Book value	Investment income (loss) (Note 1)	Shares (In thousands)	Pro-forma share of ownership	Percentage of ownership (%)
Yuanta Financial (Hong Kong) Limited	Yuanta Finance (Hong Kong) Ltd.	"	Credit loans	100	230,597	-	50,000	-	100
Yuanta Securities (Hong Kong) Limited	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Brokerage, dealing, underwriting, Securities investment consulting, Derivatives product	7.38	\$ 254,869	-	-	-	100
"	PT Yuanta Sekuritas Indonesia	Indonesia	Securities trading and underwriting services	99	506,004	-	474	-	99
Yuanta Venture Capital Co., Ltd.	Yuanta I Venture Capital Co., Ltd.	R.O.C	Venture capital business	100	948,689	-	85,000	-	100
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Limited	Hong Kong	Financial services	100	927,751	-	34,000	-	100
"	SYF Information Limited	R.O.C	Information software and data processing services	100	291,157	-	35,000	-	100
"	Yuanta Global (Singapore) Pte. Ltd.	Singapore	Under approval	100	(148)	-	-	-	100

Note 1: The amounts under the column of the investment income (loss) presented as zero is for the subsidiary and second-tier subsidiary described in the consolidated financial statements.

Note 2: Yuanta Future's investment in incorporating Yuanta Global (Singapore) Pte. Ltd. has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1110357536 on October 20, 2022, as well as approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) through Jing-Shen-Er-Zi Letter No.11100198340 on December 26, 2022. The case was approved by the Singapore Accounting and Corporate Regulatory Authority (ACRA) on November 23, 2022, and the incorporation registration has been completed.

Note 3: The case concerning Yuanta Securities applying for reinvesting established Yuanta Capital had been approved by the FSC, Jin-Guan-Cheng-Quan-Zi Letter No.1100351895 on November 4, 2021. Due to changes in the enterprise environment and strategy adjustments, the case has been suspended.

(3) Significant transactions regarding investee companies

A. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded \$300 million or 10% of the Company's paid-in capital: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

B. Information on the acquisition of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital: None.

C. Information on the disposal of real estate for which the purchase amount exceeded \$300 million or 10% of the Company's paid-in capital:

Transaction Company	Real estate disposed	Transaction date	Acquisition date	Carrying value	Sale price	Status of collection of proceeds	Gain or loss from disposal	Counterparty	Related-party	Reason for disposal	Basis or reference used in setting the price	Note
Yuanta Securities (Korea)	Ulsan Building	March 28, 2022	December 1, 2001	\$ 408,512	\$ 590,550	All payments have been received	\$ 182,038	Deokyang Holdings	None	Activate and fully use of assets	Referring to appraisal-report and Korea's Full Disclosure of the Information of Actual Price Registration of Real Estate Transactions of Ministry of Land, Infrastructure and Transport, appraiser: Sang-hoon Park	-
Yuanta Securities (Korea)	Hannam-dong LATERRAS SE Courtyard#3 , Vista#3 , Courtyard#2	May 20, 2022 , May 30, 2022 , August 01, 2022	December 31, 2012	\$ 340,138	\$ 376,379	All payments have been received	\$ 36,241	Natural persons	None	Activate and fully use of assets	Referring to appraisal-report and Korea's Full Disclosure of the Information of Actual Price Registration of Real Estate Transactions of Ministry of Land, Infrastructure and Transport, appraiser: Sang-hoon Park	-

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 for which the amount exceeding \$300 million or 10% of Company's paid-in capital:

Creditor	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2022	Turnover rate	Amount overdue		Amount collected subsequent to the balance sheet date	Amount of credit losses
					Amount	Action taken		
Yuanta Life	The Company	Parent Company	\$ 4,963,924 (Note)	-	\$ -	-	\$ 291	\$ -
Yuanta Securities	Yuanta/P-shares Taiwan Top 50 ETF	Fund managed by fellow subsidiary	590,054	-	-	-	590,054	-

Note: Income tax refundable arising from filing consolidated income tax returns.

F. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans:

Transaction 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)	March 25, 2022	Daesung Investment Management Loan	Loans and Temporary Payments for Others	\$ -	\$ 3,048	\$ 3,048	None	None	Note1
Yuanta Savings Bank (Korea)	December 7, 2022	KACMO	Loans and Temporary Payments for Others	-	16	16	None	None	Note2

Note1: The carrying amount and the sale price of the loan was KRW0 thousand and KRW132,000 thousand, using the exchange rate of 1 KRW to 0.023089 NTD.

Note2: The carrying amount and the sale price of the loan was KRW0 thousand and KRW714 thousand, using the exchange rate of 1 KRW to 0.023089 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.

H. Other material transaction items which were significant to the users of the financial statements: None.

I. Funds lent to other: Not applicable to subsidiaries in a financial or securities industries. For non-financial and non-securities subsidiaries, no fund has been lent except for the following:

Number	Lending company	Borrower	Account	Related-party	Maximum balance at current period	Ending balance	Actual used amount	Interest rate	Characteristic of fund lent to others	Amount	Reason for short-term loans	Provision for credit loss	Collateral		Limit of individual lending	Total limit of funds lent to others
													Item	Value		
1	Yuanta Securities Asia Finance Service	Yuanta Securities Asia Finance Service	Accounts receivable-related party	Yes	\$ 3,070,800	\$ -	\$ -	-	Short-term loans	-	Working capital	\$ -	-	\$ -	13,888,536 (Note1)	\$ 54,354,226 (Note1)
2	Yuanta Securities Asia Finance Service	PT Yuanta Sekuritas Indonesia	Accounts receivable-related party	Yes	1,535,400	921,240	690,930	4.00%~5.41%	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)
3	Yuanta Securities Asia Finance Service	Yuanta Securities (Hong Kong)	Accounts receivable-related party	Yes	1,535,400	1,535,400	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)
4	Yuanta Securities Asia Finance Service	Yuanta Securities (Thailand)	Accounts receivable-related party	Yes	3,070,800	1,535,400	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)
5	Yuanta Securities Asia Finance Service	Yuanta Securities (Vietnam)	Accounts receivable-related party	Yes	921,240	921,240	-	-	Short-term loans	-	Working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)
6	Yuanta Securities Asia Finance Service	Yuanta Savings Bank (Korea)	Accounts receivable-related party	Yes	2,149,560	2,149,560	-	-	Short-term loans	-	Working capital	-	-	-	42,309,140 (Note 3)	42,309,140 (Note 3)

Note 1: The ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities should not exceed 40% and 10% of the net worth of its latest audited/reviewed financial statements.

Note 2: On August 19, 2021, the Board of Directors of Yuanta Securities resolved a loan limit to Yuanta Securities Asia Financial Services in the amount of USD 100 million. This has been approved through Gin-Gwen-Zheng Letter No. 1100357578 dated November 3, 2021 of the FSC in Taiwan. The case was expired on November 8, 2022.

Note 3: The ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities Asia Financial Services should not exceed the net worth of its latest audited/reviewed financial statements.

Note 4: On September 24, 2020, the Board of Directors of Yuanta Securities Asia Financial Services resolved to provide a 2-year revolving subordinated loan to Yuanta Securities (Hong Kong) Limited in the amount of USD 50 million. This has been approved through Gin-Gwen-Zheng-Quan Letter No. 1090371696 dated December 2, 2020 of the FSC in Taiwan and has obtained the approval of the Securities and Futures Commission in Hong Kong on July 27, 2021.

J. Endorsements and guarantees provided for others:

Number	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum outstanding endorsements and guarantee amount during for the year ended December 31, 2022	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated guarantee amount and the net value of the latest financial statement	Maximum limit	Provision of endorsements and guarantees by parent company to subsidiary	Provision of endorsements and guarantees by subsidiary to parent company	Provision of endorsements and guarantees to the party in Mainland China	Note
		Name of company	Relationship											
1	Yuanta Securities	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	\$ 27,177,113 (Note 1)	\$ 107,478	\$ 107,478	\$ 102,360	\$ -	0.08%	\$ 54,354,226 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	27,177,113 (Note 1)	460,620	-	-	-	-	54,354,226 (Note 1)	Yes	No	No	
3	Yuanta Securities	Yuanta International Investment (Hong Kong) (Note 2)	More than 50% common stock-directly-owned subsidiary	27,177,113 (Note 1)	1,535,400	1,535,400	-	-	1.13%	54,354,226 (Note 1)	Yes	No	No	
4	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	42,309,140 (Note 3)	2,204,968	1,315,868	-	-	3.11%	42,309,140 (Note 3)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	42,309,140 (Note 3)	447,456	447,456	153,540	-	1.06%	42,309,140 (Note 3)	Yes	No	No	
6	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	42,309,140 (Note 3)	874,960	874,960	-	-	2.07%	42,309,140 (Note 3)	Yes	No	No	

Note 1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", the ceiling on total loans granted and limit to loans granted to a single party by Yuanta Securities should not exceed 40% and 20% of net worth of the company's latest audited/reviewed financial statements, respectively.

Note 2: To become a local agent and guarantee institution of foreign structure instruments which are issued by the reinvested company, Yuanta Investment (Hong Kong), on September 24, 2020, Yuanta Securities' Board of Directors resolved to provide a guarantee with a limit of US 50 million. On December 16, 2020, Yuanta Securities obtained the approval from Gin-Gwen-Zheng-Quan-Zi Letter No. 1090372253 of FSC in Taiwan. On February 25, 2021, both parties finished signing the guarantee contract after the relating process has been completed.

Note 3: According to the Company's "Procedures for Provision of Endorsements and Guarantees", total endorsements and guarantees provided to others cannot exceed the net assets value in Yuanta Securities Asia Financial Services Ltd.'s latest financial statements audited or reviewed by an independent auditor.

K. Engagement in derivatives trading: Disclosure may be exempt for subsidiaries in the financial industry, insurance industry and securities industry. Not applicable for all the other subsidiaries and indirect subsidiaries.

L. Securities held at the end of period:

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	(Expressed in Thousands of New Taiwan Dollars)		
					December 31, 2022		
Percentage of ownership							
					Book value	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:						
	Yuanta/P-shares Taiwan Top 50 ETF	The managing company of the fund	Financial assets at fair value through profit or loss	35	\$ 3,807	- \$ 3,807	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	10	492	- 492	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	21	1,101	- 1,101	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	19	418	- 418	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	42	1,078	- 1,078	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	27	500	- 500	
	Yuanta S&P500	"	"	8	294	- 294	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	21	315	- 315	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	15	774	- 774	
	Yuanta/P-shares SSE50 ETF	"	"	19	581	- 581	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	10	226	- 226	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	2	29	- 29	
	Yuanta EURO STOXX 50 ETF	"	"	7	207	- 207	
	Yuanta Nikkei 225 ETF	"	"	1	50	- 50	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	2	52	- 52	
	Yuanta S&P US Dollar ER Futures ETF	"	"	1	20	- 20	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	9	335	- 335	
	Yuanta Taiwan High Dividend Low Volatility ETF	"	"	10	365	- 365	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	1	41	- 41	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	10	367	- 367	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	1	50	- 50	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	33	- 33	
	Yuanta MSCI China A ETF	"	"	9	210	- 210	

December 31, 2022

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	The managing company of the fund	Financial assets at fair value through profit or loss	14	\$ 478	-	\$ 478	
	Yuanta STOXX Global Artificial Intelligence ETF	"	"	8	235	-	235	
	Yuanta S&P U.S. High Yield Preferred Stock ETF	"	"	2	26	-	26	
	Yuanta US 10+ Investment Grade Bank Bond ETF	"	"	6	181	-	181	
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	13	429	-	429	
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	7	218	-	218	
	Yuanta FTSE4Good TIP Taiwan ESG ETF	"	"	14	396	-	396	
	Yuanta Global NextGen Communications ETF	"	"	21	533	-	533	
	Yuanta 15+ Year Emerging Markets Sovereign Bond ETF	"	"	1	37	-	37	
	Yuanta Global 5G & NexGen Telecommunication Components ETF	"	"	27	642	-	642	
	Yuanta De-Bao Money Market Fund	"	"	8,199	100,039	-	100,039	
	Yuanta Real Multi-Asset Fund TWD	"	"	1,541	15,210	-	15,210	
	Yuanta 2-10 Year Investment Grade Corporate Bond Fund	"	"	10,092	99,549	-	99,549	
				<u>\$ 229,318</u>		<u>\$ 229,318</u>		
Yuanta Asset Management	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	4,213	\$ 361,319	0.88	\$ 361,319	
	FundRich Securities Co. Ltd.	-	"	819	16,420	1.37	16,420	
	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method	147,000	<u>\$ 377,739</u> <u>\$ 346,416</u>	24.50	<u>\$ 377,739</u> <u>\$ 346,416</u>	
	Beneficiary certificates:							
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	6,061	\$ 100,421	-	\$ 100,421	
	Allianz Global Investors Taiwan Money Market Fund	-	"	7,871	100,245	-	100,245	
	Yuanta De-Bao Money Market Fund	-	"	2,460	30,010	-	30,010	
	Taishin 1699 Money Market Fund	-	"	13,943	191,925	-	191,925	
					<u>\$ 422,601</u>		<u>\$ 422,601</u>	
	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 6,463	0.16	\$ 6,463	
	Sunsino Development Associate Inc.	-	"	443	5,005	0.93	5,005	

December 31, 2022

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta Asset Management	Stocks:							
	DaYeh Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	333	\$ 620	2.22	\$ 620	
	Chung Yi Development Co., Ltd.	-	"	2,278	91	6.63	91	
	Global Investment Holdings Co., LTD.	-	"	1,980	22,711	1.23	22,711	
	China Trade And Development Corporation	-	"	500	12,975	0.76	12,975	
					<u>\$ 47,865</u>		<u>\$ 47,865</u>	
Yuanta Venture Capital	Stocks:							
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	513	\$ 8,380	0.03	\$ 8,380	Private equity
	Taiwan Chelic Corp. Ltd.	-	"	500	24,850	0.73	24,850	
	Eurocharm Holdings Co., Ltd.	-	"	624	102,336	0.95	102,336	
	Ever Supreme Bio Technology Co., Ltd.	-	"	100	22,050	0.15	22,050	
	Tot Biopharm International Company Limited	-	"	15,606	147,502	2.02	147,502	
	Taiwan J Pharmaceuticals Co., Ltd.	-	"	1,282	13,451	1.71	13,451	
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	54,109	2.35	54,109	
	M3 Technology Inc.	-	"	800	74,480	1.96	74,480	
	Saultech Technology Co., Ltd.	-	"	438	18,001	1.45	18,001	
	Taiwan Microloops Co., Ltd.	-	"	855	40,091	1.97	40,091	
	Ever Fortune. AI Co., Ltd.	-	"	1,200	85,260	1.33	85,260	
	Gorilla Technology Group Inc.	-	"	399	99,336	0.55	99,336	
	CGK International Co., Ltd (Cayman)	-	"	877	11,847	2.00	11,847	
	Aprevent Medical, Inc.	-	"	394	122	2.12	122	
	Aprevent Medical, Inc.	-	"	1,808	24,657	9.71	24,657	Preferred stock B
	Li Ling Film Co., Ltd.	-	"	1,666	3,399	2.78	3,399	
	Apollomics, Inc.	-	"	1,634	13,546	0.13	13,546	
	Bioflag International Corporation	-	"	3,400	107,542	3.12	107,542	
	Phamosa Biopharm Co., Ltd.	-	"	3,475	157,657	3.13	157,657	
	International Ocean Vessel Technical Consultant Co. Ltd	-	"	645	25,287	4.47	25,287	
	Seng-An Biomedical Co., Ltd.	-	"	300	14,521	0.60	14,521	
	GRAID Technology, Inc.	-	"	682	28,038	2.96	28,038	Preferred stock A
	Veden Dental Group	-	"	246	-	0.50	-	

Name of company		December 31, 2022				
which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	Number of shares (In thousands)	Book value	Percentage of ownership (%)
					Market value	Note
Yuanta Venture Capital	Stocks:					
	Long Diann Marine Bio Technology Co., Ltd.	-	"	1,290	\$ -	6.47 \$ -
	GenePharm Biotech Corp.	-	"	2,667	-	10.03 -
	Great Dream Pictures, Inc.	-	"	200	-	19.96 -
	MEGA UNION TECHNOLOGY INC.	-	"	1,390	101,313	2.31 101,313
	YU-CHEN SYSTEM TECHNOLOGY CORP.	-	"	1,200	72,204	8.60 72,204
	SKY TECH INC.	-	"	1,148	81,166	1.89 81,166
	Asia Pacific Venture Invest III P.	-	Financial assets at fair value through profit or loss	-	713	10.00 713
	Taiwan Speciality Chemicals Corporation	-	"	235	23,228	0.17 23,228
	Certain Micro Application Technology Inc.	-	"	1,200	32,088	7.45 32,088
	GCT Semiconductor Inc.	-	"	1,402	-	1.10 -
					<u>\$ 1,387,174</u>	<u>\$ 1,387,174</u>
	Yuanta I Venture Capital Co., Ltd.	Investee company accounted for under the equity method	Long-term equity accounted for under the equity method	85,000	<u>\$ 948,689</u>	100.00 <u>\$ 948,689</u>
Yuanta Venture Capital	Stocks:					
	Da Hua Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	800	\$ 8,408	0.50 \$ 8,408
	Prudence Capital Management	-	"	939	17,217	9.00 17,217
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	5,658	4.80 5,658
	Lian Xun San Venture Capital Co., Ltd.	-	"	10	222	10.00 222
	Hwa Lu Venture Capital Co., Ltd.	-	"	261	16,604	8.70 16,604
	Sheng Yuan Venture Capital Co., Ltd.	-	"	84	3,213	9.88 3,213
	Qi Ding Venture Capital Co., Ltd.	-	"	335	2,757	4.35 2,757
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	"	207	2,500	10.00 2,500
	Huiyang Venture Capital Co., Ltd.	-	"	67	4,025	2.46 4,025
					<u>\$ 60,604</u>	<u>\$ 60,604</u>

(4) Investments in Mainland China

A. Information of investment in Mainland China

Yuantia Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 4)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 8,524,541 (USD 277,600)	(2) HONG KONG TOT BIOPHARM INTERNATIONAL COMPANY LIMITED	\$ 164,620	-	-	\$ 164,620	Note 5	2.02%	-	\$ 164,620	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	245,664 (USD 8,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	5,599	-	-	5,599	Note 5	2.00%	-	5,599	-
Orient Optical Crystal Mfg. Co	Protection glass grinding and sales	19,692 (HKD 5,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	452	-	-	452	Note 5	2.00%	-	452	-
Veden Dental Labs Inc.	Manufacturing dental restoration	326,879 (HKD 83,000)	(2) CAYMAN ISLANDS VEDED DENTAL GROUP	22,762	-	-	22,762	Note 5	0.50%	-	22,762	-

Yuanta I Venture Capital

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 4)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,705,885 (USD 88,117)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY,	\$ 40,735	\$ -	\$ -	\$ 40,735	Note 5	3.18%	\$ -	\$ 27,112	\$ 26,029

Yuanta Securities

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
GC Investment Consultant (Shanghai)	Investment consultation	\$ 18,237 (RMB 4,138)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 219	100.00%	In liquidation	\$ 22,324	\$ -
Yuanta Securities Investment Consultant (Beijing)	Investment management consulting service, financial consulting service, business administration consulting service, business information consulting service, economic and trade consulting service, marketing and planning, technical promotion and services	81,227 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	\$ -	\$ -	\$ -	\$ -	3,013	100.00%	(2)B	15,065	\$ -

Yuanta Securities Investment Trust

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 2,644,420 (RMB 600,000)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	\$ 17,805	24.50%	\$ 4,370	\$ 346,416	\$ -

Yuanta Futures

(Expressed in thousands of dollars)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
SYF Information (Shanghai)	Computer software services	\$ 157,209 (RMB 33,080)	(3)	\$ 157,209	\$ -	\$ -	\$ 157,209	\$ 3,514	100.00%	\$ 1,991 (2)C	\$ 118,159	\$ -

B. Limitation on investment in Mainland China (Expressed in thousands of dollars)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note)
Yuanta Venture Capital and its subsidiaries	\$ 234,168	\$ 234,021	\$ 1,648,706
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting Beijing	-	91,973	90,751,614
Yuanta Securities Investment Trust	705,666	705,666	3,639,148
Yuanta Futures	157,209	174,000	7,722,509

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of \$2,747,844.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of \$151,252,690.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of \$6,065,246.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of \$12,870,849.

Note 1: Investment methods are classified into the following three categories; fill in the number of the category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others.

Note 2: In the 'Investment income (loss)' recognised by the Company for the year ended December 31, 2022* column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

a. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

b. The financial statements that are audited and attested by R.O.C. parent company's CPA.

c. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: The investment targets are Yuanta Venture Capital and Yuanta I Venture Capital's information of investment in Mainland China and are recognised as financial assets at fair value through profit or loss, therefore, there was no investment income (loss) recognised.

Note 5: The Company's subsidiary does not have significant influence over the investee. Thus, financial information on the investee is unattainable.

Note 6: Yuanta Securities absorbed Polaris Securities and therefore indirectly acquired USD 16 million capital of GC Investment Consultant (Shanghai) Co., Ltd., a subsidiary of GC Investment Consultant (Asian) Co., Ltd. (renamed as Polaris Capital afterwards), being reinvested by Polaris Holdings (Cayman) Ltd., the direct overseas investment of Polaris Securities. GC Investment Consultant (Shanghai) Co., Ltd. was approved to liquidate, the Yuanta Group has no significant influence over the company, therefore, the equity method was no longer applicable.

(5) Significant commitments or contingency of subsidiaries

Please refer to Note 9.

(6) Significant loss from disasters of subsidiaries

Please refer to Note 10.

(7) Significant subsequent events of subsidiaries

Please refer to Note 11.

(8) Major shareholders information

No shareholder held shares above 5% as of December 31, 2022.

(9) Related party transactions of subsidiaries amounting to at least \$100 million

Please refer to Note 7.

(10) Significant transactions between parent company and subsidiaries

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage of total consolidated net revenues or assets (Note 3)
				Account	Amount	Conditions	
0	Yuanta Financial Holdings	Yuanta Securities	1	Receivables – net	377,277	No significant difference from general customers	0.01%
0	Yuanta Financial Holdings	Yuanta Bank	1	Receivables – net	351,059	"	0.01%
0	Yuanta Financial Holdings	Yuanta Life	1	Payables	4,962,290	"	0.16%
1	Yuanta Securities	Yuanta Life	3	Right-of-use assets – net	274,150	"	0.01%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Payables	155,658	"	0.01%
1	Yuanta Securities	Yuanta Life	3	Lease liabilities	298,170	"	0.01%
1	Yuanta Securities	Yuanta Securities Investment Trust	3	Net service fee and commission income	104,411	"	0.11%
1	Yuanta Securities	Yuanta Futures	3	Net service fee and commission income	292,413	"	0.32%
1	Yuanta Securities	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	201,217	"	0.22%
1	Yuanta Securities	Yuanta International Insurance Brokers	3	Net other miscellaneous income	176,181	"	0.19%
1	Yuanta Securities	Yuanta Futures	3	Cash and cash equivalents	2,158,396	"	0.07%
1	Yuanta Securities	Yuanta Futures(Hong Kong)	3	Cash and cash equivalents	113,948	"	0.00%
1	Yuanta Securities	Yuanta Futures	3	Financial assets at fair value through profit or loss	703,509	"	0.02%
2	Yuanta Bank	Yuanta Futures	3	Cash and cash equivalents	103,410	"	0.00%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	1,086,509	"	0.04%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	3,631,093	"	0.12%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	224,713	"	0.01%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	171,237	"	0.01%
2	Yuanta Bank	Yuanta Financial Holdings	3	Deposits and remittances	173,639	"	0.01%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	132,201	"	0.00%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	4,348,802	"	0.14%
2	Yuanta Bank	Yuanta Securities Asia Financial Services	3	Deposits and remittances	3,108,122	"	0.10%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	146,274	"	0.00%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	5,923,600	"	0.20%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage of total consolidated net revenues or assets (Note 3)
				Account	Amount	Conditions	
2	Yuanta Bank	SYF Information (Shanghai)	3	Deposits and remittances	167,000	No significant difference from general customers	0.01%
2	Yuanta Bank	Yuanta Securities Investment Trust	3	Deposits and remittances	4,246,500	"	0.14%
2	Yuanta Bank	Yuanta Securities Investment Consulting	3	Deposits and remittances	225,200	"	0.01%
2	Yuanta Bank	Yuanta Securities Finance	3	Deposits and remittances	100,000	"	0.00%
2	Yuanta Bank	Yuanta Venture Capital	3	Deposits and remittances	327,700	"	0.01%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	398,000	"	0.01%
2	Yuanta Bank	Yuanta Asset Management	3	Deposits and remittances	427,700	"	0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	14,215,256	"	0.47%
2	Yuanta Bank	Yuanta Securities Asia Financial Services	3	Deposits and remittances	915,098	"	0.03%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	4,595,377	"	0.15%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	4,104,699	"	0.14%
2	Yuanta Bank	Yuanta Financial Holdings	3	Deposits and remittances	5,450,000	"	0.18%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	5,220,360	"	0.17%
2	Yuanta Bank	Yuanta Financial Holdings	3	Deposits and remittances	847,541	"	0.03%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	21,506,985	"	0.71%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	913,750	"	1.00%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	176,867	"	0.19%
2	Yuanta Bank	Yuanta Futures	3	Interest expense	252,949	"	0.28%
2	Yuanta Bank	Yuanta Securities	3	Interest expense	210,888	"	0.23%
2	Yuanta Bank	Yuanta Securities	3	Other business and administrative expenses	197,047	"	0.22%
3	Yuanta Futures	Yuanta Futures(Hong Kong)	3	Other financial assets – net	504,076	"	0.02%
3	Yuanta Futures	Yuanta Life	3	Right-of-use assets – net	103,281	"	0.00%
3	Yuanta Futures	Yuanta Life	3	Lease liabilities	113,561	"	0.00%
3	Yuanta Futures	Yuanta Futures(Hong Kong)	3	Other financial liabilities	404,304	"	0.01%
3	Yuanta Futures	Yuanta Securities (Korea)	3	Other financial liabilities	289,808	"	0.01%
3	Yuanta Futures	Yuanta Securities	3	Net service fee and commission income	292,413	"	0.32%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage of total consolidated net revenues or assets (Note 3)
				Account	Amount	Conditions	
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission income	595,267	No significant difference from general customers	0.65%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Indonesia)	3	Receivables – net	691,354	"	0.02%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Interest income	130,358	"	0.14%
5	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests	153,770	"	0.01%
6	Yuanta Futures (Hong Kong)	Yuanta Securities (Vietnam)	3	Other financial assets – net	279,988	"	0.01%

Note 1: The numbers in the No. column represent as follows:

- 0 for the parent company.
- 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 follows (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transactions with a subsidiary, then the subsidiary is not required to disclose the transactions; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transactions, then the other is not required to disclose the transactions) :

- Parent company to subsidiary.
- Subsidiary to parent company.
- Subsidiary to subsidiary.

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4: The transactions disclosed are those over \$100,000.

14. Segment information

(1) General information

A. Recognition elements of reporting segment

The Yuanta Group is mainly engaged in the investment and management of its investees; therefore, the management reports are provided to the Chief Operating Decision-Maker (“CODM”) to allocate resources to operating segments and evaluate their performance. The Yuanta Group’s management recognised reporting segments based on the policies adopted by the CODM.

B. The income sources and service types of each reporting segment

The management has recognised reporting segments based on the reporting information used by the CODM. The Yuanta Group has five reporting segments according to the types of income sources: banking, securities, futures, insurance and others. The products and types of service of the income sources are as follows:

(A) Banking: corporate banking, personal banking and wealth management in accordance with the Banking Act.

(B) Securities: securities dealing or consignment trading, underwriting securities, registration and transfer agency service for securities, assistance of futures trading, futures dealing, and issuing call (put) warrants, derivative financial instrument transactions including interest rate swap, asset swap and structured notes.

(C) Futures: domestic and foreign futures merchant business, self-operating business, futures consultation business, futures agency, self-operating securities business and other futures relating business as approved by authorities.

(D) Insurance: the main activities comprise life insurance enterprises and provision of life, medical, accident injury and investment-oriented insurance products.

(E) Others: includes those not mentioned above, for example, investment trust, investment consulting, venture capital and asset management businesses.

(2) Measurement of segment information – measurement of the profit and loss of operating segments

The Yuanta Group’s measurement principles for profit and loss of operating segments is consistent with the significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

Inter-segmental transactions are arm’s-length transactions, and the gain and loss arising from such transactions are eliminated by the parent company in the consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

Expressed in Thousands of New Taiwan Dollars

For the year ended December 31, 2022

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 20,224,960	\$ 40,188,432	\$ 2,843,685	\$ 24,435,091	\$ 3,809,714	\$ -	\$ 91,501,882
Revenue (loss) from transactions with other operating segments of the same entity	525,513	1,454,938	92,316	(1,440,917)	494,744	(1,126,594)	-
Net revenues (Note)	20,750,473	41,643,370	2,936,001	22,994,174	4,304,458	(1,126,594)	91,501,882
Provision for bad debt expenses, commitment and guarantee policy reserve	(361,604)	40,861	2,795	(242)	-	-	(318,190)
Net change in provisions for insurance liabilities	-	-	-	(19,689,999)	-	156,027	(19,533,972)
Operating expenses	(11,526,017)	(26,585,099)	(1,516,331)	(1,637,863)	(3,041,478)	1,070,881	(43,235,907)
Income from continuing operations	\$ 8,862,852	\$ 15,099,132	\$ 1,422,465	\$ 1,666,070	\$ 1,262,980	\$ 100,314	\$ 28,413,813
before income tax							

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 20,303,260	\$ 64,652,464	\$ 2,467,808	\$ 26,771,174	\$ 5,045,797	\$ -	\$ 119,240,503
Revenue (loss) from transactions with other operating segments of the same entity	801,637	1,635,037	(66,983)	(1,762,145)	739,659	(1,347,205)	-
Net revenues (Note)	21,104,897	66,287,501	2,400,825	25,009,029	5,785,456	(1,347,205)	119,240,503
Provision for bad debt expenses, commitment and guarantee policy reserve	(532,883)	47,923	3,755	151	(53,202)	-	(534,256)
Net change in provisions for insurance liabilities	-	-	-	(21,455,980)	-	154,703	(21,301,277)
Operating expenses	(11,375,207)	(36,420,374)	(1,355,620)	(1,589,513)	(3,471,865)	948,953	(53,263,626)
Income from continuing operations	\$ 9,196,807	\$ 29,915,050	\$ 1,048,960	\$ 1,963,687	\$ 2,260,389	\$ 243,549	\$ 44,141,344
before income tax							

Note: Net revenues include gain and loss on financial assets and liabilities at fair value through profit or loss, realised gain and loss on financial assets at fair value through other comprehensive income, foreign exchange gains and losses, and other non-interest income.

(3) Information on products and services

Information on products and services of Yuanta Group is consistent with the measurement of segment information.

(4) Geographical information

Geographical revenue information of Yuanta Group is as follows:

	For the years ended December 31,	
	2022	2021
R.O.C.	\$ 77,385,770	\$ 97,828,337
South Korea	10,267,024	16,527,007
Others	3,849,088	4,885,159
	<u>\$ 91,501,882</u>	<u>\$ 119,240,503</u>

(5) Major customer information

There is no requirement for additional disclosure because no single customer accounted for 10% or more of the Yuanta Group's operating revenues.

(BLANK)

bsi.

Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Financial Holding Co., Ltd.
1F., 6F., 9F., 10F., 12F. & 13F.
No. 66, Sec. 1, Dunhua S. Rd.
Songshan Dist., Taipei City 10557
Taiwan (R.O.C.)

元大金融控股股份有限公司
臺灣
台北市
松山區
敦化南路一段 66 號
1 樓、6 樓、9 樓、10 樓、12 樓
及 13 樓

Holds Statement No: GHGEV 743922-1

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Financial Holding Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 69.63 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 346.59 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 1 of 3

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Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
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The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			69.63
1.1	Stationary combustion		0.00
1.2	Mobile combustion		6.04
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		63.59
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			346.59
2.1	Indirect emissions from imported electricity		346.59
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			0.39
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	0.39
Category 4: indirect GHG emissions from products used by organization			63.04
4.1	Emissions from Purchased goods	Purchased electricity from upstream	60.06
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	2.98
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 2 of 3

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Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
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Statement No: GHGEV 743922-1

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Location	Verification Information
Yuanta Financial Holding Co., Ltd. 6F., 10F., 12F. & 13F. No. 66, Sec. 1, Dunhua S. Rd. Songshan Dist. Taipei City 10557, Taiwan (R.O.C.) 元大金控股股份有限公司 10557 臺灣台北市松山區敦化南路一段 66 號 6 樓、10 樓、12 樓及 13 樓	The Direct GHG Emissions and Removals with the Yuanta Financial Holdings and its Subsidiaries for the period from 2022-01-01 to 2022-12-31 is 69.63 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 346.59 tonnes of CO ₂ equivalent.



Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 3 of 3

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Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Securities Co., Ltd.
2F., 6-12F., 14F.
No. 77, Sec. 2, Nanjing E. Rd.
Zhongshan Dist., Taipei City 10457
Taiwan (R.O.C.)

元大證券股份有限公司
臺灣
台北市
中山區
南京東路二段 77 號
2 樓、6-12 樓、14 樓
10457

Holds Statement No: GHGEV 743922-2

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Securities Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 638.27 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 7,663.89 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- The indirect greenhouse gas emissions from imported energy are quantified according to the quantification specifications of local greenhouse gas authorities, covering specific types of power purchase agreements.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1:2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Page: 1 of 3

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

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The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			638.27
1.1	Stationary combustion		4.97
1.2	Mobile combustion		136.71
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		496.59
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			7,663.89
2.1	Indirect emissions from imported electricity		7,663.89
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			12.53
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	12.53
Category 4: indirect GHG emissions from products used by organization			1,423.51
4.1	Emissions from Purchased goods	Purchased electricity from upstream	1,328.01
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	95.50
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

Statement No: GHGEV 743922-2

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Location	Verification Information
Yuanta Securities Co., Ltd. 2F., 6-12F., 14F., No. 77, Sec. 2, Nanjing E. Rd. Zhongshan Dist., Taipei City 10457, Taiwan (R.O.C.) 元大證券股份有限公司 10457 臺灣台北市中山區南京東路二段 77 號 2 樓、6-12 樓、14 樓	The Direct GHG Emissions and Removals with the Yuanta Securities Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 638.27 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 7,656.25 tonnes of CO ₂ equivalent. The verification boundary is including head office and 146 branches in Taiwan of Yuanta Securities Co., Ltd..
Yuanta International Insurance Broker Co., Ltd. 2F. No. 79, Sec. 2, Nanjing E. Rd. Zhongshan Dist., Taipei City 10457, Taiwan (R.O.C.) 元大國際保險經紀人股份有限公司 10457 臺灣台北市中山區南京東路二段 79 號 2 樓	The Direct GHG Emissions and Removals with the Yuanta International Insurance Broker Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 0.00 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 7.64 tonnes of CO ₂ equivalent.

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 3 of 3

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Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Commercial Bank Co., Ltd.
1-10F. & 13F., No.66 and
1F., 2F., 2F.-1, 7F. & 9F., No.68
Sec. 1, Dunhua S. Rd.
Songshan Dist., Taipei City 10557
Taiwan (R.O.C.)

元大商業銀行股份有限公司
臺灣
台北市
松山區
敦化南路1段66號1至10樓、13樓及
68號1樓、2樓、2樓之1、7樓、9樓
10557

Holds Statement No: GHGEV 743922-3

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Commercial Bank Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 547.93 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 8,697.46 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- The indirect greenhouse gas emissions from imported energy are quantified according to the quantification specifications of local greenhouse gas authorities, covering specific types of power purchase agreements.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.
- The emission factor for electricity for the year 2022 is 0.71 kilograms of Carbon Dioxide equivalent per kWh which is published by Hongkong Electric Co., Ltd.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 1 of 3

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The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			547.93
1.1	Stationary combustion		6.98
1.2	Mobile combustion		64.09
1.3	Industrial processes (anthropogenic systems)		0.00
1.4	Fugitive (anthropogenic systems)		476.86
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			8,697.46
2.1	Indirect emissions from imported electricity		8,697.46
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			8.79
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses (domestic)	8.79
Category 4: indirect GHG emissions from products used by organization			1,602.47
4.1	Emissions from Purchased goods	Purchased electricity from upstream	1,502.37
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	100.10
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

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Statement No: GHGEV 743922-3

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Location	Verification Information
Yuanta Commercial Bank Co., Ltd. 1F, 2F, 2F-1, 7F, 9F. No.68 & 1-10F, 13F. No.66 Sec. 1, Dunhua S. Rd., Songshan Dist. Taipei City 10557, Taiwan (R.O.C.) 元大商業銀行股份有限公司 10557 臺灣台北松山區敦化南路一段 66 號 1-10 樓、13 樓 及 68 號 1 樓、2 樓、2 樓-1、7 樓、9 樓	<p>The Direct GHG Emissions and Removals with the Yuanta Commercial Bank Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 547.93 tonnes of CO₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 8,697.46 tonnes of CO₂ equivalent.</p> <p>The verification boundary is including head office, 149 branches in Taiwan and 1 branch oversea of Yuanta Commercial Bank Co., Ltd.</p> <p>查證範圍涵蓋元大商業銀行總公司、149 家國內分行 (含營業部) 及 1 家海外分行</p> <p>The quantity of renewable electricity procured through contractual instruments by Yuanta Commercial Bank Co., Ltd. is 519,816 kWh in the year 2022.</p>

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Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Life Insurance Co., Ltd.
17F.
No. 156, Sec.3, Minsheng E. Rd.
Songshan Dist., Taipei City 10596
Taiwan (R.O.C.)

元大人壽保險股份有限公司
臺灣
台北市
松山區
民生東路三段 156 號
17 樓
10596

Holds Statement No: GHGEV 743922-4

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Life Insurance Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 43.00 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 757.71 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- The indirect greenhouse gas emissions from imported energy are quantified according to the quantification specifications of local greenhouse gas authorities, covering specific types of power purchase agreements.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1:2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 1 of 3

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Statement No: GHGEV 743922-4

The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			43.00
1.1	Stationary combustion		0.00
1.2	Mobile combustion		32.36
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		10.64
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			757.71
2.1	Indirect emissions from imported electricity		757.71
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			1.70
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	1.70
Category 4: indirect GHG emissions from products used by organization			137.42
4.1	Emissions from Purchased goods	Purchased electricity from upstream	131.30
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	6.12
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-
Category 5: indirect GHG emissions associated with the use of products from the organization			1,598.45
5.1	Emissions or removals from the use stage of the product	NS	-
5.2	Emissions from downstream leased assets	元泰廣場	1,598.45
5.3	Emissions from end of life stage of the product	NS	-
5.4	Emissions from investments	NS	-

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 2 of 3

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The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Locations	Verification Information
Yuanta Life Insurance Co., Ltd. 17F. No.156, Sec. 3, Minsheng E. Rd. Songshan Dist., Taipei City 10596, Taiwan (R.O.C.) 元大人壽保險股份有限公司 10596 臺灣台北市松山區民生東路三段 156 號 17 樓	<p>The Direct GHG Emissions and Removals with the Yuanta Life Insurance Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 43.00 tonnes of CO₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 757.71 tonnes of CO₂ equivalent.</p> <p>The verification boundary is including head office, 8 offices in Taiwan of Yuanta Life Insurance Co., Ltd.. 涵蓋元大人壽總公司及 8 個國內營運據點</p> <p>The quantity of renewable electricity procured through contractual instruments by Yuanta Life Insurance Co., Ltd. is 20,406 kWh in the year 2022.</p>



Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 3 of 3

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Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Securities Investment Trust Co., Ltd.
B1F., No. 67 and 18F.
No. 69, Sec. 2, Dunhua S. Rd., Da'an Dist.
Taipei City 10682
Taiwan (R.O.C.)

元大證券投資信託股份有限公司
臺灣
台北市
大安區
敦化南路2段67號B1樓
及69號18樓
10682

Holds Statement No: GHGEV 743922-6

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Securities Investment Trust Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 19.48 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 280.49 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- The indirect greenhouse gas emissions from imported energy are quantified according to the quantification specifications of local greenhouse gas authorities, covering specific types of power purchase agreements.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1:2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 1 of 3

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The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			19.48
1.1	Stationary combustion		0.00
1.2	Mobile combustion		16.49
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		2.99
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			280.49
2.1	Indirect emissions from imported electricity		280.49
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			0.72
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	0.72
Category 4: indirect GHG emissions from products used by organization			49.83
4.1	Emissions from Purchased goods	Purchased electricity from upstream	48.60
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	1.23
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 2 of 3

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Statement No: GHGEV 743922-6

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Locations	Verification Information
Yuanta Securities Investment Trust Co., Ltd. B1F., No. 67 and 18F., No. 69, Sec. 2, Dunhua S. Rd. Da'an Dist., Taipei City 10682, Taiwan (R.O.C.) and 2F., No.77, Sec. 2, Dunhua S. Rd., Da'an Dist. Taipei City 10682, Taiwan (R.O.C.) 元大證券投資信託股份有限公司 10682 臺灣台北市大安區敦化南路 2 段 67 號 B1 樓、69 號 18 樓 與臺灣台北市大安區敦化南路 2 段 77 號 2 樓	<p>The Direct GHG Emissions and Removals with the Yuanta Securities Investment Trust Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 19.48 tonnes of CO₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 280.49 tonnes of CO₂ equivalent.</p> <p>The verification boundary is including head office, 1 branch in Taiwan of Yuanta Securities Investment Trust Co., Ltd. 涵蓋元大投信總公司及1家國內分公司</p> <p>The quantity of renewable electricity procured through contractual instruments by Yuanta Securities Investment Trust Co., Ltd. is 12,705 kWh in the year 2022.</p>

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 3 of 3

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Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Futures Co.,Ltd.
5F.
No. 77, Sec. 2, Nanjing E. Rd.
Zhongshan Dist., Taipei City 10457
Taiwan (R.O.C.)

元大期貨股份有限公司
臺灣
台北市
南京東路二段
77 號
5 樓
10457

Holds Statement No: GHGEV 743922-5

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Futures Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 73.37 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 594.90 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- The indirect greenhouse gas emissions from imported energy are quantified according to the quantification specifications of local greenhouse gas authorities, covering specific types of power purchase agreements.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1:2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 1 of 3

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The greenhouse gas emissions information reported by the Yuanta Futures Co., Ltd. and SYF Information Co., LTD. for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			73.37
1.1	Stationary combustion		0.00
1.2	Mobile combustion		14.17
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		59.20
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			594.90
2.1	Indirect emissions from imported electricity		594.90
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			1.05
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	1.05
Category 4: indirect GHG emissions from products used by organization			110.44
4.1	Emissions from Purchased goods	Purchased electricity from upstream	103.08
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	7.36
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

Statement No: GHGEV 743922-5

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Locations	Verification Information
Yuanta Futures Co., Ltd. 5F. No.77, Sec. 2, Nanjing E. Rd., Zhongshan Dist. Taipei City 10457, Taiwan (R.O.C.) 元大期貨股份有限公司 10457 臺灣台北市中山區南京東路二段 77 號 5 樓	The Direct GHG Emissions and Removals with the Yuanta Futures Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 73.37 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 594.78 tonnes of CO ₂ equivalent. The verification boundary is including head office, 4 branches in Taiwan of Yuanta Futures Co., Ltd. 涵蓋元大期貨總公司及 4 間國內分公司
SYF Information Co., LTD. 2F. No. 895, Sec. 4, Bade Rd., Nangang Dist. Taipei City 11577, Taiwan(R.O.C.) 勝元期貨資訊股份有限公司 11577 臺灣台北市南港區八德路四段 895 號 2 樓	The quantity of renewable electricity procured through contractual instruments by Yuanta Futures Co., Ltd. is 62,231 kWh in the year 2022. The Direct GHG Emissions and Removals with the SYF Information Co., LTD. for the period from 2022-01-01 to 2022-12-31 is 0.00 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 0.12 tonnes of CO ₂ equivalent.

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 3 of 3

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Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Venture Capital Co., Ltd.
10F.
No.66 Dun Hua S. Road, Sec. 1
Taipei City 10557
Taiwan (R.O.C.)

元大創業投資股份有限公司
臺灣
台北市
松山區
敦化南路一段 66 號
10 樓
10557

Holds Statement No: GHGEV 743922-9

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Venture Capital Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 12.86 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 18.00 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1:2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 1 of 3

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The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			12.86
1.1	Stationary combustion		0.00
1.2	Mobile combustion		12.74
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		0.12
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			18.00
2.1	Indirect emissions from imported electricity		18.00
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			0.19
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	0.19
Category 4: indirect GHG emissions from products used by organization			3.34
4.1	Emissions from Purchased goods	Purchased electricity from upstream	3.12
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	0.22
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 2 of 3

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Statement No: GHGEV 743922-9

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Locations	Verification Information
Yuanta Venture Capital Co., Ltd. 10F. No.66 Dun Hua S. Road Sec. 1, Songshan Dist., Taipei City 10557 Taiwan (R.O.C.) 元大創業投資股份有限公司 10557 臺灣台北市松山區敦化南路一段 66 號 10 樓	The Direct GHG Emissions and Removals with the Yuanta Venture Capital Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 12.86 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 18.00 tonnes of CO ₂ equivalent. The verification boundary is including Yuanta Venture Capital Co., Ltd. and Yuanta I Venture Capital Co., Ltd.. 涵蓋元大創業投資股份有限公司及元大壹創業投資股份有限公司
Yuanta I Venture Capital Co., Ltd. 10F. No.66 Dun Hua S. Road Sec. 1, Songshan Dist., Taipei City 10557 Taiwan (R.O.C.) 元大壹創業投資股份有限公司 10557 臺灣台北市松山區敦化南路一段 66 號 10 樓	



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Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Asset Management Co., Ltd.
13F.
No.77, Sec. 2, Nanjing E. Rd.
Zhongshan Dist.
Taipei City 10457
Taiwan (R.O.C.)

元大國際資產管理股份有限公司
臺灣
台北市
中山區
南京東路二段 77 號
13 樓
10457

Holds Statement No: GHGEV 743922-10

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Asset Management Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 7.67 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 24.87 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1:2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 1 of 3

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Statement No: GHGEV 743922-10

The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			7.67
1.1	Stationary combustion		0.00
1.2	Mobile combustion		7.33
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		0.34
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			24.87
2.1	Indirect emissions from imported electricity		24.87
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			0.24
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	0.24
Category 4: indirect GHG emissions from products used by organization			4.68
4.1	Emissions from Purchased goods	Purchased electricity from upstream	4.31
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	0.37
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 2 of 3

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Statement No: GHGEV 743922-10

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Locations	Verification Information
Yuanta Asset Management Co., Ltd. 13F. No.77, Sec. 2, Nanjing E. Rd. Zhongshan Dist., Taipei City 10457 Taiwan (R.O.C.) 元大國際資產管理股份有限公司 10457 臺灣台北市中山區南京東路二段 77 號 13 樓	The Direct GHG Emissions and Removals with the Yuanta Asset Management Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 7.67 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 24.87 tonnes of CO ₂ equivalent.



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Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Yuanta Securities Investment Consulting Co., Ltd.
10F.
No.71 Dun Hua S. Road, Sec. 2
Taipei City 10682
Taiwan (R.O.C.)

元大證券投資顧問股份有限公司
臺灣
台北市
大安區
敦化南路二段 71 號
10 樓
10682

Holds Statement No: GHGEV 743922-8

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with the Yuanta Securities Investment Consulting Co., Ltd. for the period from 2022-01-01 to 2022-12-31 was verified, including the direct greenhouse gas emissions 10.09 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 95.69 tonnes of CO₂ equivalent, and the other emission information is listed in the attached table on the next page.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2022 is not published by Taiwan government so far, the emission factor used for electricity is 0.509 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1:2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 1 of 3

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The greenhouse gas emissions information reported by the organization for the period from 2022-01-01 to 2022-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			10.09
1.1	Stationary combustion		0.00
1.2	Mobile combustion		8.96
1.3	Industrial processes(anthropogenic systems)		0.00
1.4	Fugitive(anthropogenic systems)		1.13
1.5	Land use, land use change and forestry	N/A	-
Direct emissions in tonnes of CO ₂ e from biomass			0.00
Category 2: Indirect GHG emissions from imported energy			95.69
2.1	Indirect emissions from imported electricity		95.69
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)	N/A	-
Category 3: Indirect GHG emissions from transportation			0.90
3.1	Emissions from upstream transport and distribution for goods	NS	-
3.2	Emissions from Downstream transport and distribution for goods	NS	-
3.3	Emissions from Employee commuting	NS	-
3.4	Emissions from Client and visitor transport	NS	-
3.5	Emissions from Business travels	Estimated based on business travel expenses(domestic)	0.90
Category 4: indirect GHG emissions from products used by organization			18.05
4.1	Emissions from Purchased goods	Purchased electricity from upstream	16.58
4.2	Emissions from Capital goods	NS	-
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	1.47
4.4	Emissions from the use of assets	NS	-
4.5	Emissions from the use of services that are not described in the above subcategories	NS	-

Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 2 of 3

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Statement No: GHGEV 743922-8

The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Locations	Verification Information
Yuanta Securities Investment Consulting Co., Ltd. 10F., No.65 and 10F., No.71 Dun Hua S. Road, Sec. 2, Taipei City 10682 Taiwan (R.O.C.) 元大證券投資顧問股份有限公司 10682 臺灣台北市大安區敦化南路二段 65 號與 71 號 10 樓	The Direct GHG Emissions and Removals with the Yuanta Securities Investment Consulting Co., Ltd. for the period from 2022-01-01 to 2022-12-31 is 10.09 tonnes of CO ₂ equivalent, and the Indirect GHG Emissions from Imported Energy is 95.69 tonnes of CO ₂ equivalent.



Originally Issue: 2023-04-24

Latest Issue: 2023-04-24

Page: 3 of 3

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