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Yuanta Financial Holding Co., Ltd.

2021 Annual Report

Publication date : January 31, 2022

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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.

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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 2021, the global economy has been recovering from the COVID-19 pandemic step by step. The concerns about inflation and interest escalation remain. Notwithstanding, owing to the increasing vaccination coverage, lifting of economic bans, and fiscal and monetary stimulus policies implemented by various countries, the global stock market is still booming amid bumpiness, and some unprecedented investment booming is taking place in the Taiwan Stock Exchange (TAIEX) trading. Certain variant virus still posed threats in the second half of the year. Nevertheless, due to the fact that many countries are experienced in epidemic prevention, no significant impact appeared to their economy. According to the latest forecast released by IHS Markit in December 2021, the global economic growth rate would be 5.6% in 2021, higher than -3.4% in 2020 by far. The economy in Taiwan benefited from the booming export of emerging high-tech and traditional industries' products, and strong production force, driving the remarkable macroeconomic growth. According to the latest announcement made by Taiwan's Directorate-General of Budget, Accounting and Statistics (DGBAS) in January 2022, the global economic growth rate of Taiwan is expected to be 6.28% in 2021, higher than 3.36% in 2020 by far.

The global economy is expected to continue recovering in 2022. However, given the haze posed by the variant virus, persistent short supply chain, increasingly intensified inflation, increasing conflicts between the United States and China, and stricter regulatory policies adopted by China, IHS Markit forecast in December 2021 that the global economic growth rate will decline to 4.3% in 2022. The economy in Taiwan is expected to grow stably due to the booming exports, sluggish epidemic development, and recovery of consumers' purchasing power. Nonetheless, affected by the higher base period, DGBAS forecast in November 2021 that the economic growth rate of Taiwan is expected to be 4.15% in 2022, lower than that in the previous year.

In 2021, with the liquidity-driven rally, the average daily turnover of TAIEX attained NT\$477.8 billion, that is, year-over-year (YOY) growth of 88.5% from NT\$253.5 billion in 2020. Driven by the booming brokerage operations and outstanding proprietary trading, Yuanta Securities earned profit amounting to NT\$23.293 billion, the new record. The assets under management (AUM) of Yuanta Securities Investment Trust (including active and passive management funds and discretionary investment operations) broke NT\$800 billion at the end of the year, also a new record historically. For the banking industry, the fundamental economic dimensions are expected to recover following the epidemic slowdown and interest escalation. Yuanta Bank's performance has improved steadily from last year, and the YOY reaches 16.3%. The life insurance industry was benefited from the long capital market and strong appreciation of NTD, driving the sales of investment-linked and USD-denominated policies, as well as the excellent investment performance. Given this, Yuanta Life earned the profit amounting to NT\$2.074 billion in 2021, also a new record.

The financial market still has to deal with multiple uncertain factors, such as the variant virus, growing inflation and various countries' tight monetary policies in 2022. Notwithstanding, the fair domestic economic dimensions, growing external trade and expected stable domestic demand are anticipated to support TAIEX's stable growth, thereby helping the

pan-securities industry grasp opportunities and raise their profitability. Meanwhile, for the banking industry, outbound Taiwanese entrepreneurs' continued movement of investment back to Taiwan has driven the increase in the loan scale. The interest escalation is also expected to help the recovery of interest spread and improve the contribution by net interest revenue. For the life insurance industry, the recurring yield is somewhat benefited from the interest escalation. However, the capital gain growth is limited due to the high base period. The fluctuation in foreign exchange rate is also cited as a worry to the earnings. Generally speaking, multiple uncertain factors still exist in the financial market in 2022. Therefore, Yuanta Financial Holding Company (FHC) will use its best efforts to take advantage of the market growth opportunity when managing its business. Meanwhile, in response to the operating environment which is difficult to predict, Yuanta FHC will consistently uphold its strict risk control policy.

II. Changes in Company Organization

The most significant changes in Yuanta FHC's organization in 2021 are as follows:

In order to protect investors and build the Yuanta Group's brand identity to manage the Yuanta Group's business risk effectively, and also establish the Yuanta Group's uniform financial product launch policy and sales strategic planning, Yuanta FHC set up the "Product Launch Policy Review Committee" in November 2021.

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 2021, a total of 54 securities and bank branches were operating from the same location, creating maximum synergy by integrating resources of Yuanta FHC.

III. Business Achievements

Looking back on 2021, COVID-19 remained rampant globally, the international economic and political environments were changing rapidly, thereby causing the significant volatility of financial 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\$34.866 billion, with an earnings per share (EPS) of NT\$2.87, return on equity (ROE) of 13.35% and YOY for the profitability by 44.6% in 2021, hitting the record again.

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 three consecutive years. It jumped to the first place globally in the category of FBN Diversified Financial Services and Capital Markets, out of 174 participating enterprises, becoming the first Taiwanese financial services company ever to win the global top spot in that category. Meanwhile, Yuanta FHC has been selected by FTSE4Good Emerging Index for five consecutive years. Yuanta FHC has

passed all ESG reviews for socially responsible investment and scored higher than the average score of the financial industry, ranking among the leading benchmarks of Taiwan’s financial industry.

Additionally, Yuanta FHC has won recognition from multiple external organizations as it practiced sustainability and valued climate change-related issues. For example, Yuanta FHC has received Leadership Level A rating from the CDP (formerly Carbon Disclosure Project), which is not only the highest rating for CDP, but also the best results in the domestic financial industry. Meanwhile, Yuanta FHC won the silver medal of the third Taiwan National Enterprise Environmental Protection Award. 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 obtained the “Best Company to Work for in Asia 2021” award from *HR Asia*, 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 three consecutive years. Further, Yuanta FHC has also been recognized as one of the “Top 100 Enterprises for Excellence in Corporate Social Responsibility (CSR)” by the *CommonWealth Magazine*, won the role model awards of the “2021 CSR Awards – ESG Integrated Performance-Financial Insurance Industry” and “Excellent Program – Public Welfare Promotion Group” from the *Global Views Monthly*, Financial Holdings CSR Premium Award from the *Wealth Magazine*, and was selected for one of the “Top 50 Taiwanese Companies Sustainability Award” from Taiwan Corporate Sustainability Awards (TCSA).

For corporate governance, Yuanta FHC 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* in 2021; and the Jade Award for the ESG Corporate Awards from *The Asset*; and was included in the top 6 – 20% of the listed companies in the seventh annual “Corporate Governance Assessment” held by the Taiwan Stock Exchange (TWSE). Further, Yuanta FHC also passed the Taiwan Corporate Governance Association’s “CG6012 (2019) Corporate Governance Framework Assessment Certificate with Distinguished Honor” jointly with Yuanta Securities and Yuanta Bank, and continued to demonstrate its practices in improving corporate governance, CSR, and integrity management.

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

Yuanta Securities had 145 branches and one brokerage department as of the end of December 2021, with a brokerage market share of around 13.14% in 2021, 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 51 awards for the year, including the “Best Securities Brokerage in Taiwan” award from *Asiamoney* for fifteen consecutive years, and securities-related awards by various international financial magazines such as *The Asset* and *FinanceAsia*. 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 ETN Issuance Contribution Award,” “No. 1 for ETN Total Contribution Award,” “No. 1 for Taiwan ETF Total Contribution Award,” “Futures Proprietary Trading Volume Diamond Award,” “Market-Making Performance Diamond Award,” and “TPEX Pre-listing Tutorship Performance Award” from Taiwan Stock Exchange Corporation (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.” 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 continued the balanced business development in 2021, by focusing on the control over risk when dealing with loaning operations, targeting quality large corporate clients and owner-occupied mortgage customers. In the management environment full of capital and market competition, it adopted the business strategy upholding the price make-up by volume to accumulate the basis for future income growth in the case of interest escalation. Until the end of December 2021, the non-performing loans (NPL) ratio, NPL coverage ratio and loan coverage ratio were 0.10%, 1.434.45% and 1.42%, respectively, which continued to be the excellent ones in the industry. Benefiting from the growth of securities deposits and branches’ core deposits, the total assets were driven and expanded accordingly. As of the end of December 2021, Yuanta Bank’s total assets had reached NT\$1.6515 trillion, growing by NT\$219.6 billion from the previous year. Annual growth rate of 15% is a record high in recent years. For wealth management services, it tied in the quality products with the membership-based customer management and digital service strategies, thereby driving the AUM and income growth effectively. Meanwhile, it won the recognition from multiple external organizations, such as National Brand Yushan Award, *Wealth Magazine*, *Business Today*, *Global Business Outlook*, *World Business Outlook*, and *World Economic Magazine*.

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 “investment-linked products” and “traditional products” at the same time in response to the trend of an aging society and low-interest environment. In response to the low-interest environment, it develops the investment-linked products, and builds the custom-made product platform subject to the channels’ attributes. The linked quasi-discretionary investment accounts claim the flexibility of operation on the ratio of stock to debt. Then, it plans the USD-denominated traditional products on a customer-oriented basis. Short-term wealth management and retirement planning products emphasize the competitiveness of product conditions. For the high-end customer segment, Yuanta Life combines specific injury and illness protection features and concierge services to differentiate itself from competitors and to target its marketing. It customizes products and launches NTD incremental optional policies applicable under the work-site marketing model, mortgage life insurance exclusive for investors with small capital, and Fundrich platform products. Lifetime medical insurance, which is available for fetuses, was even awarded the National First Prize in the “National Brand Yushan Award - Best Product” category.

The net profit after tax of Yuanta Securities Investment Trust was NT\$1.919 billion in 2021, hitting a new record again and growing by 11.62% from 2020. 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\$780 billion, attaining 15.7% market share, and were affirmed by more than 1.416 million beneficiaries, occupying stably 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.

As the global interest-rate cut cycle continued in 2021, Yuanta Futures is committed to improving the profitability of its brokerage business. In terms of financial performance, Yuanta Futures generated the operating revenue more than that of 2020 by NT\$60.78 million. Its profit after tax was NT\$860 million, 29% market share, in 2021, ranking first among fourteen professional futures firms, with an EPS after tax of NT\$2.97 and an ROE after tax of 7.11%. In terms of business performance, Yuanta Futures’ futures brokerage market share was 23.36%, options brokerage market share 18.42%, and foreign futures market share 26.39%. Yuanta Futures adheres to its brand core value and continues to sprout the financial markets of Asia. Meanwhile, it has received positive recognition from many domestic/international competent authorities/professional organizations. For example, it has been included in the “Top 5% of TWSE/TPEX-listed Companies” of the corporate governance assessment for seven consecutive years, and won “Futures Diamond Award” from TAIFEX, “Golden Goblet Awards-Outstanding Talent Cultivation and Outstanding Futures Talent” from Securities and Futures Institute, and the “Best Futures Firm of the Year” from *FOR* and *The Asset*. Meanwhile, it was also recognized with multiple honors in the performance of ESG, such as the “Corporate Citizen Award – Little Giant Award” from *CommonWealth* magazine for four consecutive years, TCSA, and *The Asset* ESG Platinum Award. It was granted the long-term credit rating “AA-(tw’n)” in 2021, with the “stable” outlook by Fitch Ratings. It will continue to make every endeavor to upgrade its brand identity as a futures expert.

In implementing their respective 2021 business plans, our subsidiaries posted the following results:

Item		Total assets (NT\$1,000)	Net income (NT\$1,000)	EPS (NT\$)
Yuanta Securities	2021	539,006,241	23,293,080	3.89
	2020	454,697,118	14,399,429	2.41
Yuanta Bank	2021	1,651,478,911	8,021,862	1.08
	2020	1,431,853,979	6,895,871	0.93
Yuanta Life	2021	390,529,091	2,074,289	0.87
	2020	343,790,499	1,810,207	0.88
Yuanta Securities Investment Trust	2021	6,934,264	1,918,960	8.46
	2020	6,327,666	1,719,220	7.58
Yuanta Futures	2021	95,652,955	860,282	2.97
	2020	95,736,549	1,070,099	4.23
Yuanta Venture Capital	2021	3,946,044	939,305	3.46
	2020	2,896,948	287,342	1.06
Yuanta Asset Management	2021	4,023,338	139,433	0.43
	2020	3,852,077	121,132	0.38
Yuanta Securities Investment Consulting	2021	299,984	1,085	0.11
	2020	284,194	6,478	0.65

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 adopted the amended standards when reviewing Yuanta FHC's rating, and confirmed on January 19, 2022 that Yuanta FHC's outlook should remain "stable," reflecting that the Yuanta Group has a strong capital level calculated on a consolidated basis and is in a leading position in the relevant securities-related services markets in Taiwan. Fitch Ratings confirmed on November 19, 2021 that Yuanta FHC's outlook should remain as "stable," recognizing Yuanta Group's strong position in the domestic market and gradually expanding market position overseas. 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 19, 2021
Domestic rating	Fitch Ratings	AA-(tw)	F1+(tw)	Stable	November 19, 2021
	Taiwan Ratings	twAA-	twA-1+	Stable	January 19, 2022

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. While growing and adjusting the business model, Yuanta FHC's business entities still maintained their stable financial structure and excellent quality of assets. Yuanta FHC's net profit after tax and ROE upon exclusion of the non-recurring profit and loss appear to be growing stably.

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." Besides solidifying the core businesses and continuing to deepen its competitiveness, Yuanta FHC will focus more on operating 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 move steadily toward its vision of being the "Best Financial Services Provider in Asia Pacific."

The development strategies of Yuanta FHC for 2022 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, develop various businesses in a balanced manner, grasp the opportunities of digital financial technology (FinTech) development, and strive to develop new businesses and create multiple profit engines. Yuanta Securities has been promoting financial products with Yuanta's characteristics by cultivating customer relationships, nurturing talents, and passing on legacy, and is operating in a mode that emphasizes both flow and stock.

In terms of promoting overseas layout, Yuanta Securities has built a diversified business revenue structure for its subsidiaries in mature markets such as Korea and Hong Kong, consolidated the core business of its subsidiaries in developing markets such as Thailand, Indonesia, and Vietnam, and established a wealth management subsidiary in Singapore to expand its wealth management and private banking business to meet customer needse.

(II) Yuanta Bank: Expand the asset scale and diversified sources of revenue to maintain the stable profit growth.

Yuanta Bank is well capitalized and has excellent asset quality. In its lending business, it will continue to expand its scale, deepen its customer base, and strengthen its handling fee income to increase its profit source, and improve its net interest income by increasing its loan-to-deposit ratio. As for the growth of lending, Yuanta Bank aims to

achieve balanced growth in lending for both the corporate banking and consumer banking businesses, and will strengthen the expansion of business in the better yielding categories.

In addition to leveraging the Yuanta Group's investment research resources and selecting quality products as the main marketing axis, the wealth management business has been actively expanding its wealth management team and training reserve specialists, as well as strengthening inter-business referral cooperation in order to expand the scale of wealth management assets. The wealth management business will also invest more actively in the development of high-asset client operations and increase the proportion of digital transactions.

Besides satisfying customer needs and improving operational performance, the digital financial development will also focus on facilitation of the business development, continue to organize digital innovation competitions and RPA proposal selection, encourage employees to propose any innovation plans, drive the organizational digital transformation, and optimize customer services and the development of various business lines with the aid from emerging technology and data analysis.

(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.

In terms of product development strategy, Yuan Life will continue to develop insurance products that meet the needs of retirement life, retirement medical treatment, and retirement care by focusing on “investment-linked products” and “traditional products” 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, telemarketing, and salespersons, Yuanta Life reaches out to every corner to help customers and their families build a complete protection and financial plan. In response to the aging trend and low interest-rate environment, Yuan Life continues to focus on the development of USD denominated policies, and persists to optimize investment-linked products to enrich retirement planning options and provide an alternative choice for policyholders with higher risk tolerance. 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 differentiate the needs of different channel customers to promote differentiated products and services. Yuanda Life will also integrate Yuanta Group's advantageous resources to deepen the adhesion of customers with cooperative channels and boost the contribution. In response to the advent of the digital age, Yuan Life continues to strengthen the application of insurance technology (Insurtech) and optimize the digitalization of its channels, including mobile insurance, mobile WEB proposals, and remote insurance, in order to enhance the efficiency of channel operations and the quality of service.

(IV) Yuanta Securities Investment Trust: “Strengthen foundations and drive innovation with sustainable services” to expand AUM and pursue stable profit growth.

Yuanta Securities Investment Trust (SIT) actively promotes the growth of TAIEX

funds and develops innovative ESG and thematic products to expand the scale of both active funds and ETFs. In line with the concept of financial inclusion, Yuanta SIT has also been actively promoting fixed-term/rate services. Yuanta SIT continues to upgrade the functions of Mr. Yuanta APP to provide investors with a sense of value-added services, making investment more convenient and easier to enter the threshold. It at the same time helps customers of different generations to grasp financial opportunities and create wealth. Yuanta SIT will eventually combine the strengths of its existing funds with the successful experience of its quasi-discretionary investment policies to create a new ecosystem of quasi-discretionary investment policies.

(V) Yuanta Futures: “Sustainable optimization and cross-border innovation” to strengthen business profitability and promote strategic layout in Asia Pacific.

With the management goal of “sustainable optimization and cross-border innovation,” Yuanta Futures conducts a comprehensive workflow review, sets short-, medium-, and long-term goals, and optimizes various performance indicators for brokerage business, digital finance development, leveraged business expansion, proprietary operating performance, and overseas expansion. In terms of international business development, Yuanta Futures is committed to becoming a large international futures dealer by advancing cross-border and cross-industry integration in the Asia Pacific region, combining overseas brokerage business, overseas familiar business, and real economy services to develop new strategies for international operations.

Yuanta FHC’s corporate governance plan and sustainable development strategy for the year 2022 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. Specific plans and measures include deepening Yuanta FHC’s culture of sustainable governance (ongoing certification of corporate governance system assessment), protecting shareholders’ rights and treating them equally (advance simultaneous uploading of meeting materials of the shareholders’ meeting in English and Chinese), enhancing the functions and operations of the board of directors (the number of independent directors is at least one-third of the total number of directors; the financial statements are approved by the audit committee and submitted to the board of directors for discussion and resolution; and the succession plan for directors and key management personnel is continuously promoted and refined), and improving information transparency (announcement of the financial report for the previous year within 75 days after the end of the year).

In terms of sustainable development strategy, the resources of the Yuanta Group has been integrated to implement the FSC’s “Green Finance Action Plan 2.0.” Through enhancing CSR-related products and services, issuing sustainable/green bonds, implementing the Equator Principles, following voluntary green investment principles and initiatives, and carrying out the “Sustainable Finance Guidelines” assessment, Yuanta FHC will continue to leverage the influence of financial institutions in promoting CSR. In addition, Yuanta FHC also continues

to promote social welfare, uses financial technology (Fintech) to promote financial inclusion, persists in deepening climate-related financial disclosure (TCFD), cooperates with the CDP, advocates Science Based Targets initiative (SBTi), and completes credit card and APP carbon footprint certifications, etc., in order to contribute to the sustainable development of society and the environment.

Looking forward to the future, Yuanta FHC will continue to invest capital in the aspects of ESG, so as to promote and work hard for the 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.
- 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.
- 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 Ltd. 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 Limited Company completed the capital increase by VND500 billion. After that, the shareholdings of Yuanta Securities Asia Financial Services Ltd. and Yuanta Securities (Hong Kong) Co., Ltd. in Yuanta Securities Vietnam Limited Company were 92.62% and 7.38%, respectively. Both companies held a total of 100% shareholdings.

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

1. 2019

- (1) Yuanta FHC also ranked among the top 5% of listed company groups in the 5th 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) Yuanta FHC was rated by the MSCI ESG Rating as Level A for Diversified Financials.
- (5) Awarded by Asiamoney as the “Most Outstanding Company in Taiwan - Financials Sector”.
- (6) Awarded by Corporate Governance Asia– Best Investor Relations Company in Taiwan, Asia’s Best CEO (Investor Relations) – President Tony Shen, and Asia’s Best CFO (Investor Relations) - CFO Hsu Shu Mai.
- (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) Honored the “Sustainability Excellence Award” by BSI.
- (11) Awarded the “Exercise Enterprise Certification Mark” by the Ministry of Education. (Valid from 2019 to 2021)

2. 2020

- (1) Yuanta FHC also ranked among the top 5% of 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 - Executive 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.

3. 2021

- (1) Yuanta FHC also ranked among the top 6%–20% of 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 – Executive 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.

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.
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: 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.

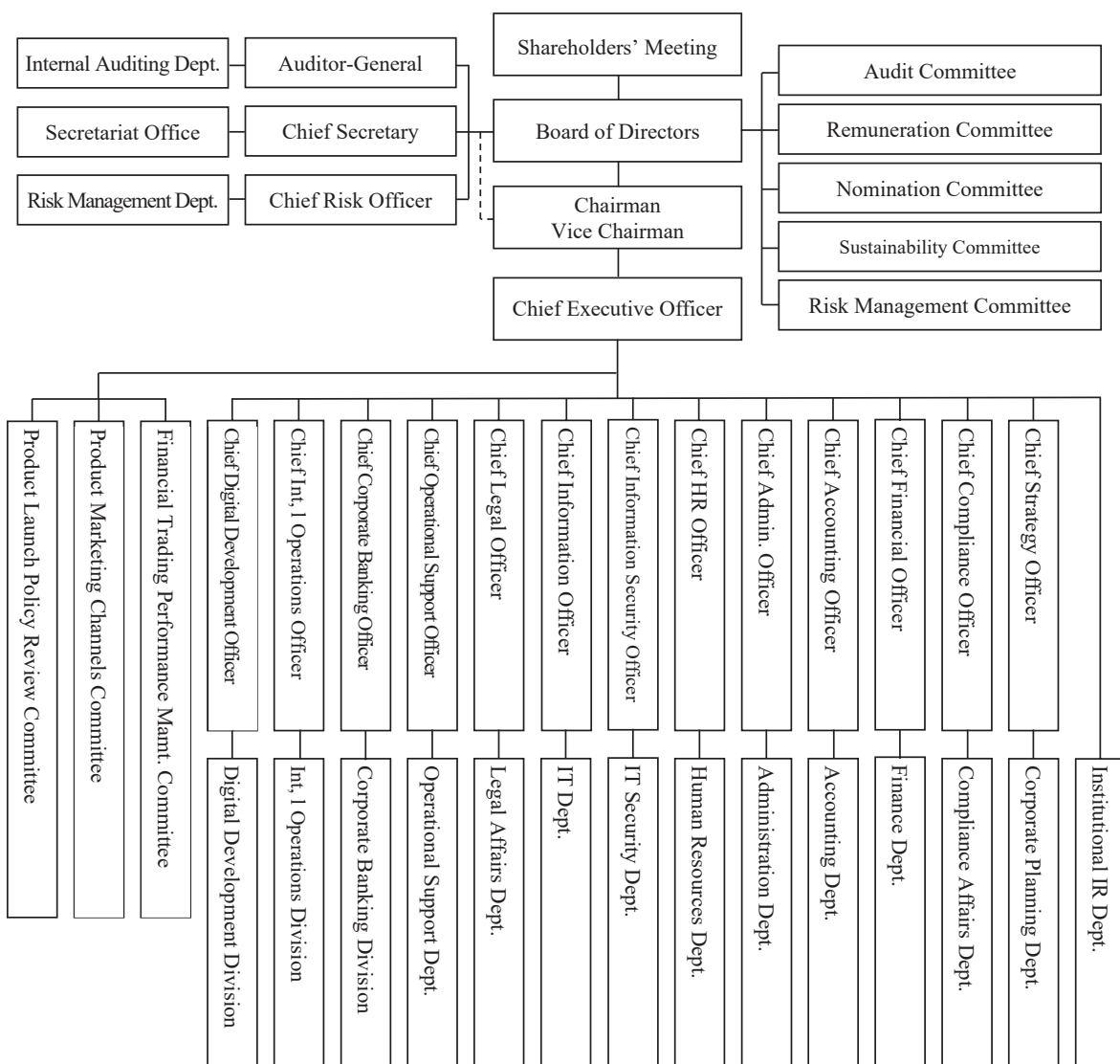
10. Administration Department: Responsible for planning and implementation of the Company's construction engineering, procurement affairs, asset management, shareholders service, occupational safety and health, paperwork, public affairs (including PRs, media affairs, promotional materials, CIS and CSR 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. 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.
16. 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.
17. 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 under supervision of the president, 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.

For the chief functional officers and chief executive officers' functions, the Chief Strategy Officer is responsible for oversight, integration, and implementation of matters within the Corporate Planning Department's sphere of responsibility. The Chief

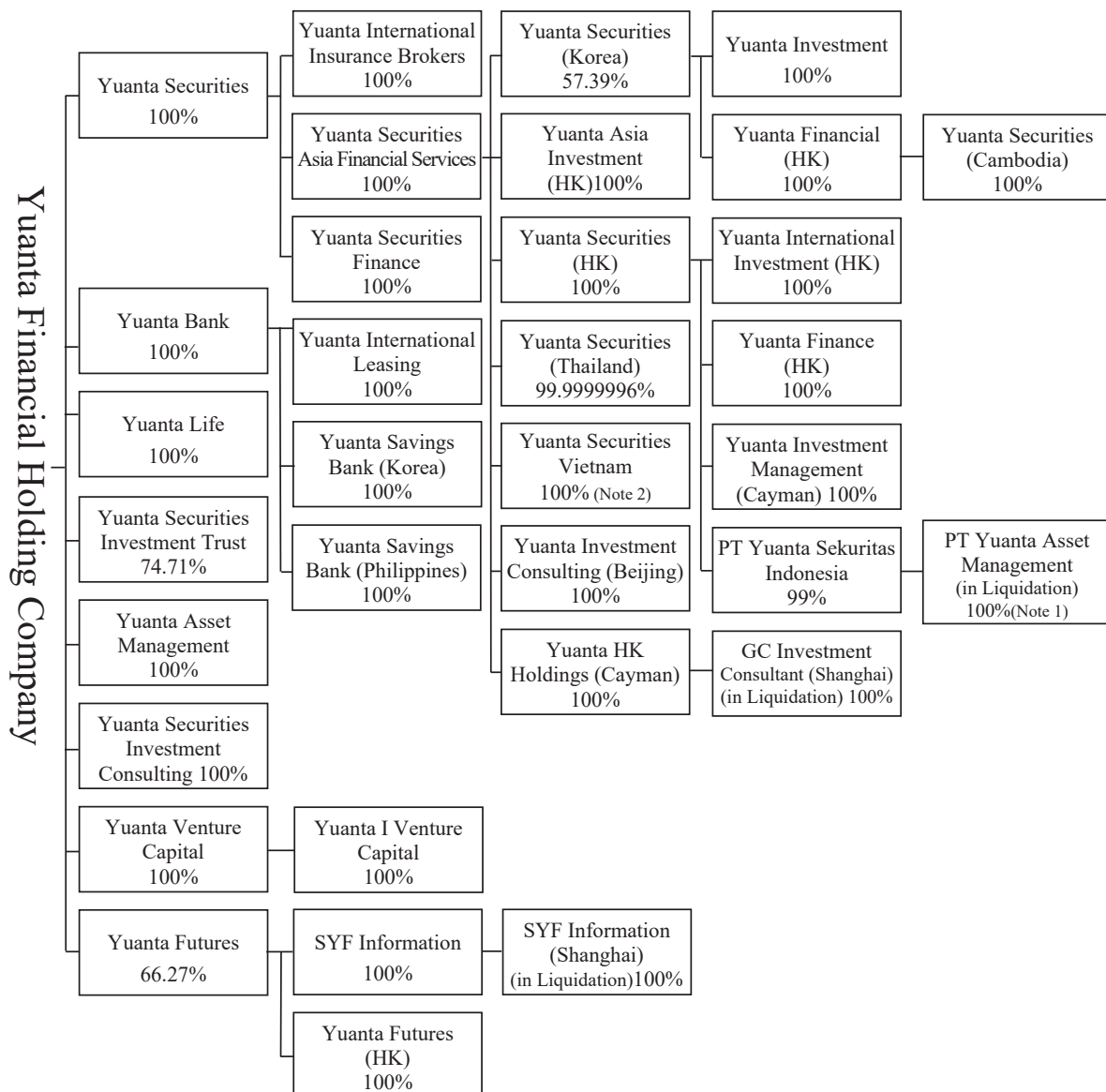
Compliance Affairs Officer is responsible for oversight, integration, and implementation of issues within the Compliance Affairs Department's sphere of responsibility. The Chief Financial Officer is responsible for oversight, integration, and implementation of issues within the Financial Department's sphere of responsibility. The Chief Accounting Officer is responsible for oversight, integration and implementation of issues within the Accounting Dept.'s sphere of responsibility. The Chief Administration Officer is responsible for oversight, integration, and implementation of issues within the Administration Department's sphere of responsibility. The Chief HR Officer is responsible for oversight, integration, and implementation of issues within the Human Resources Department's sphere of responsibility. The Chief Information Officer is responsible for oversight, integration, and implementation of issues within the Information Technology Department's sphere of responsibility. The Chief IT Security Officer is responsible for oversight, integration and implementation of issues within the IT Security Dept.'s sphere of responsibility. The Chief Legal Officer is responsible for oversight, integration, and implementation of issues within the Legal Affairs Department's sphere of responsibility. The Chief Operational Support Officer is responsible for oversight, integration, and implementation of issues within the Operational Support Department's sphere of responsibility. The Chief of any other business divisions is responsible for oversight, integration, and implementation of issues within the various divisions' sphere of responsibility.

(II) Organizational Chart



(III) Relationship between the Company and its subsidiaries

As of January 31, 2022



Note 1: PT Yuanta Sekuritas Indonesia is a 99.998% owner of PT Yuanta Asset Management; Yuanta Securities (Hong Kong) Co., Ltd. is a 0.002% owner of PT Yuanta Asset Management. Yuanta Securities Co., Ltd. is an indirect 100% owner of PT Yuanta Asset Management. Upon receipt of the competent authority's approval letter Jin-Guan-Zheng-Quan-Zi No. 1100358373 dated October 13, 2021, PT Yuanta Asset Management is now negotiating with the prospective buyers for the sale.

Note 2: Yuanta Securities Asia Financial Services Private Ltd. holds 92.62% of shares of Yuanta Securities Vietnam Limited Company. Yuanta Securities (Hong Kong) Co., Ltd. holds 7.38% of shares of Yuanta Securities Vietnam Limited Company. Yuanta Securities Co., Ltd. holds 100% of shares of Yuanta Securities Vietnam Limited Company indirectly.

Note 3: Yuanta Securities Holdings (UK) was dissolved and liquidated successfully on June 24, 2021.

Note 4: SYF Information (Shanghai) is under liquidation which starts from August 25, 2021.

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

As of January 31, 2022

Name of affiliated enterprise	Relationship with the Company	Invested capital (NT\$ 1,000)	Investment shares (1,000)
Yuanta Securities	100%-held subsidiary	69,604,582	5,982,032
Yuanta Bank	100%-held subsidiary	97,071,284	7,394,039
Yuanta Life	100%-held subsidiary	22,352,343	2,373,570
Yuanta Securities Investment Trust	74.71%-held subsidiary	3,829,794	169,538
Yuanta Futures	66.27%-held subsidiary	4,934,977	192,167
Yuanta Venture Capital	100%-held subsidiary	2,715,221	271,522
Yuanta Asset Management	100%-held subsidiary	3,220,649	322,065
Yuanta Securities Investment Consulting	100%-held subsidiary	138,100	10,000
Yuanta Securities Asia Financial Services	100% held by subsidiary, Yuanta Securities	11,557,424	290,909
Yuanta International Insurance Brokers	100% held by subsidiary, Yuanta Securities	5,550	500
Yuanta Securities Finance	100% held by subsidiary, Yuanta Securities	8,818,069	400,000
Yuanta International Leasing	100% held by subsidiary, Yuanta Bank	100,000	10,000
Yuanta Savings Bank (Philippines)	100% held by subsidiary, Yuanta Bank	1,621,346	2,400,000
Yuanta Savings Bank (Korea)	100% held by subsidiary, Yuanta Bank	4,079,836	13,516
Yuanta Futures (HK)	100% held by subsidiary, Yuanta Futures	1,033,971	34,000
SYF Information	100% held by subsidiary, Yuanta Futures	350,000	35,000
Yuanta I Venture Capital	100% held by subsidiary, Yuanta Venture Capital	537,261	85,000
Yuanta Securities (HK)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	9,151,651	2,268,133
Yuanta Asia Investment (HK)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	1,165,143	293,892
Yuanta HK Holdings (Cayman)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	23,529	74
Yuanta Investment Consulting (Beijing)	100% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	91,973	(Note 1)
Yuanta Securities (Korea)	57.39% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	8,911,207	114,558
Yuanta Securities (Thailand)	99.9999996% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities	4,259,484	450,000

Name of affiliated enterprise	Relationship with the Company	Invested capital (NT\$ 1,000)	Investment shares (1,000)
Yuanta Securities Vietnam	92.62% held by subsidiary, Yuanta Asia Financial Services, a subsidiary of Yuanta Securities, 7.38% held by Yuanta Securities (HK), an indirect subsidiary of Yuanta Securities, and a total of 100% held by both.	2,988,837	(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 (HK)	100% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	204,189	50,000
Yuanta International Investment (HK)	100% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	204,189	50,000
Yuanta Investment Management (Cayman)	100% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	350,108	12,500
PT Yuanta Sekuritas Indonesia	99% held by Yuanta Securities (HK), an indirect subsidiary of subsidiary Yuanta Securities	1,009,676	474
PT Yuanta Asset Management (in liquidation)	99.998% held by PT Yuanta Securities Indonesia, an indirect subsidiary of subsidiary Yuanta Securities, and 0.002% held by Yuanta Securities (HK), an indirect subsidiary of Yuanta Securities, and a total of 100% held by both.	120,914	51
Yuanta Investment	100% held by Yuanta Securities (Korea), an indirect subsidiary of subsidiary Yuanta Securities	1,662,011	6,401
Yuanta Financial (HK)	100% held by Yuanta Securities (Korea), an indirect subsidiary of subsidiary Yuanta Securities	801,918	18,954
Yuanta Securities (Cambodia)	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.

II. Information on Directors, Independent Directors and Managers

(I) Directors'/Independent Director's information

As of January 31, 2022

Title	Name	Nationality or Place of Registration	Gender	Date when first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in the Company 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	Relationship
Chairman	Republic of China	Ting-Chien Shen (Tony)	M 71	2019.06.14	Three years	2009/04.16	4,606,315	0.04%	5,384,398	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	Wei Chen Ma (Michael)	M 52	2019.06.14	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 Reihcorp International Limited; Special Assistant of Chairman of Yuanta Construction Development	Director of Yuanta Bank; Director of Yuanta Construction Development; Director of Yuan Hung Investment; Chairman of Yuanta Foundation; Director of Yuanta Life; Director of International Taipei Trade Building, World Trade Center Co., Ltd.; Director of TWSE; Director of Reihcorp International Limited; Director of Yuanta International Investment; Director of Sunshine City Global (Pte) Limited; Director of Empire Vision Limited	—	—	
Director	Republic of China	Representative of Tsun Chueh Investment Chung Yuan Chen	M 72	2019.06.14	Three years	2016.06.16	Holds 413,220,950 shares with Director Daniel Y.M. Song on behalf of Tsun Chueh Investment Co., Ltd. and also individually holds 2,300,000 shares	3.54%	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%	—	—	—	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	—	—	

Title	Name	Nationality or Place of Registration	Gender	Date when first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in the Company 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	Relationship
Director	Republic of China	Representative of Modern Investment; Chao Kuo Chiang	M 66	2019.06.14	Three years	2019.06.14	Holds 106,685,335 shares on behalf of Modern Investment Co., Ltd. and also individually holds 255,515 shares	0.91%	Holds 127,445,068 shares on behalf of Modern Investment Co., Ltd. and also individually holds 524,579 shares	1.05%	—	—	—	—	Doctor of Law, University of Hamburg Vice Chairman of Yuanta Life Insurance Co., Ltd.; Member of National Pension Supervisory Committee; Minister of Justice; Chairman of Taiwan Insurance Guaranty Fund; Dean of College of Law, National Taipei University; Chair of Department (Graduate Institute) of Law, National Taipei University; Chairman of the Institute of Financial Law and Crime Prevention; Chairman of Taiwan Insurance Institute; Director of Central Reinsurance Corporation	Chairman of Yuanta Life; Director of Yuanta Foundation; Independent Director of Wistron Information Technology & Services Corp	—	—
Director	Republic of China	Representative of Tsun Chueh Investment; Daniel Y.M. Song	M 61	2019.06.14	Three years	2019.06.14	Holds 413,220,950 shares together with Director Chung Yuan Chen on behalf of Tsun Chueh Investment Co., Ltd. and also individually holds 249,305 shares	3.54%	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%	—	—	—	—	Master of Law, Columbia University Partner, Lee and Li Attorneys-at-Law; Attorney-at-Law, New York, the USA; Prosecutor, Taiwan Taching District Prosecutors Office; Prosecutor assisting Ministry of Justice	Chairman of Yuanta Asset Management; Director of Yuanta Bank; Director of UNI AIR; Director of Yuanta Life; Director of Sunshine City Global (Pte) Limited	—	—
Independent Director	Republic of China	Ming Ling Hsieh	M 67	2019.06.14	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 of Science and Technology School of Management; Member of the Board of Examiners for Senior Professional and Technical Examination of the R.O.C.	Independent Director of Yuanta Bank; Life-On Technology Corporation; TTY Biopharm, Walsin Lihea Corp.; Standing Director of Taiwan Corporate Governance Association; Director of Tung Hua Book Co., Ltd.	—	—

Title	Name	Nationality or Place of Registration	Gender	Date when first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in the Company 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	Relationship
Independent Director	Republic of China	Kuang Si Shiu	M 71	2019/06/14	Three years	2019/06/14	—	—	—	—	—	—	—	—	Independent Director of Yuanfa Bank; Supervisor of Yu Cheng Investment Co., Ltd.; Supervisor of The Promised Land Foundation; Director of Caman Clai Co., Ltd.; Supervisor of Ti Mo Tai Investment Co., Ltd.; Independent Director of United Microelectronics Corporation	—	—	—
Independent Director	Republic of China	Yin Hui Yeh	M 57	2019/06/14	Three years	2016/06/16	—	—	—	—	—	—	—	—	Professor, Department of Information Management and Finance, NYCU; Independent Director of Yuanfa Bank; Independent director of Yuanfa Life; Director of Yuanfa Foundation; Member of National Financial Stability Fund Management Commission, Executive Yuan; Director of Taiwan Insurance Institute	—	—	—

Title	Name	Nationality or Place of Registration	Gender	Date when first elected	Date elected	Term (years)	Shareholding when elected		Current shareholding		Shareholdings of spouse and underage children		Shareholding under another		Education and selected past positions	Other concurrent positions in the Company 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	Relationship
Independent Director	Republic of China	Hsing Yi Chow	M 63	2019/06/14	Three years	2019/06/14	—	—	—	—	—	—	—	—	Doctorate, Indiana University Kelley School of Business Director and Supervisor of Taipei Exchange; Director of Securities and Futures Institute; Independent 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	Emeritus Professor of NCCU Department of Finance; Independent Director of Yuanta Securities; Independent Director of Coretronic Corp.; Chairman of Financial Literacy & Education Association (FINLEA); Chairman of NCCU Griffiths; Director of Global Views Educational Foundation; Director of ESG World Citizens & Digital Governance Foundation (ESGWD)	—	—

Note 1: The contents above, including shares and shareholding ratios, were based on actual shareholdings on January 31, 2022. 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 14, 2019, and the directors shall hold the position from June 14, 2019 until June 13, 2022.

Note 3: The Company convened the Board of Directors meeting to elect Mr. Tony Shen as the Chairman of Board on June 14, 2019.

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 12,137,435,914 shares outstanding as of January 31, 2022.

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, 2022

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, 2022

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

<div>Qualification</div> <div>Name</div>	Professional Qualifications and Experience	Compliance of Independence (Note 2)	Number of positions as an Independent Director in other public listed companies (Note 1)
Chairman Ting Chien Shen (Tony)	<p>Chairman Tony Shen used to be the Chairman of Yuanta Polaris Securities(2009/4~2014/6), and also the Company's President(2009/9~2013/5, 2014/7~2019/6), Vice Chairman (2013/6~2014/7)and Chairman(2013/6~2013/11, 2019/6~2019/6 so far), who satisfies the professional qualifications referred to in 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.</p>	<ol style="list-style-type: none"> Not an employee of the company or an affiliate. The director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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 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 (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). 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 (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). 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 (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). 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 (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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 sub-paragraphs 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)
Director Wei Chen Ma (Michael)	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 the company or an affiliate. 2. The director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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. The 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 (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). 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 the Company (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). 7. The 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 (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). 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 the Company (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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)
Director Chung Yuan Chen	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 so far) and Yuanta Bank(2016/5 so far), 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 the company or an affiliate. 2. The director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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 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 (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). 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 the Company (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). 7. The 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 (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). 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 the Company (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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 sub-paragraphs 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)
Director Chao Kuo Chiang	Director Chao Kuo Chiang is the Chairman of Yuanta Life, who has held the position as the Vice Chairman of Yuanta Life(2014 so far) or above for more than five years and should have satisfied the professional qualifications referred to in Paragraph 9 of Article 9 of the Regulations Governing Qualification Requirements for Responsible Persons of Financial Holding Companies. Meanwhile, he used to be a member of the National Pension Supervisory Committee, Ministry of the Interior(2016~2017), Chairman of Taiwan Insurance Guaranty Fund(2009~2010), Chairman of Taiwan Insurance Institute(2000~2003) and Director of Central Reinsurance Corporation(1990~1993). He holds the expertise in management and corporate governance of financial holding company and life insurance business.	<ol style="list-style-type: none"> 1. Not an employee of the company or an affiliate. 2. The director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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 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 (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). 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 the Company (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). 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 the Company (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). 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 the Company (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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 sub-paragraphs 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)
Director Daniel Y.M. Song	<p>Director Daniel Y. M. Song, currently the Chairman of Yuanta Asset Management(2019/1 so far), 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 the company or an affiliate. 2. The director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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 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 (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). 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 the Company (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). 7. The 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 (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). 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 the Company (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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 sub-paragraphs 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)
Independent Director Ming Ling Hsueh	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 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 so far) 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 the company or an affiliate. 2. Not a director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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 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 (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). 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 the Company (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). 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 the Company (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). 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 the Company (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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 sub-paragraphs of Article 30 of the Company Act. 1. 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)
Independent Director Kuang Si Shiu	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 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 the company or an affiliate. 2. Not a director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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 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 (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). 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 the Company (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). 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 the Company (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). 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 the Company (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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 sub-paragraphs 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)
Independent Director Yin Hua Yeh	Independent Director Yin Hua Yeh holds the position as Professor, Institute of Finance, NCTU(2012/8 so far), whose expertise covers corporate governance, merger and acquisition, and management of financial institutions. He used to be a commissioner of the Financial Supervisory Commission(2008/7~2012/6), Supervisor of Taipei Exchange (TPEX) (2012/8~2021/7), Resident Supervisor of Taiwan Stock Exchange Corporation (TWSE) (2004/7~2008/6), Director of Taiwan Insurance Guaranty Fund(2015/7~2021/5), Vice-Head of The Valuation Division Financial Restructuring Fund(2005/7~2008/6), Director of Securities and Futures Investors Protection Center(2008/9~2010/8), and Committee Member of Special Committee on Corporate Governance Reform, Executive Yuan, R.O.C. (2003/1~2003/8), satisfying 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. He holds the expertise in management and corporate governance of a financial holding company and financial business and also finance.	<ol style="list-style-type: none"> Not an employee of the company or an affiliate. Not a director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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 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 (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). 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 (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). 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 (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). 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 (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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)
Independent Director Hsing Yi Chow	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"> 1. Not an employee of the company or an affiliate. 2. Not a director or supervisor of the Company or any of its affiliated companies (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). 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 the Company's total outstanding shares, nor is one of the Company'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 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 (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). 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 the Company (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). 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 the Company (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). 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 the Company (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 the Company that is an independent director in the Company, 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 the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company 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 sub-paragraphs 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

- Note 1: The Company's Independent Directors include, Mr. Ming Ling Hsueh who is concurrently acting as the independent director of Yuanta Bank, Mr. Yin Hua Yeh concurrently acting as the independent director of Yuanta Bank and Yuanta Life, 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. 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. 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:

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 2019) 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’ professional backgrounds involve laws, economics, accounting, finance, business administration, and business studies, et al. The members are specialized and experienced in banking, securities, insurance futures and asset management as required by the financial holdings industry. Many of the directors are also experienced in practical management or execution of merger and acquisition, information technology and

construction, therefore, make a contribution to Yuanta FHC's domestic/overseas business management and risk control. Such composition completely satisfies Yuanta FHC's strategy transformed from the initial three-pillar development, namely securities, banking and insurance development, to the development oriented toward "solidification of cores and driving of growth".

Among the directors of the board of the eighth term, Director Tony Shen has worked for Yuanta Securities for more than three decades, who, 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 director specialized in securities. Director Chao Kuo Chiang has held the position as Vice Chairman and then Chairman since Yuanta FHC acquired the right to manage Yuanta Life in 2014, who led Yuanta Life to grow stably and founded brands, as the director specialized in insurance. Independent Director Kuang Si Shiu has worked in the banking industry for more than four decades, who are experienced in dealing with international banking business, global layout and OBU management, as the director specialized in banking. Independent Director Yin Hua Yeh has held some critical job positions in financial supervisor authorities and their peripheral businesses, who are well experienced in promoting corporate governance business, as the director specialized in finance. Independent Director Ming Ling Hsueh has practiced as a CPA for more than three decades, and used to be the President of PwC – Taiwan (from 2006 to 2013). Through practicing in the CPA business, he has experience in auditing financial statements for financial holding companies of 9 years, is Yuanta FHC's independent director specialized in accounting. Furthermore, Director Wei Chen Ma (Michael), Director Chung Yuan Chen and Independent Director Hsing Yi Chow are experienced in the information industry, technology industry, and construction industry. Director Chao Kuo Chiang and Director Daniel Y.M. Song are specialized in law. Director Wei Chen Ma (Michael) and four independent directors are specialized in finance and accounting. Director Wei Chen Ma (Michael) and Director Chung Yuan Chen are experienced in engineering and information technology (IT). 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 business.

The average term of Yuanta FHC's directors of the board is 6 years. One of the directors has held the position for 12 - 14 years, one of the directors for 8 - 11 years, three of the directors for 5 - 7 years, and four of the directors for 0 - 4 years. Yuanta FHC's directors are all male, including two at the age of 51 - 60 years old, and four at the age of 61 - 70 years old, three at the age of 71 - 75 years old. The average age is 64.

Concerning the diversity policy on the Board of Directors, the elected independent directors of the 8th term already accounted for 44% of the elected directors. A total of four (4) 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" and, therefore, the target for the number of natural-person professional directors has been achieved earlier. Meanwhile, Yuanta FHC plans to 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 aims at 30% as the long-term target.

There is no such relationship as spouse or relative within the second degree of kinship of each other existing between Yuanta FHC's directors and independent directors. Apparently, Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act are met, and Yuanta FHC's Board of Directors should be considered functioning independently.

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

Name	Professional skills
Chairman Ting Chien Shen (Tony)	71 years old male/Date of Appointment: April 16, 2009/Term of Office: 13 years/Nationality: Republic of China
	With the experience in the industries including financial holding companies and securities houses. With the expertise in finance, marketing 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.
Director Wei Chen Ma (Michael)	52 years old male/Date of Appointment: June 1, 2013/Term of Office: 9 years/Nationality: Republic of China
	With the experience in the industries including finance, banking, life insurance, securities, information technology and construction, etc. With the expertise in finance, finance, 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.
Director Chung Yuan Chen	72 years old male/Date of Appointment: June 16, 2016/Term of Office: 6 years/Nationality: Republic of China
	With the experience in the industries including utilities, electrical and mechanical work, education & culture, and construction, etc. With the expertise in finance, engineering and construction, and the abilities for business management, risk management, leadership and decision-making.
Director Chao Kuo Chiang	66 years old male/Date of Appointment: June 14, 2019/Term of Office: 3 years/Nationality: Republic of China
	With the experience in the industries including life insurance and information technology. With the expertise in finance, laws, statistics, actuarial science 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.
Director Daniel Y.M. Song	61 years old male/Date of Appointment: June 14, 2019/Term of Office: 3 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.

Name	Professional skills
Independent Director Ming Ling Hsueh	67 years old male/Date of Appointment: June 16, 2016/Term of Office: 6 years/Nationality: Republic of China
	With the experience in the industries including finance, banking, information technology and medicines, etc. With the expertise in banking, finance, accounting and information technology, and the abilities for accounting and financial analysis, business management, risk management, international market, merger & acquisition, leadership and decision-making.
Independent Director Kuang Si Shiu	71 years old male/Date of Appointment: June 14, 2019/Term of Office: 3 years/Nationality: Republic of China
	With the experience in the industries including finance and banking. With the expertise in finance, marketing 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.
Independent Director Yin Hua Yeh	57 years old male/Date of Appointment: June 16, 2016/Term of Office: 6 years/Nationality: Republic of China
	With the experience in the industries including finance and securities. With the expertise in banking, finance and risk management, and the abilities for financial analysis, international market and merger & acquisition.
Independent Director Hsing Yi Chow	63 years old male/Date of Appointment: June 14, 2019/Term of Office: 3 years/Nationality: Republic of China
	With the experience in the industries including securities and information technology. With the expertise in banking, finance and risk management, and the abilities for business management, financial analysis, international market, merger & acquisition, leadership and decision-making.

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

As of January 31, 2022

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	1,708,005	0.01%	6,690	0.00%	—	—	Bachelor in Law, Fu Jen Catholic University Chairman of Yuanta Venture Capital; Yuanta I Venture Capital; Executive Vice President of Yuanta FHC	Director of Yuanta Bank; Independent Director of Taiwan FamilyMart Co., Ltd.; Director of Yuanta Foundation	—	—	—
Internal Auditing Dept. Auditor-General	Republic of China	Ming Hsiao Tsai	M	2016.07.01	1,115,071	0.01%	—	—	—	—	MBA, National Chung Hsing University President of Ta Chong Bank	None	—	—	—
Risk Management Dept. Senior Vice President (Chief Risk Officer)	Republic of China	Hsuan Min Kuo	M	2020.11.20	458,338	0.00%	—	—	—	—	M.A. in International Business Administration, National Taiwan University Senior Vice President of Yuanta Securities	Supervisor of Yuanta Securities Investment Consulting; Senior Vice President of Yuanta Life	—	—	—
Secretariat Office Senior Vice President (Chief Secretary)	Republic of China	Lawrence Lee	M	2017.09.01	189,460	0.00%	925,815	0.01%	—	—	Master in Law, Soochow University Chairman of Yuanta Asset Management; Ta Chong Securities; President of Yuanta Securities Finance; Yuanta Financial Consulting	Executive Vice President of Yuanta Securities	—	—	—
Senior Vice President (Chief Strategy Officer)	Republic of China	Chieh Wu	M	2020.11.20	309,330	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; Chairman of Wei Ran Investment; Director of Yuanta Venture Capital; Director of Yuanta I Venture Capital	—	—	—
Institutional IR Dept. and International Division Senior Vice President (Chief International Operation Officer)	Republic of China	Allen Wu	M	2008.09.23 2017.01.01	803,886	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.	—	—	—
Digital Development Division Senior Vice President (Chief Digital Development Officer)	Republic of China	Mei Ling Kuo	F	2019.01.02	127,379	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	—	—	—
Compliance Affairs Dept. Senior Vice President (Chief Compliance Officer)	Republic of China	Wen Ching Chiu	F	2018.02.01	146,166	0.00%	—	—	—	—	Bachelor in Law, National Chengchi University Senior Vice President of Yuanta Securities	Senior Vice President of Yuanta Bank; Director of Yuanta Life	—	—	—
Information Security Dept. Senior Vice President (Chief Information Security Officer)	Republic of China	Hsiao Mei Chen	F	2020.12.28	493,189	0.00%	9,803	0.00%	—	—	MBA, National Taiwan University Senior Vice President of Yuanta FHC	Senior Vice President of Yuanta Bank	—	—	—
Finance Dept. Senior Vice President (Chief Financial Officer)	Republic of China	Hsu Shu Mai	M	2017.07.01	966,606	0.01%	—	—	—	—	Master degree in Finance, National Taiwan University Senior Vice President of Yuanta Securities	Senior Vice President of Yuanta Bank; Director of Yuanta Life; Supervisor of Yuanta Asset Management, Yuanta Securities Finance	—	—	—

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
Human Resources Dept. Senior Vice President (Chief HR Officer)	Republic of China	Sophia Chang	F	2014.07.01	466,081	0.00%	—	—	—	—	Master of Professional Accounting, National Taiwan University Senior Vice President of Yuanta Life	Senior Vice President of Yuanta Bank	—	—	—
Administration Dept. Senior Vice President (Chief Admin. Officer)	Republic of China	Robert C.S. Yang	M	2014.07.21	291,837	0.00%	—	—	—	—	Doctor of Philosophy in News & Mass Communication, Jinan University Vice President of Yuanta FHC	Senior Vice President of Yuanta Bank; Director of Yuanta Asset Management	—	—	—
Corporate Banking Division Senior Vice President (Chief Corporate Banking Officer)	Republic of China	Hsiao Ling Chou	F	2021.11.01	971,977	0.01%	—	—	—	—	Master degree in Finance, National Taiwan University President of Yuanta Futures	Vice Chairman of Yuanta Futures; Director of Yuanta Venture Capital; Director of Yuanta 1 Venture Capital; Director of Yuanta Foundation; Director of SYF Information (Shanghai); Director of SYF Information; Director of Taiwan Futures Exchange; Independent Director of Luo Lih-Fen Holding Co., Ltd	—	—	—
Operational Support Dept. Senior Vice President (Chief Operational Support Officer)	Republic of China	Ming Lang Liu	M	2017.09.01	675,375	0.01%	—	—	—	—	Bachelor in Business Administration, Tamkang University Senior Vice President of Yuanta Securities	Director of Yuanta Life, Yuanta Securities Finance; Executive Vice President of Yuanta Securities	—	—	—
IT Dept. Vice President (Chief Information Officer)	Republic of China	Fang Ming Lo	M	2020.04.01	51,640	0.00%	40,109	0.00%	—	—	Bachelor of Computing Engineering, Tamkang University Senior Assistant Vice President Yuanta Securities	Vice President of Yuanta Securities; Director of Yuanta Securities Finance	—	—	—
Accounting Dept. Vice President (Chief Accounting Officer)	Republic of China	Hui-Jung Lu	F	2020.07.01	284,553	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	—	—	—
Legal Affairs Dept. Vice President (Chief Legal Officer)	Republic of China	Yung Chu Su	F	2021.01.01	25,713	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, Yuanta 1 Venture Capital, Yuanta Securities Finance; Director of Yuanta Securities (HK); Director of EMPIRE VISION LIMITED, SUNSHINE CITY GLOBAL (PTC) LIMITED	—	—	—
Corporate Banking Division Vice President (Vice Chief of Corporate Banking Officer)	Republic of China	Yi Wen Ma	F	2018.05.01	178,319	0.00%	—	—	—	—	Master of Business Administration, National Chengchi University Vice President of Yuanta Securities	Senior Vice President of Yuanta Securities	—	—	—
Administration Dept. Senior Assistant Vice President (Deputy Chief Admin. Officer)	Republic of China	Bo Chang Li	M	2013.07.01	440,951	0.00%	—	—	—	—	Department of Electronic Engineering, You De High School Senior Assistant Vice President Yuanta Securities	Vice President of Yuanta Securities; Responsible person of Chengde Building	—	—	—
Corporate Planning Dept. Senior Assistant Vice President (Department Head)	Republic of China	Pei Yu Chen	M	2019.12.01	127,331	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	—	—	—

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
Institutional IR Dept. Vice President (Deputy Head of Department)	Republic of China	Wei Chen Chang	M	2021.05.01	108,572	0.00%	—	—	—	—	MBA, Tulane University Vice President of Yuanta Securities	Vice President of Yuanta Bank	—	—	—
Finance Dept. Senior Assistant Vice President (Deputy Head of Department)	Republic of China	Wen Ching Hsu	M	2020.08.21	222,806	0.00%	—	—	—	—	Master of Financial Management, National Sun Yat-Sen University Senior Assistant Vice President Yuanta Securities	Vice President of Yuanta Securities; Director of Yuanta Securities (HK)	—	—	—
Internal Auditing Dept. Senior Assistant Vice President (Deputy Head of Department)	Republic of China	Ho Hsing Pan	F	2021.11.26	2,413	0.00%	—	—	—	—	GMBA, University of South Australia Assistant Vice President of Yuanta Securities Investment Trust	None	—	—	—
Administration Dept. Senior Assistant Vice President	Republic of China	Hsien Chun Li	M	2016.06.01	55,926	0.00%	—	—	—	—	Electronic Equipment Maintenance Department, Chih-Kuang Vocational High School of Business & Technology Assistant Vice President of Yuanta Securities	Senior Assistant Vice President Yuanta Securities	—	—	—
Administration Dept. Assistant Vice President	Republic of China	Hsin Tang Huang	M	2012.04.16	—	—	—	—	—	—	Bachelor in Mass Communication, Fu Jen Catholic University Assistant Vice President of Yuanta Securities	None	—	—	—
Finance Dept. Assistant Vice President	Republic of China	Chia Hui Lin	F	2020.07.01	—	—	1,040	0.00%	—	—	Bachelor of International Trade, Chinese Culture University Senior Manager of Yuanta FHC	None	—	—	—
Finance Dept. Assistant Vice President	Republic of China	Yu Ling Chu	F	2020.08.01	—	—	—	—	—	—	Master of Finance, St. John's University Manager of Yuanta FHC	Assistant Vice President of Yuanta Securities	—	—	—
IT Dept. Assistant Vice President	Republic of China	Po Yi Wu	M	2014.04.01	5,969	0.00%	—	—	—	—	Master of Administration, National Taiwan University of Science and Technology Assistant Vice President of Yuanta Securities	None	—	—	—
Human Resources Dept. Assistant Vice President	Republic of China	Hui Ying Lin	F	2020.07.01	1,275	0.00%	—	—	—	—	Master of Industrial Education, National Taiwan Normal University Professional Assistant Vice President of Yuanta Bank	None	—	—	—
Human Resources Dept. Assistant Vice President	Republic of China	An Ting Cheng	F	2021.06.01	17,417	0.00%	—	—	—	—	Bachelor in Sociology, National Chengchi University Professional Manager of Yuanta Securities Investment Trust	None	—	—	—
Risk Management Dept. Assistant Vice President	Republic of China	Chen Hung	F	2021.06.01	—	—	—	—	—	—	Master degree in Finance, National Central University Professional Manager of Yuanta Securities	Professional Senior Manager of Yuanta Life	—	—	—
Secretariat Office 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	—	—	—

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
Secretariat Office Assistant Vice President	Republic of China	Hui Wei Tsai	F	2021.06.01	—	—	—	—	—	—	Bachelor of International Trade, Ming Chuan University Manager of Yuanta Securities Investment Trust	None	—	—	—
Institutional IR Dept. Assistant Vice President	Republic of China	Tzu Miao Chen	F	2020.07.01	2,523	0.00%	—	—	—	—	MBA, The University of Sheffield Senior Manager of Yuanta FHC	Professional Senior Manager of Yuanta Bank	—	—	—
International Division Assistant Vice President	Republic of China	Fu Mei Chen	F	2020.07.01	5,416	0.00%	—	—	—	—	Master of International Trade, Tamkang University Senior Manager of Yuanta Securities	Senior Manager of Yuanta Bank	—	—	—

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, 2021

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 subsidiaries, or other than parent company		
		Wages (A)		Pension upon retirement (B)		Compensation to directors (C)		Service Expenses (D)		Wages, bonuses, and special allowances, etc. (E)		Pension upon retirement (F)		Employee Compensation (G)			The Company	Companies included into the financial statement
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	Cash	Stock			
Director	Ting Chen Shent(Tony)																	
Director	Wei Chen Ma (Michael)																	
Director	Representative of Tsun Chueh Investment Co., Ltd.: Chung Yuen Chen	73,000	127,000	0	0	282,414	282,414	1,325	4,301	0	0	0	0	0	0	356,739	413,715	
Director	Representative of Modern Investment Co., Ltd.: Chao Kuo Chang									1.02%	1.99%					1.02%	1.19%	
Director	Representative of Tsun Chueh Investment Co., Ltd.: Daniel Y.M. Song																	
Independent Director	Ming Ling Hsueh																	
Independent Director	Kuang Si Shia	8,640	15,360	0	0	0	0	1,040	3,435	9,680	18,795	0	0	0	0	9,680	18,795	
Independent Director	Yin Hua Yeh									0.03%	0.05%					0.03%	0.05%	
Independent Director	Hsing Yi Chow																	

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 the Company's independent directors is decided based on their experience, functions, and contribution, and expected or actual risks, 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. In order to avoid direct or indirect conflict of interest with the Company, the remuneration is paid at fixed amount on a monthly basis, excluded from the Company'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.

Other than the remuneration disclosed in said table, the remuneration received by any of the Company'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.

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 the Company's independent directors is decided based on their experience, functions, and contribution, and expected or actual risks, 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. In order to avoid direct or indirect conflict of interest with the Company, the remuneration is paid at fixed amount on a monthly basis, excluded from the Company'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 received by any of the Company'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, 2021

Breakdown of remuneration to directors (NT\$)	Directors			
	Sum of foregoing four items (A+B+C+D)	Companies included into the financial statement (H)	Sum of foregoing seven items (A+B+C+D+E+F+G)	Companies included into the financial statement (I)
	The Company		The Company	
Below 1,000,000	Chung Yuan Chen, Chao Kuo Chiang, Daniel Y.M. Song	Chung Yuan Chen	Chung Yuan Chen, Chao Kuo Chiang, Daniel Y.M. Song	Chung Yuan Chen
1,000,000 (inclusive) ~ 2,000,000 (exclusive)				
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Ming Ling Hsueh, Kuang Si Shiu, Yin Hua Yeh, Hsing Yi Chow		Ming Ling Hsueh, Kuang Si Shiu, Yin Hua Yeh, Hsing Yi Chow	
3,500,000 (inclusive) ~ 5,000,000 (exclusive)		Ming Ling Hsueh, Kuang Si Shiu, Hsing Yi Chow		Ming Ling Hsueh, Kuang Si Shiu, Hsing Yi Chow
5,000,000 (inclusive) ~ 10,000,000 (exclusive)		Yin Hua Yeh		Yin Hua Yeh
10,000,000 (inclusive) ~ 15,000,000 (exclusive)				
15,000,000 (inclusive) ~ 30,000,000 (exclusive)		Chao Kuo Chiang		Chao Kuo Chiang
30,000,000 (inclusive) ~ 50,000,000 (exclusive)		Daniel Y.M. Song		Daniel Y.M. Song
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	Ting Chien Shen(Tony), Wei Chen Ma (Michael), Modern Investment Co., Ltd.	Ting Chien Shen(Tony), Wei Chen Ma (Michael), Modern Investment Co., Ltd	Ting Chien Shen(Tony), Wei Chen Ma (Michael), Modern Investment Co., Ltd	Ting Chien Shen(Tony), Wei Chen Ma (Michael), Modern Investment Co., Ltd
Over 100,000,000	Tsun Chueh Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd.
Total	11	11	11	11

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.

(III) Remuneration to President, and Vice Presidents

As of December 31, 2021
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 investors other than subsidiaries, or parent company
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Cash	Stock	The Company	Companies included into the financial statement	
President	Chien Weng												
Internal Auditing Dept. Auditor-General	Ming Hsiu Tsai												
Risk Management Dept. Senior Vice President (Chief Risk Officer)	Hsuan Min Kuo												
Secretariat Office Senior Vice President (Chief Secretary)	Lawrence Lee												
Senior Vice President (Chief Strategy Officer)	Chieh Wu												
Institutional IR Dept. and International Division Senior Vice President (Chief International Operation Officer)	Allen Wu	33,337	85,234	0	0	112,819	372,741		727	0	146,883 0.42	459,321 1.32	None
Digital Development Division Senior Vice President (Chief Digital Development Officer)	Mei Ling Kuo												
Compliance Affairs Dept. Senior Vice President (Chief Compliance Officer)	Wen Ching Chiu												
Information Security Dept. Senior Vice President (Chief Information Security Officer)	Hsiu Mei Chen												
Financial Dept. Senior Vice President (Chief Financial Officer)	Hsu Shu Mai												
Human Resources Dept. Senior Vice President (Chief HR Officer)	Sophia Chang												

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
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	Cash	Stock	The Company	Companies included into the financial statement	
Administration Dept. Senior Vice President (Chief Admin. Officer)	Robert C.S. Yang													
Corporate Banking Division Senior Vice President (Chief Corporate Banking Officer)	Hsiao Ling Chou													
Operational Support Dept. Senior Vice President (Chief Operational Support Officer)	Ming Lang Liu													
IT Dept. Vice President (Chief Information Officer)	Fang Ming Lo													
Accounting Dept. Vice President (Chief Accounting Officer)	Hui-Jung Lu													
Legal Affairs Dept. Vice President (Chief Legal Officer)	Yung Chu Su													
Corporate Banking Division Vice President (Vice Chief of Corporate Banking Officer)	Yi Wen Ma													
Institutional IR Dept. Vice President (Deputy Head of Department)	Wei Chen Chang													
Corporate Banking Division Former Senior Vice President (Former Chief Corporate Banking Officer)	Hsin Hui Tseng													
Corporate Banking Division Former Senior Vice President (Former Chief Corporate Banking Officer)	Tsai Yu Chang													
Risk Management Dept. Former Vice President (Former Vice Chief Risk Officer)	Wen Yi Chang													

* 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, 2021

Breakdown of remuneration to president and vice presidents (NT\$)	President and vice presidents	
	The Company	Companies included into the financial statement (E)
Below 1,000,000	Lawrence Lee, Chieh Wu, Mei Ling Kuo, Hsiu Mei Chen, Sophia Chang, Ming Lang Liu, Fang Ming Lo, Hui-Jung Lu, Yung Chu Su, Yi Wen Ma, Wei Chen Chang, Hsin Hui Tseng, Tsai Yu Chang	
1,000,000 (inclusive) ~ 2,000,000 (exclusive)		Tsai Yu Chang
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Hsiao Ling Chou	
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Allen Wu,	Hsiao Ling Chou
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Wen Ching Chiu, Hsu Shu Mai, Wen Yi Chang	Wei Chen Chang, Wen Yi Chang
10,000,000 (inclusive) ~ 15,000,000 (exclusive)		Lawrence Lee, Fang Ming Lo, Hsin Hui Tseng
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	Ming Hsiu Tsai, Hsuan Min Kuo, Robert C.S. Yang	Ming Hsiu Tsai, Hsuan Min Kuo, Allen Wu, Mei Ling Kuo, Wen Ching Chiu, Hsiu Mei Chen, 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	Chieh Wu
50,000,000 (inclusive) ~ 100,000,000 (exclusive)		Chien Weng
Over 100,000,000		
Total	22	22

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\$1,465 thousand, was excluded from the remuneration.

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

Wei Chen Chang held the position from May 1, 2021. Hsiao Ling Chou held the position from November 1, 2021.

Hsin Hui Tseng held the position until September 30, 2021. Tsai Yu Chang held the position from October 1, 2021 to October 31, 2021. Wen Yi Chang held the position until November 10, 2021.

(V) Managers receiving employee compensation and state of distribution

As of December 31, 2021

Unit: NT\$1,000; %

Title		Name	Stock	Cash	Total	The sum as percentage of net income (%)
Managers	President	Chien Weng	0	781	781	0.002
	General Auditor, Internal Auditing Dept.	Ming Hsiu Tsai				
	Senior Vice President, Risk Management Dept. (Chief Risk Officer)	Hsuan Min Kuo				
	Senior Vice President, Secretariat Office (Chief Secretary)	Lawrence Lee				
	Senior Vice President (Chief Strategy Officer)	Chieh Wu				
	Institutional IR Dept. and International Division Senior Vice President (Chief International Operation Officer)	Allen Wu				
	Senior Vice President, Digital Development Division (Chief Digital Development Officer)	Mei Ling Kuo				
	Senior Vice President, Compliance Affairs Dept. (CCO)	Wen Ching Chiu				
	Senior Vice President, Information Security Dept. (CISO)	Hsiu Mei Chen				
	Senior Vice President, Financial Dept. (CFO)	Hsu Shu Mai				
	Senior Vice President, Human Resources Dept. (CHRO)	Sophia Chang				
	Senior Vice President, Administrative Management Dept. (CAO)	Robert C.S. Yang				
	Senior Vice President, Corporate Banking Division (Chief Corporate Banking Officer)	Hsiao Ling Chou				
	Senior Vice President, Operational Support Dept.(Chief Operational Support Officer)	Ming Lang Liu				
	Vice President, Information Dept. (CIO)	Fang Ming Lo				
	Vice President, Accounting Dept. (CAO)	Hui-Jung Lu				
	Vice President, Legal Affairs Dept. (CLO)	Yung Chu Su				
	Vice President, Corporate Banking Division (Vice Chief of Corporate Banking Officer)	Yi Wen Ma				
	Senior Assistant Vice President, Admin. Management Dept. (Vice CAO)	Po Ching Li				
	Senior Assistant Vice President, Corporate Planning Dept. (Department Head)	Pei Yu Chen				
	Vice President, Institutional IR Dept. (Deputy Head of Department)	Wei Chen Chang				
	Former Senior Vice President, Corporate Banking Division (Former Chief Corporate Banking Officer)	Hsin Hui Tseng				
	Former Senior Vice President, Corporate Banking Division (Former Chief Corporate Banking Officer)	Tsai Yu Chang				
	Former Vice President, Risk Management Dept. (Former Vice Chief Risk Officer)	Wen Yi Chang				

Note: The employee remuneration allocated to managers in 2021 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

Unit: NT\$1,000; %

Year/ Item	Net income	Directors' remuneration		Ratio of directors' remuneration to net income		Remuneration of president and vice presidents		Ratio of president and vice presidents' remuneration to net income	
		The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement	The Company	Companies included into the financial statement
2020	24,104,576	255,626	317,709	1.06%	1.32%	120,134	299,575	0.50%	1.24%
2021	34,865,957	366,419	432,510	1.05%	1.24%	146,883	459,321	0.42%	1.32%

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. In order to avoid direct or indirect conflict of interest with Yuanta FHC, 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, 2021

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	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.	2,400	0.007%

(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 Nomination 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, finance, 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.

The Company reelected the Board of Directors in whole on June 14, 2019. The former Chairman, Rong Jou Wang, transferred the powers to the former President, Tony Shen. In 2020, Mr. Kuo Yuan Liang (Chairman and also President of Yuanta-

Polaris Research Institute) and Mr. Da Jing Li (Former Vice Chairman and COO of Stark Technology) were recruited to serve as the directors of the subsidiary, Yuanta Bank. Ms. Huei Er Yuan (Former Partner of PwC and Former Chairman of PwC Financial Consulting Service) served as the independent director of Yuanta Futures. 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. Vice Chairman of Yuanta Securities Finance, Yu De Chuang, used to be the CCO of Yuanta FHC. The Chairman of Yuanta Futures, Tien Fu Lin, Chairman of Yuanta Securities Finance, Shao Sing Gong, Chairman of Yuanta Venture Capital, Chi Chang Chen, and Vice Chairman of Yuanta Securities Investment Trust, Yu Lan Cheng all used to be the senior management of Yuanta Securities. All of these reflect the Company's performance of the "profession" and "transfer" 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, 94.5% of whom held the position after job transfer and internal promotion. Yuanta FHC values the training of successors. 96.3% 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, 1~3 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 interim 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 annual training development and successor cultivation to the Board of Director of 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 review and approval.

The examples about succession to the Company's key management in 2021 include the following: Vice Chairman of Yuanta Futures, Hsiao Ling Chou, served as the CEO of the Company's Corporate Banking Division concurrently; the Chief Risk Officer, Hsuan Min Kuo, served as Senior Vice President of Yuanta Life; the Vice Chief Risk Officer, Wen Yi Chang, transferred and served as the General Auditor of Yuanta Life. Said persons were all promoted or transferred internally, as the Company valued the profession and work experience transfer and development mechanism, which lay the solid foundation of the Group's sustainability.

IV. Status of Corporate Governance

(I) Operation of the Board of Directors

- The board held 14(A) meetings during 2021; 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	
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 Modern Investment Co., Ltd.: Chao Kuo Chiang	14	0	100	
Director	Representative of Tsun Chueh Investment Co., Ltd.: Daniel Y.M. Song	14	0	100	
Independent Director	Ming Ling Hsueh	14	0	100	
Independent Director	Yin Hua Yeh	14	0	100	
Independent Director	Kuang Si Shiu	14	0	100	
Independent Director	Hsing Yi Chow	14	0	100	

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 the Company's resolution of said opinions:
 - (I) For resolution(s) passed pursuant to Article 14 -3 of the Securities and Exchange Act: Not applicable, as the Company 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) 24th meeting of the 8th board of directors on January 27, 2021
For authorization of weights of performance bonus for the Company's Chairman of Board.
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) 26th meeting of the 8th board of directors on March 23, 2021
Motion for allocation of remuneration to directors 2020.
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. The motion will be reported to the general annual meeting this year.
- (III) 28th meeting of the 8th board of directors on May 21, 2021
The amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Regulations Governing Allocation of Bonus to Senior Management.”
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.
- (IV) 30th meeting of the 8th Board of Directors on June 23, 2021
For determination of the salary to the Company’s Chairman and President.
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.
- (V) 30th meeting of the 8th Board of Directors on June 23, 2021
For allocation of remuneration to the Company’s directors (exclusive of independent directors) in 2020.
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.
- (VI) 30th meeting of the 8th Board of Directors on June 23, 2021
For allocation of remuneration to the directors and supervisors of invested enterprises appointed by the Company in 2020.
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.
- (VII) 31st meeting of the 8th Board of Directors on July 28, 2021
Propose to increase the reconstruction work budget for the urban renewal program on Tatung Building co-organized by the Company’s five subsidiaries including Yuanta Securities.
Resolution:
1. Chairman Tony Shen, Director Michael Ma, Director Chung Yuan Chen, Director Daniel Y.M. Song, Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu, Independent Director Yin Hua Yeh, and Independent Director Hsing Yi Chow recused themselves from the discussion and voting on the motion as the stakeholders, and Director Chao Kuo Chiang 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.
- (VIII) 34th meeting of the 8th Board of Directors on October 13, 2021
Propose to increase the reconstruction work budget for the “urban renewal program on Tatung Building” co-organized by the Company’s five subsidiaries including Yuanta Securities from NT\$4.15 billion to NT\$4.299 billion.
Resolution:
1. Chairman Tony Shen, Director Michael Ma, Director Chung Yuan Chen, Director Daniel Y.M. Song, Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu,

Independent Director Yin Hua Yeh, and Independent Director Hsing Yi Chow recused themselves from the discussion and voting on the motion as the stakeholders, and Director Chao Kuo Chiang 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.

(IX) 36th meeting of the 8th Board of Directors on November 19, 2021

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

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.

(X) 36th meeting of the 8th Board of Directors on November 19, 2021

The amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Regulations Governing Allocation of Remuneration to Directors/Supervisors of Investees.”

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.

(XI) 38th meeting of the 8th Board of Directors on January 21, 2022

For performance appraisal on the group performance bonus for the Company’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.

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)	From January 1, 2021 to December 31, 2021.
Scope of appraisal (Note 3)	<p>The Company takes into account the Company’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:</p> <ol style="list-style-type: none"> I. Degree of participation in the Company’s operation; II. Upgrading the quality of the Board of Directors’ decision making; III. Formation and structure of the Board of Directors; IV. Election and continuing education of directors; V. Internal control. <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"> I. Alignment with the Company’s goals and mission; II. Awareness toward directors’ responsibilities and duties; III. Degree of participation in the Company’s operation;

	<p>IV. Management of internal relations and communication; V. Expertise and continuing education of directors; VI. Internal control.</p> <p>The performance appraisal on the Audit Committee shall at least consist of the following five elements:</p> <p>I. Degree of participation in the Company's operation; II. Awareness toward Audit Committee's responsibilities and duties; III. Upgrading the quality of the Audit Committee's decision making; IV. Formation and election of Audit Committee members; V. Internal control.</p> <p>The performance appraisal on the Remuneration Committee shall at least consist of the following five elements:</p> <p>I. Degree of participation in the Company's operation; II. Awareness toward Remuneration Committee's responsibilities and duties; III. Upgrading the quality of the Remuneration Committee's decision making; IV. Formation and election of Remuneration Committee members; V. Internal control.</p> <p>The performance appraisal on the Corporate Sustainability Committee shall at least consist of the following five elements:</p> <p>I. Degree of participation in the Company's operation; II. Awareness toward Corporate Sustainability Committee's responsibilities and duties; III. Upgrading the quality of the Corporate Sustainability Committee's decision making; IV. Formation and election of the Corporate Sustainability Committee members; V. Internal control.</p> <p>The performance appraisal on the Nomination Committee shall at least consist of the following six elements:</p> <p>I. Degree of participation in the Company's operation; II. Awareness toward the Nomination Committee's responsibilities and duties; III. Nomination review and decision making; IV. Upgrading the quality of the Nomination Committee's decision making; V. Formation and election of the Nomination Committee members; VI. Internal control.</p>
Method of appraisal (Note 4)	<p>The Company conducts the self-assessment in the form of 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 "Corporate Sustainability Commission Self-Assessment Questionnaire," and Schedule 6 hereto, "Nomination 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 report to the Nomination 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' 2021 self-assessment results were handled in accordance with "Regulations Governing Performance Appraisal on Board of Directors and Functional Committees of Yuanta Financial Holding</p>

Co., Ltd.” The relevant assessment results were also reported at 37th meeting of the Board of Directors of the 8th Term on December 29, 2021.

1. Board of Directors

The “Board of Directors Self-Assessment Questionnaire”: Consisting of 5 elements and 45 assessment items, as self-assessed by 9 directors (including independent directors).

Statistic results

- (1) Degree of participation in the Company’s operation (12 questions in total): Positive comments given by all directors and independent directors.
- (2) Upgrading the quality of the Board of Directors’ decision making (12 questions in total): Positive comments given by all directors and independent directors.
- (3) Formation and structure of the Board of Directors (7 questions in total): Positive comments given by all directors and independent directors.
- (4) Election and continuing education of directors (7 questions in total): Positive comments given by all directors and independent directors.
- (5) Internal control (7 questions in total): Positive comments given by all directors and independent directors.

The entire assessment results show that all of the 9 directors (including independent directors) gave positive comments on all of the elements.

The comprehensive comments show that one independent director stated that Company’s Board of Directors presents excellent overall performance, and each Board member contributes his/her expertise.

2. Board members

The “Board Members (Self or Peer) Assessment Questionnaire”: Consisting of 6 elements and 26 assessment items, as self-assessed by 9 directors (including independent directors).

Statistic results

- (1) Alignment with the Company’s goals and mission (3 questions in total): Positive comments given by all directors and independent directors.
- (2) Awareness toward directors’ responsibilities and duties (6 questions in total): Positive comments given by all directors and independent directors.
- (3) Degree of participation in the Company’s operation (8 questions in total): Positive comments given by all directors and independent directors.
- (4) Management of internal relations and communication (3 questions in total): Positive comments given by all directors and independent directors.
- (5) Expertise and continuing education of directors (3 questions in total): Positive comments given by all directors and independent directors.
- (6) Internal control (3 questions in total): Positive comments given by all directors and independent directors.

The entire assessment results show that all of the 9 directors (including independent directors) gave positive comments on all of the elements.

3. Audit Committee

The “Audit Committee Performance Self-Assessment Questionnaire”: Consisting of 5 elements and 34 assessment items, as self-assessed by 4 members.

Statistic results

- (1) Degree of participation in the Company’s operation (9 questions in total): Positive comments given by all members.
- (2) Awareness toward Audit Committee’s responsibilities and duties (5 questions in total): Positive comments given by all members.

	<p>(3) Upgrading the quality of the Audit Committee’s decision making (8 questions in total): Positive comments given by all members.</p> <p>(4) Formation and election of Audit Committee (5 questions in total): Positive comments given by all members.</p> <p>(5) Internal control (7 questions in total): Positive comments given by all members.</p> <p><u>The entire assessment results</u> s show that all of the 4 members gave the positive comments on all of the elements.</p> <p>4.Remuneration Committee</p> <p>The “Remuneration Committee Performance Self-Assessment Questionnaire”: Consisting of 5 elements and 26 assessment items, as self-assessed by 4 members.</p> <p><u>Statistic results</u></p> <p>(1) Degree of participation in the Company’s operation (5 questions in total): Positive comments given by all members.</p> <p>(2) Awareness toward Remuneration Committee’s responsibilities and duties (7 questions in total): Positive comments given by all members.</p> <p>(3) Upgrading the quality of the Remuneration Committee’s decision making (8 questions in total): Positive comments given by all members.</p> <p>(4) Formation and election of Remuneration Committee (4 questions in total): Positive comments given by all members.</p> <p>(5) Internal control (2 questions in total): Positive comments given by all members.</p> <p><u>The entire assessment results</u> show that all of the 4 members gave the positive comments on all of the elements.</p> <p>5.Corporate Sustainability Committee</p> <p>The “Corporate Sustainability Committee Performance Self-Assessment Questionnaire”: Consisting of 5 elements and 31 assessment items, as self-assessed by 5 members.</p> <p><u>Statistic results</u></p> <p>(1) Degree of participation in the Company’s operation (9 questions in total): Positive comments given by all members.</p> <p>(2) Corporate Sustainability Committee’s responsibilities and duties (3 questions in total): Positive comments given by all members.</p> <p>(3) Corporate Sustainability Committee’s responsibilities and duties (3 questions in total): Positive comments given by all members.</p> <p>(4) Formation and election of Corporate Sustainability Committee (4 questions in total): Positive comments given by all members.</p> <p>(5) Internal control (5 questions in total): Positive comments given by all members.</p> <p><u>The entire assessment results</u> show that all of the 5 members gave the positive comments on all of the elements.</p> <p>6.Nomination Committee</p> <p>The “Nomination Committee Performance Self-Assessment Questionnaire”: Consisting of 6 elements and 31 assessment items, as self-assessed by 5 members.</p> <p><u>Statistic results</u></p> <p>(1) Degree of participation in the Company’s operation (6 questions in total): Positive comments given by all members.</p> <p>(2) Awareness toward Nomination Committee’s responsibilities and duties (6</p>
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	<p>questions in total): Positive comments given by all members.</p> <p>(3) Nomination review and decision making (5 questions in total): Positive comments given by all members.</p> <p>(4) Upgrading the quality of the Nomination Committee's decision making (7 questions in total): Positive comments given by all members.</p> <p>(5) Formation and election of Nomination Committee (3 questions in total): Positive comments given by all members.</p> <p>(6) Internal control (4 questions in total): Positive comments given by all members.</p> <p><u>The entire assessment results</u> show that all of the 5 members gave the positive comments on all of the elements.</p> <p><u>Summarized results of the annual assessment:</u></p> <p>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 the Company'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>Note 1: To specify the cycle of appraisal on the Board of Directors, e.g. once per year.</p> <p>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, 2021 to December 31, 2021.</p> <p>Note 3: The scope of appraisal covers the performance appraisal on the Board of Directors, individual Board members, and functional committees.</p> <p>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.</p> <p>Note 5: The contents of appraisal shall consist of, at least, the following elements, subject to the scope of appraisal:</p> <ol style="list-style-type: none"> (1) Performance appraisal on Board of Directors: To cover, at least, degree of participation in the Company'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 the Company's goals and mission, awareness toward directors' responsibilities and duties, degree of participation in the Company'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 the Company'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. 	
<p>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:</p> <ol style="list-style-type: none"> (I) In the spirit of ethical management and by upholding the enterprise culture, the Company 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 the Company's upgrading and improvement of the corporate governance, corporate social responsibility and ethical management practices, the Company 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 the Company establish the future corporate governance system development plan. The Company passed the Taiwan Corporate Governance Association's "CG6012 (2019) Corporate Governance Framework Assessment Certificate with Distinguished Honor" in 2020. This certification is effective from December 25, 2020 to December 24, 2022.

- (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 term Board of Directors on September 25, 2019 and the 30th meeting of the 8th term Board of Directors on June 23, 2021.
- (III) The Company has appointed "Taiwan Corporate Governance Association" in 2021 to conduct the performance appraisal on the Board of Directors to be conducted once per three years. The Association appraised the Board of Directors' performance, in the form of a questionnaire and on-site survey conducted on September 29, 2021, in terms of eight elements, comprising A. Composition and Board of Directors, B. Direction by Board of Directors, C. Authorization by Board of Directors, D. Supervision by Board of Directors, E. Communication with Board of Directors, F. Internal Control and Risk Management, G. Self-Discipline of Board of Directors, and H. Others, such as the Board of Directors' meetings and supporting systems. The Company will continue to improve the Board of Directors' function based on the assessment results.
- (IV) In order to strengthen the functions of the board of directors and its management mechanism, the Company 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 Corporate Sustainability Committee" in part was passed at the 20th meeting of the 8th term Board of Directors on September 23, 2020.
- (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 2021. The directors' attendance ratio attained 100%.
- (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 secretary-general 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. The Company's Chief Corporate Governance Officer has held the position since November 28, 2018, and completed the continuing professional education for at least 12 hours annually on October 5, 2021.

By company	Name	Title	Course name	Organizing agency	Continuing professional education hours (hrs)	Total hours annually
Financial Holding	Lawrence Lee	Chief Corporate Governance Officer	AML/CTF Practices and Case Study (including Promotion for Prevention of Insider Trading)	Taiwan Securities Association	3	12
			Challenges and Response measures of Information Security	Taiwan Securities Association	3	
			Innovations and Managements of Sustainable Finance	Taiwan Securities Association	3	
			Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	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 8th term were elected on June 14, 2019.

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 (2021)

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

2021	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	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙

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

1. 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 **XX** for the “(IV) Disclosure of information about professional qualifications and independence of directors and independent directors.”
2. The Audit Committee held 13 (A) meetings in the most recent year (2021). 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	
Independent Director	Yin Hua Yeh	13	0	100	
Independent Director	Kuang Si Shiu	13	0	100	
Independent Director	Hsing Yi Chow	13	0	100	

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 the Company's resolution of Audit Committee's opinions:

(I) The circumstances referred to in Article 14 -5 of the Securities and Exchange Act;

1. 23th meeting of the 8th audit committee on January 19, 2021

For the assessment on independence of the Company's independent auditors, and appointment of and remuneration to the independent auditors in 2021.

Resolution made by the Audit Committee: approved by all present members unanimously.

The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 24th meeting of the 8th board of directors on January 27, 2021.

2. 25th meeting of the 8th audit committee on March 16, 2021

Motion for the Company's consolidated financial statements 2020.

Resolution made by the Audit Committee: approved by all present members unanimously.

The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 26th meeting of the 8th board of directors on March 23, 2021.

3. 25th meeting of the 8th audit committee on March 16, 2021

The Company's 2020 earnings appropriation.

Resolution made by the Audit Committee: approved by all present members unanimously.

The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 26th meeting of the 8th board of directors on March 23, 2021.

4. 26th meeting of the 8th audit committee on April 20, 2021

Propose to establish the “Yuanta Financial Holding Co., Ltd. Regulations Governing Repurchase of Company Shares.”

Resolution made by the Audit Committee: approved by all present members unanimously.

The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 27th meeting of the 8th board of directors on April 28, 2021.

5. 27th meeting of the 8th Audit Committee on May 18, 2021

Motion for the Company's consolidated financial statements Q1 of 2021.

- Resolution made by the Audit Committee: approved by all present members unanimously.
The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 28th meeting of the 8th board of directors on May 21 2021.
6. 29th meeting of the 8th audit committee on July 20, 2021
Propose to increase the reconstruction work budget for the urban renewal program on Tatung Building co-organized by the Company's five subsidiaries including Yuanta Securities.
Audit Committee's resolution: According to Article 8 and Article 9 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies", resolutions at meetings of the Audit Committee shall be adopted with the consent of a majority of the members. Notwithstanding, since a majority of the entire members recused themselves from resolving the motion, the motion was transferred to a Board of Directors meeting for resolution.
The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 31st meeting of the 8th Board of Directors on July 28, 2021. Except those recused themselves due to their conflict of interest with the motion, the remaining directors present agreed to pass the motions.
7. 30th meeting of the 8th audit committee on August 17, 2021
Motion for the Company's consolidated financial statements Q2 of 2021.
Resolution made by the Audit Committee: approved by all present members unanimously.
The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 32nd meeting of the 8th board of directors on August 23, 2022.
8. 32nd meeting of the 8th audit committee on October 13, 2021
Propose to increase the reconstruction work budget for the "urban renewal program on Tatung Building" co-organized by the Company's five subsidiaries including Yuanta Securities from NT\$4.15 billion to NT\$4.299 billion.
Audit Committee's resolution: According to Article 8 and Article 9 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies", resolutions at meetings of the Audit Committee shall be adopted with the consent of a majority of the members. Notwithstanding, since a majority of the entire members recused themselves from resolving the motion, the motion was transferred to a Board of Directors meeting for resolution.
The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 34th meeting of the 8th Board of Directors on October 13, 2021. Except those recused themselves due to their conflict of interest with the motion, the remaining directors present agreed to pass the motions.
9. 34th meeting of the 8th audit committee on November 16, 2021
Motion for the Company's consolidated financial statements Q3 of 2021.
Resolution made by the Audit Committee: approved by all present members unanimously.
The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 36th meeting of the 8th board of directors on November 19, 2021.
10. 34th meeting of the 8th audit committee on November 16, 2021
For issuance of the Company's "unsecured common corporate bonds."
Resolution made by the Audit Committee: approved by all present members unanimously.
The Company's action against the Audit Committee's opinion: Approved by all present directors unanimously at 36th meeting of the 8th board of directors on November 19, 2021.
11. 36th meeting of the 8th audit committee on January 18, 2022
For the assessment on independence of the Company'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.
The Company'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.

- (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:
- (I) 29th meeting of the 8th audit committee on July 20, 2021
Propose to increase the reconstruction work budget for the urban renewal program on Tatung Building co-organized by the Company's five subsidiaries including Yuanta Securities.
Resolution: Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu and Independent Director Yin Hua Yeh served as the independent directors of Yuanta Bank concurrently. Independent Director Chou served as the independent director of Yuanta Securities concurrently. All of them had a conflict of interest with the motion, already provided written statement therefor, and also recused themselves from the discussion and voting on the motion as the stakeholders. According to Article 8 and Article 9 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies," the resolution shall be adopted with the consent of a majority of the members. Notwithstanding, since a majority of the members recused themselves from resolving the motion, the motion was transferred to a Board of Directors meeting for resolution.
- (II) 29th meeting of the 8th audit committee on July 20, 2021
The amendments to the Company's market risk limit 2021.
Resolution: Except Independent Director Hsing Yi Chow, who recused himself from the discussion and voting on the motion as the stakeholder, the remaining directors present agreed to pass the motion unanimously, and the motion was submitted to the Board of Directors for resolution.
- (III) 32nd meeting of the 8th audit committee on October 13, 2021
Propose to increase the reconstruction work budget for the "urban renewal program on Tatung Building" co-organized by the Company's five subsidiaries including Yuanta Securities from NT\$4.15 billion to NT\$4.299 billion.
Resolution: Independent Director Ming Ling Hsueh, Independent Director Kuang Si Shiu and Independent Director Yin Hua Yeh served as the independent directors of Yuanta Bank concurrently. Independent Director Chou served as the independent director of Yuanta Securities concurrently. All of them had a conflict of interest with the motion, already provided written statements therefor, and also recused themselves from the discussion and voting on the motion as the stakeholders. According to Article 8 and Article 9 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies," the resolution shall be adopted with the consent of a majority of the members. Notwithstanding, since a majority of the members recused themselves from resolving the motion, the motion was transferred to a Board of Directors meeting for resolution.
- 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, the Company'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.
1. Status of communication between independent directors and CPAs:
- (1) The Company'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 the Company’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. The Company 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 2021 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 about the impact posed to the Group’s schedule to issue financial statements by the “Corporate Governance 3.0 – Corporate Sustainability Roadmap.”
 - B. Discussion about the impact posed by the decree about provision of special reserve issued by FSC.
 - C. Discussion about evaluation on the Group’s goodwill impairment, and audit procedures.
 - D. Discussion about the impact posed by the new Statements of Financial Accounting Standards/Statements on Auditing Procedure as released.

2. Status of communication between independent directors and internal audit officers:

- (1) The Company sets up Internal Auditing Dept. subordinated to the Board of Directors, which is responsible for determining the organization, system and functions of the internal auditors, and also establishes the general auditor in charge of the audit affairs and reporting the operation of the audit affairs of the Company and its subsidiaries to Audit Committee and Board of Directors on a monthly basis.
 - (2) The Company’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 report to Audit Committee on a semi-annual basis.
 - (3) The Company’s Internal Auditing Dept. reports the internal auditing system and self-inspection on internal control system to Audit Committee from time to time, and submits the amendments to annual audit plans, laws & regulations of the Internal Auditing Dept. (“Regulations Governing Implementation of Internal Audit” and “Directions Governing Performance Appraisal on Subsidiaries’ Audit Operations”) and Statement on Internal Control System to Audit Committee for review.
 - (4) The Audit Committee holds the communication meeting with internal auditors each year. The general auditor shall compile the status of internal controls in the Company and its subsidiaries. The meeting is intended to communicate the issues concerned by Audit Committee.
 - (5) When the Company or any of its subsidiaries reports any contingency, the Company’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) The Company 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 the Company’s website. Website: <https://www.yuanta.com/EN/IR/Governance/Committees>.

IV. Operation and functions of the audit committee :

- (I) The Company’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 the Company’s Board of Directors. The Audit Committee will establish the “Annual plan for events and agenda” based on the Company’s mid-term and long-term development strategies each year, as the core of the execution of annual strategic objectives by the Company’s Board of Directors. The annual work focuses include review on the Company’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 the Company’s financial statements, appointment (dismissal), independence and performance of independent auditors, effective implementation of the Company’s internal control, compliance with related laws and rules, and control over the Company’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 the Company 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 2021, which primarily reviewed the following motions and annual key work:
 1. 2020 “Consolidated financial Statements” and “Statement on Internal Control System.”
 2. “2022 Audit Plan,” “Assessment on Independence of Independent External Auditors, and Appointment of and Remuneration to the Independent External Auditors,” “Consolidated Financial Statements Q1,” “Consolidated Financial Statements Q2,” “Consolidated Financial Statements Q3,” “Issuance of Unsecured Common Corporate Bonds,” “Amendments to Accounting System,” “Communication Procedures for Audit Committee and Independent External Auditors,” “Communication Procedures for Audit Committee and Auditing Dept.,” “Regulations Governing Implementation of Internal Audit,” “Articles of Association,” “Investees Management Regulations,” “Market Risk Management Regulations,” “Market Liquidity Risk Management Regulations,” “Financial Trading Credit Risk Management Regulations” and “Large Risk Exposure Management Regulations.”

3. “Propose to increase the reconstruction work budget for the urban renewal program on Tatung Building co-organized by the Company’s five subsidiaries including Yuanta Securities” and “urban renewal program on Tatung Building” co-organized by the Company’s five subsidiaries including Yuanta Securities and Yuanta Bank”
 4. Establish the “Yuanta Financial Holding Co., Ltd. Regulations Governing Repurchase of Company Shares,” “Yuanta Financial Holding Co., Ltd. Risk Management Regulations” and “Yuanta Financial Holding Co., Ltd. Business Risk, Compliance & Legal Risk and Environmental Risk Management Regulations,” etc.
- (V) The information about Audit Committee is disclosed in the “Other Committees/ Audit Committee” in the section of “Investor relations” > “Corporate Governance” on the Company’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 8th term were elected on June 14, 2019.

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	
1. Equity structure and shareholders' rights of financial holding company (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?	✓		(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.
(2) Whether the Company controls the name lists of the financial holding Company's major shareholders and their ultimate owners?	✓		(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.
(3) Whether the financial holding company establishes and implements some risk control and firewall mechanisms between the Company and its affiliates?	✓		(3) A. Yuanta FHC has established a "Risk Management 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. B. Yuanta FHC has complied with Articles 44 and 45 of the Financial

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
<p>(4) Whether the Company's internal rules are adopted and disclosed on the Company's official website, which prohibit the insiders, such as the Company's directors or employees, from seeking profit based on the information unavailable on the market, and how such rules are practiced?</p>	✓		<p>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> <p>(4) Article 15 of the Company's "Procedures for Ethical Management and Guidelines for Conduct" expressly provides that insider trading is strictly prohibited, which is also disclosed on the Company's official website: Investor Relations>Corporate Governance> "Committees/Sustainability Committee." Website: https://www.yuanta.com/Files/4.2.2-386c8c7e67518765-en/Procedures%20for%20Integrity%20Management%20and%20Guidelines%20for%20Conduct.pdf. In order to enable all staff of the Company and its subsidiaries to have the correct knowledge and basic judgment towards relevant laws and ethical conduct, the Company organizes the "Ethical Management & Compliance Promotion" training program periodically each year. The courses cover the issues related to 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 whistle-blowing system. Said staff are required to attend the courses and pass the relevant test, in order to improve employees' awareness toward the regulations about ethical</p>	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			code, confidentiality obligation and prohibition of insider trading. The courses were attended by a total of 11,697 trainees in 2021, and all of the trainees passed the test. There were 11,004 training hours in total. The implementation status thereof was also reported to the Board of Directors periodically. The Company took advantage of the two corporate governance seminars, namely “Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)” on May 4, 2021 and “Introduction and Response to Financial Consumer Protection Act (Fair Dealing)” on October 5, 2021, to promote the directors’ continuing education.	
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 the Company’s website?	✓		<p>(1) The Company 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, the Company 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: such as Gender, age, nationality, and culture, et al.</p> <p>B. Professional knowledge and skills: Especially a professional background (e.g., finance, law, accounting, industry, financial affairs, marketing, technology or risk management), professional skills, and industry experience.</p> <p>As stated in the subparagraph 2 of the preceding paragraph, each Board member of the Company 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>	There was no departure in this respect.

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<p>(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>	✓		<p>A. Ability to make judgments about operations B. Accounting and financial analysis ability C. Business management ability (including ability to manage subsidiaries) D. Crisis management ability E. Knowledge of the industry F. An international market perspective G. Leadership ability H. Decision-making ability I. Risk management knowledge and ability</p> <p>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 Yunta FHC’s website at Website: https://www.yunta.com/EN/IR/Governance/Board</p> <p>(2) Yunta 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 ethical corporate management, and fulfill the corporate social responsibility, Yunta FHC’s Board of Directors passed the motion for expansion of the Ethical Management Committee to include the corporate social responsibility affairs and reform to the Corporate Sustainability Committee subordinated to the Board of Directors on November 28, 2018.</p> <p>The “Corporate Sustainability Committee” governs the “Ethical Corporate Management Promotion Center” and “Corporate Social Responsibility Promotion Center” responsible for promoting and coordinating the relevant routine affairs, and report work plans and execution results to the Committee and Board of Directors periodically.</p> <p>In order to solidify the functions of the Board of Directors and</p>	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
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(3) Has the financial holding Company's board of directors assessed the independence of the external auditor periodically (at least once per year), and also disclosed the assessment procedure honestly?	✓		strengthen the management mechanism, Yuanta FHC passed the motion for establishment of the "Nomination Committee" on January 23, 2019. Meanwhile, the nomination and election of the directors/independent directors of the 8th term have been completed in June 2019. (3) According to Article 46 of Yuanta FHC's "Corporate Governance Best Practice Principles," it is necessary to assess the independence and competence of the independent 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. In 2022, the Company assessed that Po Ju Kuo, Chien Hung Chou and Li Yuan Chen, CPAs of PricewaterhouseCoopers Certified Public Accountants met the Company's independence and competency assessment criteria, and acquired the Statement of Independent Audit, which was approved at 36th meeting held by the Audit Committee of 8th term on January 18, 2022 and 38th meeting of the Board of Directors of 8th term on January 21, 2022.	
(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: A. Is the self-assessment conducted at least once per year and the performance appraisal result disclosed at the	✓		(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 32th meeting of the Board of Directors of 8th term on August 23, 2021. 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	(4) A. No difference from the Corporate Governance Best

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<p>Company's website as the reference for remuneration to individual directors and nomination, and is the assessment result disclosed on the Company's website? (Note 2)</p> <p>B. Is it expressly stated that the external appraisal should be conducted at least once per three (3) years and within the time limit defined in the relevant regulations, and the implementation and appraisal results should be disclosed at the Company's website?</p>	✓		<p>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 Nomination Committee and then to the Board of Directors for discussion and improvement. The self-assessment result on the performance of the Board of Directors and functional committee and the Board members (self or peer) 2021 has been reported at 8th meeting of the Nomination Committee of 8th term on December 9, 2021 and 37rd of the Board of Directors of 8th term on December 29, 2021. The directors (including independent directors) commented based on the self-assessment results that all committees operated well and exercised their functions satisfactorily.</p> <p>B. 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 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 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. The Company 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</p>	Practice Principles for TWSE/TPEX-Listed Companies.

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	Yes	NO	Summary	
			<p>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 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 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 	

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			<p>Responsibility Promotion Center” were established and subordinated to the “Corporate Sustainability Committee.” Led by two 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 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 the Company 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 Nomination 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 the momentum driving the sustainability.</p>	

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(5) Has the financial holding company disclosed the connection between the performance appraisal on and remuneration to directors and managers?	✓		<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, the Company will engage in in-depth discussion with independent directors about the environment and important development strategies to be dealt with by the Company 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 Company schedules to complete the amendments to the management succession plan by Q2 of 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 "Sustainability" 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: 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 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</p>	

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(6)Has the financial holding Company disclosed the information about independent communication between independent			<p>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.</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, 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>	
	✓		(6)The Company 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	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
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directors and related units (or executive officers) and CPAs (e.g. means, items discussed and results of communication on the Company's financial report and business overview, et al.) on the Company's website?			<p>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 accountants should meet with the Audit Committee individually on a regular basis or when necessary.</p> <p>Yuanta FHC has disclosed about communication means, discussed items, resolutions and related information among Independent Directors, Risk Management Departments, Chief Internal Audit Officers and CPAs, at the its own official website which are in "Committees>Audit Committee" under the section of "Investor Relations section>Corporate Governance". The website address is: https://www.yuanta.com/EN/IR/Governance/Committees</p>	
3. Whether the Company 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 the Company's website and in the annual report?	✓		<p>3. 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</p>	There was no departure in this respect.

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	Yes	NO	
			<p>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 served by the secretary-general 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 2021. 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, the Company uses the best effort to urge Yuanta FHC and each of its subsidiaries to report the fair dealing policy, ESG operations and intellectual property rights management, in order to improve the corporate governance level.</p> <p>B. Process the affairs related to 2021 shareholders' meetings:</p> <p>(A) Coordinate various units to process the parliamentary operations about shareholders' meetings according to the</p>

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	
			<p>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>C. Supervise the research, amendment and adjustment of Yuanta FHC's important regulations, including amendments to Yuanta FHC's articles of incorporation, articles of association, Regulations Governing Establishment of Sustainability Committee, Regulations Governing Performance Appraisal on the Board of Directors and Functional Committee, and Procedure for Election of Directors, etc..</p> <p>D. Process the parliamentary operations related to the Board of Directors and related committees to strengthen the parliamentary procedure compliance and avoidance of conflict of interest.</p> <p>E. 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>F. Help related units execute the Board of Directors' letter of undertaking for compliance with ethical management, and strictly execute the AML and prevention of insider trading.</p> <p>G. Conduct the assessment on performance of the Board of Directors and functional committees.</p> <p>H. Help conduct evaluation under the CG6012 (2019) corporate governance system.</p>

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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 the Company with the proper response to the concerns of the stakeholders on issues related to corporate social responsibility?			<p>I. Supervise the outsourcing performance appraisal on the Board of Directors in 2021</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 at least 12 hours in 2021. (See page 69.)</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>	
	✓		<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 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 and credit</p>	There was no departure in this respect.

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			rating, and other financial information are available. (Website: https://www.yuanta.com/EN/IR) 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) 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 “Whistle-Blowing System” in the section of “Investor relations” > “Corporate Governance” on Yuanta FHC’s official website to disclose the requirements about the whistle-blowing system, whistle-blowing hotline and email box . Website: https://www.yuanta.com/EN/IR/Governance/Reporting-Mechanism .	
5. Information Disclosure (1) Establishment of a corporate website to disclose information concerning financial affairs and corporate governance?	✓		(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 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, Sustainability Committee and Nomination 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	There was no departure in this respect.

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(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 the company website)?	✓		<p>“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.</p> <p>(2) A. The Company 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 the Company’s information.</p> <p>B. The Company would be invited to attend the investor conference periodically to disclose the Company’s overview of operation and information, and interact 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, the Company has set up the “CSR” section in Chinese and English on the official website and disclosed the related non-financial performance and practices in detail.</p> <p>(3) Yuanta FHC Company has announced and reported the quarterly/annual financial reports and monthly operation overview for 2021 within the prescribed time limit. The financial reports for Q1, Q2, and Q3 of 2021 and the annual financial report were already announced and reported on May 21, 2021, August 23, 2021, November 19, 2021, and March 15, 2022.</p>	
(3) Whether the Company 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?	✓			

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(4) Whether the Company establishes any information security risk management structure, information security policy and concrete management program, and discloses the same on the Company's website?	✓		<p>(4) A. Information security risk management structure: Yuantia FHC implemented ISO 27001:2005 ISMS and also passed the certification by BSI in 2011. Thereafter, Yuantia FHC would complete the continuing review once per year and the re-examination once per three years. Meanwhile, Yuantia FHC also completed the ISO 27001:2013 revision to keep strengthening the information security management and control via the PDCA cycle.</p> <p>B. Concrete management program: (A) In order to improve Yuantia FHC's 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, Yuantia 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 Yuantia 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) Yuantia 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>

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			<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", at https://www.yuanta.com/EN/IR/Governance/Information-Security</p>	
6. Other important information enabling a better understanding of the Company'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 the company for directors, and donations to political parties, interested parties and public welfare groups)?	✓		<p>(1) Employee rights and interests: 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 between both parties to make the relations between both parties more harmonious.</p> <p>(2) Employee care: 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, 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 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</p>	There was no departure in this respect.

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			<p>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:</p> <p>A. Yuanta FHC maintains open channels of communication with investors, and respects and protects their legal rights.</p> <p>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:</p> <p>A.The Company values the control over procurement risk and practices responsible procurement. When executing any contract with suppliers, the Company will include the "Supplier Sustainable Procurement Terms" in the contract to ensure that the suppliers will comply with labor and eco-friendly laws and regulations, respect laborers' basic human rights, avoid endangering laborers' basic rights, avoid endangering laborers' basic human rights, and care the society and environment issues, hoping to exercise the Company's influence and work with the suppliers to practice sustainability.</p> <p>B.In order to include the concept about sustainability into the procurement department and to affect up-stream suppliers' practices, the Company passed the ISO 20400 Sustainable Procurement Guidance certification in 2020. Until 2021, all of the Group members passed the third party's certification and a more sound "Sustainable Procurement Procedure" was established accordingly.</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. The Company has organized a total of two suppliers' conferences in 2021 to share the concept and practices about supply chain management and sustainable procurement. The Company would continue to adjust the topic each year to help suppliers be in line with the sustainability trend, and also invite major suppliers to attend the conference subject to the different tops. This year, a total of 40 major suppliers have attended the conferences proactively.</p> <p>(5) Stakeholders' rights and interests:</p> <p>A. The Company 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. The Company analyzes how stakeholders' care 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. The Company needs to take specific responsibility toward the stakeholders. In the "CSR" >"Stakeholders" section on the website site, the Company also set up the communication channels exclusive for various stakeholder types, hoping to verify the stakeholders' needs and expectation toward the Company in various manners and via the communication channels.</p> <p>(6) Continuing education of directors: See Pages 142~ 144.</p> <p>In order to practice the continuing education mechanism for directors, Yuanta FHC organized the four directors' internal training programs in 2021, including the "Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)" dated May 4, "Challenges and Response measures of Information Security" dated August 3, "Sustainable Financial Innovation and Management" dated September 7, and "Introduction and Response to Financial Consumer Protection Act (Fair Dealing)" dated October 5. The courses cover the issues including money laundering laws & regulations, communication</p>	

Scope of Assessment	Status (Note 1)		Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	
			<p>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 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:</p> <p>A. The Company has had the Board of Directors approve the risk management policy and related procedures to provide guidance regarding the management of risks.</p> <p>B. The risk management policy refers to Yuanta FHC's ultimate guidelines governing risk management. The risks which Yuanta FHC are facing can be categorized into three major risks, namely "business risk," "compliance & legal risk" and "environmental risk." The "business risk" consists of market risk, credit risk, market liquidity risk, asset-liability matching risk, large risk exposure, insurance risk, operational risk, information security risk, human resource risk, and emerging risks. The "compliance & legal risk" consists of compliance risk, legal risk, ML/TF risk, and unethical management risk. The "environmental risk." consists of responding to issues related to climate change and natural disasters. Various risk management systems shall be defined based on the policy, attributes of various risks, and effects imposed by the risks to Yuanta FHC's operating stability and capital safety.</p> <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' risk management structure consists of the 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	Summary	
			<p>Directors, Audit Committee, Risk Management Committee, management levels, Risk Management Dept., Compliance Dept., Legal Dept., IT Dept., and other business departments. The above-mentioned has been disclosed on its official website: “Sustainability” > ”Internal Rules and Regulations”.</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 the company 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 2021 (including identification methods, measurement criterias, and monitoring and reporting procedures) to the 35th meeting of the 8th term Audit Committee on December 21, 2021. Thereafter the chairman of the Audit Committee reported the risk management system’s evaluation results of 2021 to the 37th meeting of the 8th term Board of Directors on December 29, 2021.</p> <p>(D)The Risk Management Dept. compiled and submitted “The Internal and External Business Risk Assessment Report 2021” to the 35th meeting of the 8th term Audit Committee on December 21, 2021. Thereafte the chairman of the Audit Committee reported the Internal and external business risk assessment results 2022 to the 37th meeting of the 8th term Board of Directors on December 29, 2021.</p> <p>(E)The operations of the Risk Management Committee are disclosed in the “Sustainability” > “Other Committees” > “Risk</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>Management Committee” on its official website.</p> <p>(8) Implementation of customer privacy: 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 forgoing 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 and managers: Yuanta FHC continues to purchase the directors/supervisors and managers liability insurance for its directors (including independent directors) and managers, in order to pass on Yuanta FHC’s business risk and help establishment of a well-founded corporate governance mechanism.</p> <p>(10) Donations to political parties, interested parties, and non-profit organizations: 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: (A) Donations to political parties, political groups and political candidates in accordance with Political Donations Act. (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</p>	

Scope of Assessment	Status (Note 1)			Departures from the Corporate Governance Best-Practice Principles for Financial Holding Companies and Reasons
	Yes	NO	Summary	
			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".	
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. (1) In the Taiwan Stock Exchange's 8th (2021) Corporate Governance Evaluation, the Company was ranked in the top 5% of listed companies and in the top 10% in the financial and insurance industry category. (2) With respect to the indicators of the 8th (2021) annual Corporate Governance Evaluation, the Company has made the enhancement for indicator 2.6 "Does the Company's Board of Directors include at least one female director?" a priority and has nominated a female director candidate for election of the 9th Board of Directors in the 2022 Annual General Meeting of Shareholders.				

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 Page30. 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	Yin Hua Yeh			1
Independent Director	Hsing Yi Chow			2

(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 the current members: June 14, 2019~June 13, 2022. In the most recent year (2021), the Remuneration Committee has held 9 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	9	0	100	
Member	Ming Ling Hsueh	9	0	100	
Member	Yin Hua Yeh	9	0	100	
Member	Hsing Yi Chow	9	0	100	

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 the Company'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 the Company's handling of the said opinions: None.

D. The motions discussed by Yuanta FHC's Remuneration Committee in the most recent year (2021) and resolutions thereof, and Yuanta FHC's handling of the members' opinion are stated as following:

Remuneration Committee	Motion	Resolution
13th of 8th term January 27, 2021	1. Motion of weights of group performance bonus for the Company's Chairman of Board 2. Motion of weights of group performance bonus for the Company'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. Board of Directors: Agreed by all present directors unanimously.
14th of 8th term March 16, 2021	1. Motion for allocation of remuneration to employees 2020. 2. Motion for allocation of remuneration to directors 2020	
15th of 8th term April 28, 2021	Performance appraisal directors and supervisors of the Company's immediate companies and investees in 2020	
16th of 8th term May 18, 2021	1. Promotion and raise of the Company's managers in 2021. 2. Amendments to the Company's Regulations Governing Bonus of senior management	
17th of 8th term June 15, 2021	1. Determination of the salary to the Company's Chairman and President 2. Allocation of remuneration to the directors and supervisors of invested enterprises appointed by the Company in 2020 3. Allocation of remuneration to the Company's directors (exclusive of independent directors) in 2020	
18th of 8th term July 20, 2021	Allocation of remuneration to the Company's employees 2020	
19th of 8th term August 17, 2021	1. Amendments to the Company's Regulations Governing Appraisal on Performance of the Board of Directors and Functional Committees 2. Amendments to the Company's Performance Management Regulations 3. Periodically review the performance appraisal on the Company's directors and managers, and remuneration policy, system, standard and structure. 4. Periodically evaluate and determine the Company's remuneration to directors and managers.	

Remuneration Committee	Motion	Resolution
20th of 8th term November 16, 2021	1. Amendments to the Company's Performance Management Regulations 2. Amendments to the Company's Regulations Governing Remuneration to the directors and supervisors of invested enterprises 3. Amendments to the Company's Regulations Governing Bonus	
21st of 8th term December 21, 2021	Amendments to the Company's job titles and payroll	

2. Information about members and operations of Corporate Sustainability Committee

(1) Functions of Corporate Sustainability Committee members:

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

- A. Helping integrate the value of ethical corporate management and corporate social responsibility into the Company's business strategies;
- B. Establishing the related policies ensuring ethical corporate management and fulfilling corporate social responsibility in line with laws;
- C. Supervising and fulfilling the execution of ethical corporate management and corporate social responsibility policies, and assessing the results thereof;
- D. Establishing any other policies concerning ethical corporate management and corporate social responsibility, and supervising the execution thereof.

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

- A. According to Article 2 of the Articles of Association of Sustainability Committee, the Committee must consist of 3~7 members, who must be served by the Company's directors, and at least a majority of the members must be served by independent directors.
- B. Term of office to be held by 8th-term members: from June 14, 2019 to June 13, 2022. 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 the Company's articles of incorporation or charters.
- C. The Sustainability Committee of the current term consists of 5 members (including 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 and business management practices. 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. Member Ming Ling Hsueh once served as the Committee Member of Special Committee on Corporate Governance Reform, Executive Yuan and also Vice Chairman/Executive Director of Taiwan Corporate Governance Association. Member Hsing Yi Chow used

to be a member of the Research, Development and Evaluation Commission, Executive Yuan. Now, he is serving a director of ESG World Citizens & Digital Governance Foundation (ESGWD) concurrently with the expertise in risk management. All of the four members are specialized in the corporate sustainability committee affairs.

- D. In the most recent year (2021), the Corporate Sustainability Committee has held 4 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)	Remarks
Convener	Ting Chien Shen (Tony)	Please refer to Page 30 for the “(IV) Disclosure of information about professional qualifications and independence of directors and independent directors.”	4	0	100	
Member	Ming Ling Hsueh		4	0	100	
Member	Yin Hua Yeh		4	0	100	
Member	Kuang Si Shiu		4	0	100	
Member	Hsing Yi Chow		4	0	100	
Other items to be stated:						
I. If the Board of Directors does not adopt or amend the Sustainability Committee’s suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company’s handling of the Sustainability Committee’s opinions: None.						
II. For resolution(s) made by the Sustainability 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 the Company’s handling of the said opinions: None.						
III. Other important motions and results of execution thereof:						
(I) 10th meeting of the 8th Sustainability Committee on February 23, 2021						
1. Report on the “Results of Execution in the second half of 2020” by the Ethical Corporate Management Promotion Center.						
2. Report on the “Results of Execution in the second half of 2020” by the Corporate Social Responsibility Promotion Center.						
3. Report on the “Results of Execution of the Whistle-Blowing System in the second half of 2020” by the Company.						
4. Report on the Company’s “Results of Ethical Management Practices 2020.”						
5. Report on the “Ethical Management Practices 2020” of the Company’s direct subsidiaries.						
6. Report on the Company’s “Social Responsibility Practices 2020.”						
7. Report on the “result and progress of execution in Q4 of 2020” of the Group’s green products.						
8. Motion for discussion about amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Tax Governance Policy”.						
(II) 11st meeting of the 8th Sustainability Committee on May 18, 2021						
1. Report on the Company’s “Communication of Issues Concerned by Stakeholders in 2020.”						
2. Report on “Yuanta FHC 2020 CSR Report.”						
3. Discussion about the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Regulations Governing Establishment of Sustainability Committee.”						
(III) 12th meeting of the 8th Sustainability Committee on September 22, 2021						

1. Report on the “Results of Execution in the first half of 2021” by the Ethical Corporate Management Promotion Center.
 2. Report on the “Results of Execution in the first half of 2021” by the Corporate Social Responsibility Promotion Center.
 3. Report on the “Results of Execution of the Whistle-Blowing System in the first half of 2021” by the Company.
 4. Discussion about amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Corporate Social Responsibility Policy and Management Rules.”
- (IV) 13th meeting of the 8th Sustainability Committee on November 16, 2021
1. Report on 2021 fulfillment of suppliers’ management policies by the Company.
 2. Report on the “result and progress of execution in 1H of 2021” of the Group’s green products.
 3. Motion for discussion about the “2022 Work Plan” by the Ethical Corporate Management Promotion Center.
 4. Discussion about the “2022 Work Plan” by the Corporate Social Responsibility Promotion Center.

3. Information about members and operations of Nomination Committee

(1) Functions of Nomination 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. Constructing and developing the structural framework of the Board of Directors and various committees.
- C. Establish and periodically review the directors’ continuing education and succession plans.
- D. Researching and amending the Company’s Corporate Governance Best-Practice Principles.
- E. Serving as the execution unit engaged in performance appraisal on the Board of Directors and various functional committees.
- F. Other deliverables to be satisfied by the Committee per resolutions by the Board of Directors.

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

- A. The Company’s Nomination Committee consists of 5 members. According to Article 4 of the Articles of Association for Nomination 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 8th-term members: from June 14, 2019 to June 13, 2022. 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 the Company's articles of incorporation or charters.

- C. The Nomination Committee of the current term consists of 5 members (including three independent directors). 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 nomination 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 nomination committee affairs.
- D. In the most recent year (2021), the Nomination Committee has held 2 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	Ming Ling Hsueh	Please refer to Page 30 for the “(IV) Disclosure of information about professional qualifications and independence of directors and independent directors.”	2	0	100	
Member	Yin Hua Yeh		2	0	100	
Member	Wei Chen Ma (Michael)		2	0	100	
Member	Ting Chien Shen (Tony)		2	0	100	
Member	Kuang Si Shiu		2	0	100	
Other items to be stated:						
I. If the Board of Directors does not adopt or amend the Nomination Committee’s suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company’s handling of the Nomination Committee’s opinions: None.						
II. For resolution(s) made by the Nomination 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 the Company’s handling of said opinions: None.						
III. Other important motions and results of execution thereof:						
(I) 7th meeting of the 8th Nomination Committee on August 23, 2021.						
1. Propose to set forth the diversity policy and targets for the Company’s Board of Directors.						
2. Review the directors’ continuing education program and execution in 1H in 2021.						
(II)8th meeting of the 8th Nomination Committee on December 9, 2021.						
1. Motion for the results of the Company’s performance appraisal on the Board of Directors and Functional Committees in 2021;						
2. Recheck results and recommendation of organizational framework of the Board of Directors and various committees.						
3. Directors’ Succession Plans.						
4. Drafting the directors’ continuing education plan in 2022.						

(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 the Company 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?	✓	1. (1) In November 2018, the Company established the “Corporate Sustainability Committee” (scheduled to be renamed in 2022) subordinated to the Board of Directors, as the unit dedicated to promoting ethical corporate management and sustainability practices. According to Article 2 of the Regulations Governing Establishment of Corporate Sustainability Committee, the Committee must consist of 3–7 members, who must be served by the Company’s directors, and at least a majority of the members must be served by independent directors. The Company’s “Nomination 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 Corporate Sustainability Committee consists of the Chairman of the Company and four 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, the Company has established the “Ethical Corporate Management Promotion Center” and “Corporate Social Responsibility Promotion Center” (scheduled to be renamed in 2022) subordinated to the Corporate Sustainability Committee. (2) In order to plan the Group’s sustainability strategic development and practice the result of execution, in 2011, the Company established the “Corporate Social Responsibility Promotion Center” and also seven major functional teams, subject to the nature of the mission, comprising “Corporate Governance,” “Green Business,” “Employee Care,” “Environmental Sustainability,” “Social Participation” and “General Affairs Promotion” consisting of the members served by the	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>cross-department staff from the Company and its subsidiaries. A total of four meetings were convened by the Center to communicate and follow up on the progress of various projects in 2021. The Center 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 Corporate Sustainability Committee held 4 meetings in 2021, and reported the implementation results of sustainable development and future work plans to the Board of Directors. The content of the proposal includes the implementation results of the Corporate Social Responsibility Promotion Center and the Ethical Corporate Management Promotion Center in the first and second half of the year; the company's implementation of integrity management and social responsibility in 2020; the communication of issues concerned by stakeholders; The semi-annual implementation results and progress, etc., and the operation and implementation of the committee will be published on the company's website and the company's annual report..</p> <p>(4) The company'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.</p> <p>The supervision on sustainability is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Committees</p>	
2. Whether the Company conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk	✓		<p>2.</p> <p>(1) 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>	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	
management policies or strategies, and disclose the same on the Company's website?			<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. 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/TW/ESG/Stakeholder-Engagement/Material-Aspects.</p>
<p>3. Environmental issues</p> <p>(1) Has the Company established environmental policies suitable for the Company's industrial characteristics?</p>	✓		<p>There was no departure in this respect.</p> <p>(1) Yuanta FHC has set forth the "Environmental Policy" and "Energy and Climate Transformation Management Policy." In order to improve the environmental sustainability management, the "Environmental Sustainability Team" 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 Team" since 2011, which is responsible for establishing the environmental</p>

Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	NO	
			<p>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. In 2016, the Company set forth the "Environmental Policy" and has the same passed by the Board of Directors. With the standard and systematic management, the Company 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 "Environmental Sustainability Team" reported the execution result to the Corporate Social Responsibility Promotion Center periodically on a quarterly basis. Then, the Center would report the same to the Corporate Sustainability Committee, in order to continue mitigating the impact posed by the environment in the process of operation and demonstrate the Company's positive attitude toward environmental sustainability in line with the international trend.</p> <p>C. The Company 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, the Company 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 319 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>

Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	NO	
(2) Does the Company endeavor to upgrade the efficient use of available energy, and use environmentally friendly materials?			<p>(2) The Company 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> <p>A. Environmental policies were drafted or amended per the Company'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 the Company's management and operations.</p> <p>C. The Company 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> <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</p>

Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	NO	
			<p>weather events and thereby creates a threat to the infrastructure of the financial market. The Company 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 the Company'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 the Company's operation and equipment.</p> <p>(B)The Company is a financial service business, instead of a manufacturer who is used to discharging massive quantities of greenhouse gas. The primary sources of the Company's emission of greenhouse gas refer to power, water and fuel of transportation means. The Company 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> <p>(C)The Company 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

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			<p>shall be set as no less than 26°C.</p> <p>d. The areas of sun exposure shall be equipped with window shades to reduce radiant heat.</p> <p>e. 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.</p> <p>f. Set the PCs in the manner that the screensavers will be activated automatically once the PCs are inactive.</p> <p>g. Reduce water yield of faucets comprehensively, and persuade colleagues to 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. The Company'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) The Company 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.</p> <p>The office renovation work is primarily required to satisfy the criteria for green construction materials.</p>

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	Yes	NO	
<p>(3) Whether the Company 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>			<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 the Company’s meetings.</p> <p>(E) The Company has been honored by Environmental Protection Administration, Executive Yuan, as the excellent green procurement benchmarking entity for ten consecutive years.</p> <p>(3)</p> <p>A. The Company supports the Task Force on Climate-Related Financial Disclosures (TCFD) actively. As promoted by the “Corporate Sustainability Committee,” the Company has established the “Energy and Climate Transformation Management Policy of Yuanta Financial Holding Co., Ltd. and its Subsidiaries” and conducted the review periodically each year. The Company and its subsidiaries have identified and assessed the related climate risks and opportunities subject to their business characteristics and research and draft responsive strategies and mitigation measures with respect to various risks and opportunities over climate changes.</p> <p>B. The Company 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 the Company’s internal responsive strategies and mitigation measures with respect to various climate risks become more flexible and resilient. Meanwhile, the Company 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 the Company’s determination to boost corporate sustainability.</p> <p>C. The risk management units and sales units of the Company and its subsidiaries would identify and assess the climate-related risks and</p>

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<p>(4) Whether the Company 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?</p>			<p>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 Chapter “Climate-related Risks and Opportunities and Financial Effects” in the CSR Report on the website at: https://www.yuanta.com/Files/ESGReport/2020/EN/2020_CSR_en.pdf</p> <p>(4)</p> <p>A. The Group uses the best effort to achieve the various environmental sustainability targets, and set the following quantitative indicators:</p> <table border="1"> <thead> <tr> <th></th><th>Short-term Goals</th><th>Mid-term Goals</th><th>Long-term Goals</th></tr> </thead> <tbody> <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> </tbody> </table>		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.
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			<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, 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. In June 2021, Yuanta FHC started the green power supply. The four branches of Yuanta FHC's subsidiaries Yuanta Securities and Yuanta Bank were the first to adopt 100% green power in the financial industry. Yuanta Futures, Taichung Branch has completed 100% green power supply in Q1 of 2022, to work with all people to care for the Earth and environmental sustainability.</p> <p>The Group s taken the green building planning into account when constructing its own buildings (including the Yuanta Bank Head Office Building under construction and Tatung Building). The Group will also adopt the same standard planning when constructing any building in the future. 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 in 2020 and 2021, as the highest rating in the CDP and also ranking the best among peer companies domestically.</p> <p>In addition to dealing with the governmental energy saving/carbon reduction policies and promoting multiple related measures, the Company also defines the goal for energy saving in accordance with the "Regulations Governing Energy Subscribers' Identification of</p>	

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			<p>Goals for Energy Saving and Implementation Plan", promulgated by Ministry of Economic Affairs, in order to achieve the power saving rate more than 1% each year from 2015 to 2020 and also to achieve the average power saving rate 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. The accumulated carbon reduction volume satisfied the Group's carbon reduction target.</p> <p>C. The Company establishes the "Environmental Policy" dedicated to fulfilling environmental protection, environmental management and energy saving in 2016. Meanwhile, in order to deal with such issues as shortage of international energy and climate transformation, in 2017, the Company established the "Energy and Climate Transformation Management Policy" to respond to the energy saving and carbon reduction trend actively, and also defined the energy saving objectives and programs to include sustainable operation into the Company's management and operation.</p>	
<p>4. Social issues</p> <p>(1) Has the Company established any related management policies and procedures in accordance with the relevant laws and international human rights conventions?</p>	✓		<p>(1)</p> <p>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</p>	There was no departure in this respect.

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<p>(2) Whether the Company 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 the Company's website?</p>			<p>fulfill the responsibility for respecting and protecting human rights. Meanwhile, the Company's President executed the "Statement of Human Rights" to undertake inclusion of the human rights protection principles and spirit into the enterprise's value and culture.</p> <p>B. Meanwhile, in order to practice the "Human Rights Policy," the Company 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 the Company's human rights risk assessment control list, in order to control and mitigate the risk and solidify the Company's human rights protection policies.</p> <p>C. The Company organizes the "Peaceful Workplace: Human Rights, Laborers' Interests and Rights, 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 the Company's human rights policy, statutory laborers' interests and rights and the Company's work rules, 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>(2)</p> <p>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 performance bonus subject to the operation performance and earnings achieved by Yuanta FHC, and pay other benefits based on</p>	

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			<p>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>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.</p> <p>C. For the employees' days off, the Labor Standards Act, Act of Gender Equality in Employment, and Regulations of Leave-Taking of Workers, etc. shall apply.</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 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</p>

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<p>(3) Whether the Company 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 the Company's website?</p>			<p>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 (at 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 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 28 courses were organized in 2021, attended by a total of 7,650 trainees. The total training hours were 8,192 hours.</p> <p>Organize the occupational safety management training, fireproof management personnel training, first-aid personnel training, and</p>

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			<p>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 520 trainees in 2021. The total training hours were 3,002 hours.</p> <p>C. 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 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>D. 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>E. In 2020, Yuanta Bank and Yuanta Securities officially passed the ISO 45001 occupational safety and health management system, planned the entire occupational safety and health management development, and promoted a fair environment in the workplace protect employees' work environment and personal safety. Meanwhile, they renewed the certification in 2021. The Company,</p>

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(4)Has the Company established some effective career development training plan for employees?			<p>together with Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures, passed the ISO 45001 Occupational Safety and Health Management System certification officially in 2021. The certificate awarded to Yuanta FHC is effective from April 23, 2021 until April 22, 2024. Considering the Group's safety and health work culture that impresses people so much, it was awarded the "National Excellent Healthy Workplaces" by Health Promotion Administration, Ministry of Health and Welfare in 2021.</p> <p>F. One occupational accident occurred in 2021. One person was injured (ankle accidentally twisted and hurt on the way home from work, already recovered and returning back to work), i.e. 0.58% of the total number of employees. Yuanta FHC has strengthened the publicity of the precautions to be taken when taking public transportation, and strengthened the occupational safety and health awareness of colleagues.</p> <p>(4) The career development training plan for the Company'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>The Company'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, assignment of missions, participation in projects, participation in meeting and job rotation. Meanwhile, the Company also encourages its employees to access various financial areas of the Group and learn the diversified functions voluntarily to help the Company 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 2021 was primarily based on the Company's business development in order to promote</p>	

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			<p>the transformation and diversified functional training programs for the Group's personnel, including financial product training, insurance and property management product sales training, accounting for 82.8% of the total training fees. The senior, middle and junior management's training accounted for 12.8% of the total training expenses, and 4.4% of the total training expenses for the orientation training.</p> <p>The Company encourages employees to participate in workshops and training sessions to enhance their competence or reserve the competence needed in the future. The Company will cover the full expenses for courses that are attended upon assignment or approval by the Company. Moreover, the Company encourages employees to attend international financial professional course certification and English proficiency certification by offering incentive bonus.</p> <p>B. Share the digital training platform and promote self-learning</p> <p>The Company communicates tactic knowledge and transfer practical experience via its self-made courses available on the digital learning platform, "Yuanta 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 functions.</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, the Company releases "Yuanta 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>

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(5) Whether the Company 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			<p>C. Provide the chance for post transfer in the Group and encourage trans-disciplinary transfer for development</p> <p>The Company 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 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 Yunta 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 the Company'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 2021 offered a total of 3,332 courses, attended by a total of 326,648 trainees. The total training hours were 519,285 hours. The total employee training budget was NT\$45.15 million. Averagely, each employee accepted the training for 47.0 hours and attended the training for 29.6 counts, and was allocated the training budget, NT\$4,090.</p>	
			<p>(5) A. The Company 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 cares about consumers' interests and rights. The five major subsidiaries (Yunta Securities, Yunta Bank,</p>	

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policy and complaining procedures?			<p>Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures) all establish dedicated units under the Fair Dealing Principles, which report the implementation of related policies to the Board of Directors periodically.</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.” 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 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 or BS10012 (Yuanta Securities Investment Trust and Yuanta Futures plan to acquire the certification in May 2022) international personal data & privacy protection certification. 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.The Company’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, the Company establishes the internal control system and related guidelines with respect to the product design and sale, and helps customers</p>	

Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	NO	
<p>(6) Whether the Company 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>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 order to upgrade the customers' knowledge about financial instruments.</p> <p>E. The Company 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. The Company 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. The Company asks the suppliers to comply with the Ethical Corporate Management Best Practice Principles and the Company. For tangible product suppliers to enter into a procurement contract with the Company, as of June 2013, the Company will ensure they understand the Company's integrity and ethical principles and corporate social responsibility strategies and approaches in accordance with "Ethical Management and Guidelines for Conduct." The Company will also ask them to submit a written undertaking of integrity and ethical proof showing no record of corruption and bribery in order to comply with the integrity and ethical principles and fulfill the sustainability.</p> <p>B. In an effort to make some contribution to environmental sustainability, the Company procures green products as the first priority, primarily the three types of environmental protection</p>

Scope of Assessment	Status		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	NO	
			<p>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 ten consecutive years and Taipei City Government for eleven consecutive years.</p> <p>C. When executing any contract with suppliers, the Company will include the "Supplier Sustainable Procurement Terms" in the contract to ensure that the suppliers will comply with labor and eco-friendly laws and regulations, respect labors' basic human rights, avoid endangering labors' basic rights, and devote themselves to sustain the environment, fulfill the enterprise culture upholding eco-friendly environment, care for the earth, cherish resources, protect the environment and save energy, and concern about the society and environment issues, hoping to exercise the Company's influence and urge the suppliers to fulfill the corporate social responsibility together. In order to establish a more sound "Sustainable Procurement Procedure," the Company 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 the Company's subsidiaries. In 2021, Yuanta FHC and all of the subsidiaries passed the third party's certification.</p>

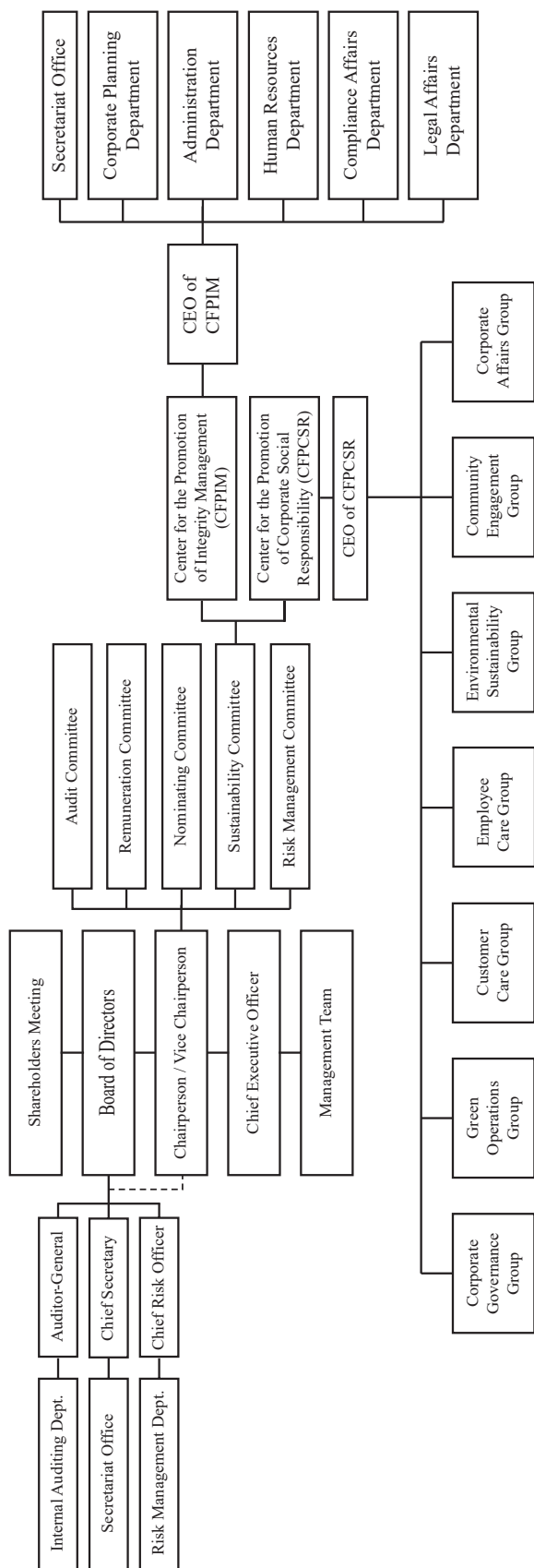
Scope of Assessment	Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	NO	Summary	
			<p>The Company uses the best effort to promote the suppliers' management, exercise the financial industry's influence, and work with the suppliers to fulfill the sustainability practices.</p> <p>D.The Company 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, the Company 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. The Company 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, the Company would provide the suggestions about risk mitigation and remedy measures, and keep following up the improvement made by the suppliers with high risk. In the meantime, in order to verify the suppliers' overall performance, the Company would conduct the evaluation on key suppliers. Through the annual evaluation, the Company distinguished the suppliers into excellent, qualified and observable ones, and adopted the management policy varying based on the suppliers, in order to continue improving the procurement results and grow with the suppliers, our partners.</p>	
5. Whether the Company prepares the report disclosing the Company'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	✓		<p>The Company releases the non-financial information report periodically each year. In June 2021, the Company released the “Yunta FHC 2020 CSR Report” (hereinafter referred to as the Report), and the relevant public notice was posted in the “Sustainability” section on Yunta FHC' website, in Chinese and English languages. It covers the Group's performance in economy, society and environment in 2020 (from January</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	
assured or guaranteed by a third-party certification unit?			<p>1, 2020 to December 31, 2020), and management policies and responsive measures against important topics. The Report set the organization bound based on the principles of consolidated statements, covering Yuanta Financial Holdings 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 and International Integrated Reporting Framework, and also added the SASB-Investment Banking & Brokerage Guidelines. 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, ISO26000 and ISO27001 were followed. The Report was investigated by BSI, Taiwan Branch based on AA1000 AS:2008 and GRI. Upon investigation, the Report was held satisfying the "core" requirements under GRI and AA1000 Type II 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."</p>
6. If the Company 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: There was no departure in this respect.			
7. Other information material to the understanding of the corporate social responsibility: Please view the "Sustainability" section on the home page of the Company'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. Meanwhile, Yuanta FHC has established the TCFD project to keep reviewing and assessing the impact posed by climate risk to Yuanta FHC's financial position to continue enhancing Yuanta FHC's management of climate 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. 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 Social Responsibility Promotion Center is identified as Yuanta FHC's unit dedicated to promoting the corporate social responsibility, which governs 7 functional teams. The organizational structure is stated as following:



(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 (Note 1)		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 the Company 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 the Company’s website?</p>	✓		<p>(1)</p> <p>A. The Company has adopted the “Yunta FHC Ethical Management Principles” (“Ethical Management Principles”) and “Yunta FHC Procedures for Ethical Management and Guidelines for Conduct” (“Guideline for Conduct”), respectively, in response to Financial Supervisory Commission’s policies, and the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and “Procedures for Ethical Management and Guidelines for Conduct” published by TWSE. Upon approval of the Board of Directors, these rules are applicable to the Company and all of its subsidiaries, and all foundations to which the Company has directly/indirectly donated more than 50% of operating funds.</p> <p>In order to help the Group’s directors, supervisors and senior management understand and practice the ethical management philosophy, the Company includes the “Statement of Ethical Management” in the documents to be executed by the Group’s directors, supervisors and senior management, which shall also be kept with care. The directors 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</p>

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
			<p>disclosure and no acceptance of unjustified benefits, and prohibition of transactions with any person engaged in unethical management. The related contents of the "Statement of Ethical Management" are disclosed on the following website: https://www.yuanta.com/TW/IR/Governance/Committees.</p> <p>B. In order to practice ethical management and improve corporate governance, in 2018, the Company has established the "Corporate Sustainability Committee (expected to be renamed in 2022)" subordinated to the Board of Directors to govern the "Ethical Corporate Management Promotion Center" and "Corporate Social Responsibility Promotion Center (expected to be renamed in 2022)." The "Ethical Corporate Management Promotion Center" is responsible for promoting and coordinating the ethical corporate management-related affairs and report to the Committee the work plans and execution results thereof periodically. The ethical corporate management-related regulations and undertaking to practice the ethical corporate management policy are disclosed on the Company's website.</p> <p>The Company 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/TW/IR/Governance/Internal-Policies</p> <p>The commitment to fulfill the management policy is disclosed on the following website: https://www.yuanta.com/TW/IR/Governance/Committees</p>	
(2) Whether the Company establishes the assessment mechanism about unethical	✓		(2) In addition to defining requirements about prevention of unethical conduct in the "Guidelines for Conduct" and "Codes of	

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	NO	Summary	
<p>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>(3) Whether the Company 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 the Company's website?</p>	✓		<p>Ethical Conduct" and reviewed whether the regulations satisfy internal and external laws and internal operations periodically, the Company 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 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 "Ethical Management Principles" 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 employee who disagrees with the discipline may apply for reconsideration under the complaint system.</p>	
<p>2. Implementation of ethical management</p> <p>(1) Has the Company assessed a trading counterpart's ethical management record,</p>	✓		<p>(1) The Company has already drawn up the "Checklist for Singing of Procurement Contracts" and included an ethical management clause</p>	There was no departure in this respect.

Scope of Assessment	Status (Note 1)		Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	
and expressly states the ethical management clause in the contract to be signed with the trading counterpart?			into in the contract in accordance with the "Guideline for Conduct", to help the assessment when negotiating concluding contract with external procurement supplier involving the buyout/sellout of ownership of products. The "written undertaking for ethical management" attached to the checklist shall be signed by the external procurement supplier as proof. Furthermore, when concluding any procurement contract, the Company would demand that the supplier include the ethical management clause and sustainable procurement clause into the contract.
(2)Whether the Company 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 the Company's website?	✓	(2) A.In November 2018, the Company established the "Corporate Sustainability Committee" 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 "Ethical Corporate Management Promotion Center" 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 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. Corporate Sustainability Committee reported the Board of Directors the Ethical Corporate Management Promotion Center's execution results of ethical management practices in the first half and second half of the year, the Company's whistle-blowing system practices in the first half and second half of the year, and ethical management practices in 2020, on March 23 and October 27, 2021, respectively. The Committee's operations and functions are also disclosed on the Company's website and in the annual reports. The related operations are disclosed on the following website: https://www.vuanta.com/EN/IR/Governance/Committees	

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
(3) Has the Company defined any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	✓		<p>B. The operations and execution of the Company's 2021 ethical management policies are summarized as follows:</p> <p>(A) Education & training: The Company regularly conducts training courses on "Integrity Management and Law Compliance Promotion" for all employees and managers. All employees and managers are required to take the course and pass the test. A total of 11,697 people in the Group participated in the course and passed the test. The total number of training hours 11,004 hours.</p> <p>(B) Periodically analyze and assess the operating activities with a higher risk of unethical conduct in the scope of business periodically: Each of the Company'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.</p> <p>(C) Whistle-blowing system: A total of 2 whistle-blowing cases were accepted, while none of them involved unethical conduct issues. The related information is disclosed on the following website: https://www.yuanta.com/EN/IR/Governance/Reporting-Mechanism</p> <p>(3) A. Yuanta FHC has expressly defined the conflict of interest policy in the "Code of Ethics," "Guidelines for Conduct," "Parliamentary Procedures for Directors' Meetings," "Rules Governing Job Responsibilities of Directors" and any directors shall refuse</p>	

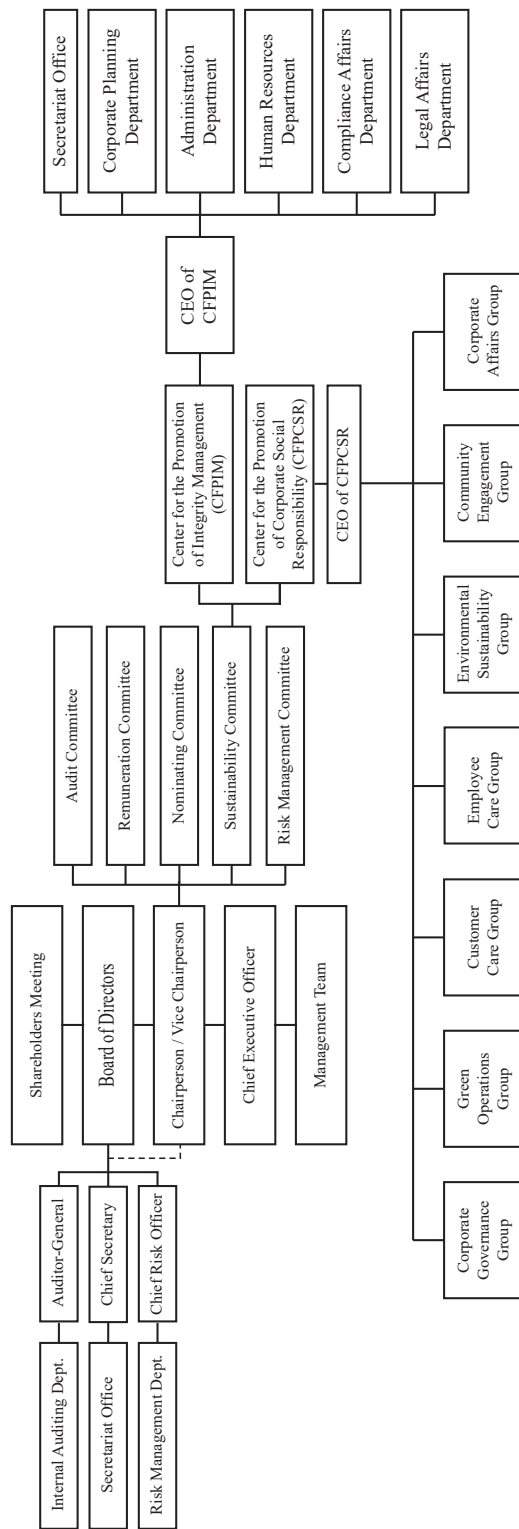
Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
<p>(4) Whether the Company fulfills the ethical management by establishing an effective accounting system and internal control system, 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>themselves from voting for any motions involving the interest of the directors 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 "Ethical Management Principles", the Company 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 "Code of Ethics," "Parliamentary Rules for Board of Directors' Meetings," "Articles of Association for Audit Committee" and "Guidelines Governing Donations to the Public." The Auditing Dept. has included the "Results of Ethical Management Practices" and "Unethical Conduct Risk Assessment" into the audit when auditing the Company's business. The audit result showed no major deficiency found.</p> <p>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</p>	

Scope of Assessment	Status (Note 1)		Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	
(5) Has the Company organized internal/external education training program for ethical management periodically?	✓		<p>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.</p> <p>(5)</p> <p>A. Yuanta FHC organizes the "Ethical Management & Compliance Promotion" training program periodically. 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 whistle-blowing 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 that the corporate ethical management policy may be fulfilled.</p> <p>B. The Group's "Ethical Management & Compliance Promotion" training program 2021 was attended by a total of 11,697 trainees. There were 11,004 training hours in total.</p> <p>C. In order to help the directors with continuing education, the Company provided the information about the "Ethical Management & Compliance Promotion" training program, and also organized a total of two corporate governance seminars for the Group's directors and supervisors for promotion. The "Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)" held on May 4, 2021 were attended by a total of 60 directors and supervisors, for 180 hours in total. The "Introduction and Response to Financial Consumer Protection Act (Fair Dealing)" held on October 5, 2021 were attended by a total of 44 directors and supervisors, for 132 hours in total.</p>

Scope of Assessment	Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	NO	Summary	
<p>3. Status of the Company's complaint system</p> <p>(1) Has the Company 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>(2) Whether the Company 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> <p>(3) Has the Company adopted any measures to prevent the complainants from being abused after filing complaints?</p>	<p>✓</p> <p>✓</p> <p>✓</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 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 complaints' 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> <p>(3) The protection policies adopted by Yuanta FHC in accordance with the "Regulations Governing Implementation of Complaint System" include the confidentiality of the complaint'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>	<p>There was no departure in this respect.</p>
<p>4. Enhancing Information Disclosure</p> <p>Has the Company disclosed the Ethical Management Principles and effect of</p>	<p>✓</p>		<p>The Company's "Code of Ethics" and "Guidelines for Conduct," and results of ethical management and practices were timely disclosed in the</p>	<p>There was no departure in this respect.</p>

Scope of Assessment	Status (Note 1)		Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	NO	
implementation thereof on its website and Market Observation Post System?			corporate governance section on the official website. The effect of implementation thereof was disclosed in the annual reports and Corporate Sustainability Report. Meanwhile, said two requirements were also disclosed on the MOPS.
5. If the Company 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 the Company): The Company has enacted the "Checklist for the Signing of Procurement Contracts." When procuring products of which the ownership is bought out/sold out and before signing the contract, the Company will ask the supplier to issue a written undertaking for ethical management. It will search whether the trading counterpart has any unethical management record, such as bribery or illegal political donations, and include the ethical management clauses and sustainable procurement clauses.			

Note: The Integrity Management Promotion Center 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, the 25th meeting of the Board of Directors of 4th term on January 21, 2009 approved the “Procedures for the Handling of Major Internal Incidents.” The amendments to said Procedures were passed by the 2nd meeting of the Board of Directors of the 5th term on July 27, 2010 and by the 20th meeting of the Board of Directors of the 8th term on September 23, 2020, respectively. Then, the Procedures were uploaded to Yuanta FHC’s intranet. Yuanta FHC’s management and all employees are required to abide by them and refrain from any insider trading activities
2. Yuanta FHC passed the Taiwan Corporate Governance Association’s “CG6012 (2019) Corporate Governance Framework Assessment Certificate with Distinguished Honor” in 2020. This certification is effective from December 25, 2020 to December 24, 2022.
3. 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).

(X) Directors' continuing education

As of December 31, 2021

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Chairman	Ting Chien Shen (Tony)	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Chairman	Ting Chien Shen (Tony)	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Director	Wei Chen Ma (Michael)	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Director	Wei Chen Ma (Michael)	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Director	Wei Chen Ma (Michael)	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Director	Wei Chen Ma (Michael)	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Director	Chung Yuan Chen	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Director	Chung Yuan Chen	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Director	Chung Yuan Chen	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Director	Chung Yuan Chen	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Director	Chung Yuan Chen	2021.09.01	2021.09.01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3
Director	Chung Yuan Chen	2021.12.22	2021.12.22	Taiwan Corporate Governance Association	Corporate Governance Summit Forum – Practicing ESG and Sustainable Development	3
Director	Chao Kuo Chiang	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Director	Chao Kuo Chiang	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Director	Chao Kuo Chiang	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Director	Daniel Y.M. Song	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Director	Daniel Y.M. Song	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Director	Daniel Y.M. Song	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Independent Director	Ming Ling Hsueh	2021.02.25	2021.02.25	Taiwan Corporate Governance Association	Strategic Turning Point of International Century Enterprises and Learning of Sustainability from Century Enterprises	1
Independent Director	Ming Ling Hsueh	2021.04.09	2021.04.09	Taiwan Corporate Governance Association	Global Macroeconomic Outlook in 2021	3
Independent Director	Ming Ling Hsueh	2021.04.29	2021.04.29	Taiwan Corporate Governance Association	Talk About Corporate Governance Roadmap 3.0 and Directors' Liability	3
Independent Director	Ming Ling Hsueh	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Independent Director	Ming Ling Hsueh	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Independent Director	Ming Ling Hsueh	2021.08.06	2021.08.06	Taiwan Corporate Governance Association	Research on Important Economic and Trade Issues and Sharing of Ethical Management Cases	3
Independent Director	Ming Ling Hsueh	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Independent Director	Ming Ling Hsueh	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Independent Director	Ming Ling Hsueh	2021.10.28	2021.10.28	Taiwan Corporate Governance Association	Operation of Practices on Incentive Tools for Employees of TWSE/TPEx-Listed Companies	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Independent Director	Ming Ling Hsueh	2021.12.22	2021.12.22	Taiwan Corporate Governance Association	Corporate Governance Summit Forum – Practicing ESG and Sustainable Development	6
Independent Director	Kuang Si Shiu	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Independent Director	Kuang Si Shiu	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Independent Director	Kuang Si Shiu	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Independent Director	Kuang Si Shiu	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Independent Director	Kuang Si Shiu	2021.12.22	2021.12.22	Taiwan Corporate Governance Association	Corporate Governance Summit Forum – Practicing ESG and Sustainable Development	6
Independent Director	Yin Hua Yeh	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT	3
Independent Director	Yin Hua Yeh	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Independent Director	Yin Hua Yeh	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Independent Director	Yin Hua Yeh	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Independent Director	Hsing Yi Chow	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Independent Director	Hsing Yi Chow	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Independent Director	Hsing Yi Chow	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Independent Director	Hsing Yi Chow	2021.12.03	2021.12.03	Taiwan Institute of Directors	Post-Epidemic Kinematics – Six Major Chakra for Challenging Enterprises’ Rapid Growth	2
Independent Director	Hsing Yi Chow	2021.10.25	2021.10.25	Taiwan Corporate Governance Association	Insider Trading	3

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

As of December 31, 2021

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
President	Chien Weng	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
President	Chien Weng	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Auditor-General	Ming Hsiu Tsai	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Auditor-General	Ming Hsiu Tsai	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Auditor-General	Ming Hsiu Tsai	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Auditor-General	Ming Hsiu Tsai	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Senior Vice President	Chieh Wu	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Senior Vice President	Chieh Wu	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Senior Vice President	Chieh Wu	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Senior Vice President	Lawrence Lee	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Senior Vice President	Lawrence Lee	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Senior Vice President	Lawrence Lee	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Senior Vice President	Lawrence Lee	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Senior Vice President	Wen Ching Chiu	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Senior Vice President	Wen Ching Chiu	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Senior Vice President	Wen Ching Chiu	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Senior Vice President	Hsuan Min Kuo	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Senior Vice President	Hsuan Min Kuo	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Senior Vice President	Hsuan Min Kuo	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Senior Vice President	Mei Ling Kuo	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Senior Vice President	Mei Ling Kuo	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Senior Vice President	Mei Ling Kuo	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Senior Vice President	Hsiao Ling Chou	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Senior Vice President	Hsiao Ling Chou	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Senior Vice President	Hsiao Ling Chou	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Senior Vice President	Hsiao Ling Chou	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Senior Vice President	Hsu Shu Mai	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Senior Vice President	Hsu Shu Mai	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Senior Vice President	Robert C.S. Yang	2021.11.12	2021.11.12	Taiwan Corporate Governance Association	Business Administration and Public Opinion & News Crisis Management Strategies	3
Senior Vice President	Robert C.S. Yang	2021.12.16	2021.12.16	Taiwan Corporate Governance Association	Drive Transformation to Practice SGDs	3
Senior Vice President	Robert C.S. Yang	2021.12.22	2021.12.22	Taiwan Corporate Governance Association	Forum – Practicing ESG and Sustainable Development	3
Senior Vice President	Robert C.S. Yang	2021.12.28	2021.12.28	Taiwan Corporate Governance Association	The key adopted by directors to lead enterprises in the environment in which the technology is changing rapidly	3
Senior Vice President	Ming Lang Liu	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Senior Vice President	Ming Lang Liu	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3
Vice President	Yung Chu Su	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Vice President	Yung Chu Su	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Senior Assistant Vice President	Pei Yu Chen	2021.05.04	2021.05.04	Taiwan Securities Association	Case Study and Practices on AML and CFT (including Prevention of Insider Trading Promotion)	3
Senior Assistant Vice President	Pei Yu Chen	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3
Senior Assistant Vice President	Pei Yu Chen	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Senior Assistant Vice President	Ho Hsing Pan	2021.08.03	2021.08.03	Taiwan Securities Association	Challenges and Response measures of Information Security	3

Title	Name	Course duration		Organizing agency	Course name	Course hours
		From	To			
Senior Assistant Vice President	Ho Hsing Pan	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Assistant Vice President	Yu-Chin Tsao	2021.09.07	2021.09.07	Taiwan Securities Association	Innovations and Managements of Sustainable Finance	3
Assistant Vice President	Yu-Chin Tsao	2021.10.05	2021.10.05	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3

(XII)Implementation of the internal control system

1. Statement on Internal Control System: Please ref. to page 150.
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, 2010 to December 31, 2021, 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: 03/30/2022

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

(Basis date: 12/31/2021)

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
【Yuanta Securities】 I. The deficiencies found in the wealth management service project inspection violate Paragraph 2 of Article 2 of the Regulations Governing Securities Firms. Accordingly, the FSC imposed the fine of NT\$240,000 and ordered the Company to correct the deficiencies.	(I) Upgrade the criteria for review on professional investors' experience in trading. (II) Promote and establish the business solicitation control mechanism periodically. (III) Strengthen the review on qualifications of the management at various levels with the authority to approve wealth management services or transactions. (IV) Already amend the charge standards and method of collection for the consigned trading of foreign securities operations.	Improvement completed.
	(I) Already strengthened the judgment criteria and raise the risk customer level, and execute enhanced promotion that customer's identity may be verified through database and via other channels, in order to strengthen the customer due diligence (CDD) operations. (II) Already added the "responsible person for foreign investment" field in the account opening system. The account subject to pending submissions is set as a dormant account. The Company also promotes that the required submissions must be completed. (III) Already required the CDD information again, and retained related records. (IV) Already completed the qualification training courses for the AML officer's functionary substitute and established the transfer and training mechanism, and enhanced the promotion of the mechanism to the sales unit. (V) The international transmission of a customer's personal data is carried out based on the official approval as required and the letter of agreement for international transmission of personal data executed by the customer.	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
III. The deficiencies found in the co-location operations inspection violate Paragraph 2 of Article 2 of the Regulations Governing Securities Firms. Accordingly, the FSC ordered the Company to correct the deficiencies.	(I) The co-location control room firewall audit log has been imported into the log maintenance platform and kept with care as required. (II) Already implemented the review on the firewall policy this year, which was extended to cover the co-location firewall. (III) Already strengthened the co-location control room firewall login name & password principle settings, and change the firewall administrator's password.	Improvement completed.
IV. The deficiencies found in the processing of account opening requested by traders at the age of 70 years old or above and inspection operations violate Paragraph 2 of Article 9 of the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms. Accordingly, the FSC ordered the Company to correct the deficiencies.	Already educated and trained all colleagues to have the account opening and credit investigation operations in place.	Improvement completed.
V. The write-off on behalf of traders in futures transactions violates Paragraph 2 of Article 9 of the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms. Accordingly, the FSC ordered the Company to correct the deficiencies.	(I) Strengthened the promotion and education & training. (II) The staff engaged in the write-off on behalf of the trader have received the verbal warning.	Improvement completed.
VI. The deficiencies found in the project inspection on the control mechanism over the acceptance of orders placed by institutional customers violate Paragraph 2 of Article 2 of the Regulations Governing Securities Firms. Accordingly, the FSC ordered the Company to correct the deficiencies.	(I) The inspection and acceptance on the modification of the inspection mechanism over the information system has been completed. (II) The Company has accessed the name list of the institutional customers' personnel with the authority to place orders.	Improvement completed.
VII. The deficiencies found in the search for customers' data management violate	Already amended the "Directions for Colleagues' Processing and Utilization of Documents, Files or Media Containing	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
Paragraph 2 of Article 2 of the Regulations Governing Securities Firms. Accordingly, the FSC ordered the Company to correct the deficiencies.	Customers' Personal Data."	
VIII. The subsidiary, Yuanta International Insurance Brokers, 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.	(I) 1. Per the insurance company's product launch mechanism, the Company would not engage in solicitation and request execution of the proposals until the sale date. 2. 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. (II) 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.	Improvement completed.
IX. The subsidiary, Yuanta Securities (Korea), violated the Significant Cash Transaction report obligation and, therefore, was fined KoFIU 10 million KRW (about NT\$250,000)	Updated the AML system to have the system generate the trading information to be reported automatically, in order to control the report schedule.	Improvement completed.
X. The subsidiary, Yuanta Investment, violated the foreign currency exchange report obligation and, therefore, was fined by the FSC of Korea 14.05 million KRW (about NT\$350,000)	Amended the internal rules, and added the operating procedure and submissions required for the investment.	Improvement completed.
XI. The securities and warrants trader of the subsidiary, Yuanta Securities (Thailand), engaged in the bogus transaction from April to July 2021 and, therefore, caused the loss amounting to THB8.42 million (about NT\$7.17 million). Until	(I) The trader furnished two parcels of land as the collateral and compensated the loss per the repayment agreement. The repayment agreement is under control and follow-up. (II) Print out the checklist of securities and warrant orders placed manually on a daily basis, to be reviewed by the	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
December 31, 2021, the trader has repaid THB4.8 million (about NT\$4.09 million).	supervisor, and then submitted to the regulatory authority on a weekly basis.	
【Yuanta Bank】 I. The former wealth management specialist of Nanking East Road Branch provided the false income statement to the customer. Accordingly, the FSC ordered the Company to correct the deficiency.	Already amended the related internal regulations to strengthen the internal controls, in order to prevent a similar situation from occurring again.	Improvement completed.
II. It organized the presentations before product launch when processing the insurance agency operations, and started to gather the statistics about sales performance, conducted the training claiming interest revenue, and failed to verify the source of premium, “existing deposit,” in the sales representative’s prospectus after customers redeemed their funds and then purchased the investment insurance policy. Accordingly, the FSC imposed a fine of NT\$1.8 million.	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.
III. A former wealth management specialist of Yongchun Branch has engaged in unusual financial transactions with customers and also kept the blank withdrawal slips already executed by customers on behalf of the customers.	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.	Scheduled to complete in Q2 of 2022.
【Yuanta Life】 I. Some customer’s address was found identical with that specified in the sales representative’s own insurance policy, upon the customer’s application for changes of the contract. Apparently, no control mechanism was practiced to	Already added the function to match the information about sales representatives’ own insurance policies and customers’ insurance policies and information about changes of contracts by the customers; and, revised the checking mechanism about the “address/Tel. No./mobile No./email” of the proposer or insured in the “New Insurance Contract Handbook” and “Operating Procedure for	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
check the addresses of the sales representative and customer. Therefore, the FSC imposed a fine of NT\$600,000.	Security and Controls.”	
II. When soliciting for business via telemarketing, the telemarketing personnel were found to lead the proposers to raise their annual family income with the inadequate skill of speech, reflecting their failure to execute the internal business solicitation systems and procedures precisely. Therefore, the FSC imposed a fine of NT\$600,000.	Already added the deducted scores for the two indicators, namely “guide the proposer to raise revenue” and “interpret the main economic source/family income in error” in the sale quality control list. Already reviewed and educated the relevant personnel, and disciplined the telemarketing personnel exercising the defective skill of speech.	Improvement completed.
III. The inconsistency in sales representatives’ data and addresses as recorded and failure to control the format of mobile No. are disadvantageous to the checking and matching operations. Therefore, it was ordered by FSC to make corrections.	Already corrected all sales representatives’ addresses in the personnel system and communicated to related personnel about the accuracy in creating the address files and enhanced review and approval. Already completed the system settings for the mobile No. section in the sales representatives’ personnel data.	Improvement completed.
IV. When undertaking the customer’s contract for enrollment into an insurance program, it failed to disclose to the customer that any old insurance policy of the customer about the same product could be reinstated. Still, it underwrote the new insurance policy directly’ or only consulted with the solicitor without verifying the customer’s will, thus harming the customer’s interest and right protection. Therefore, it was ordered by FSC to make corrections.	Already amended the system to add in the review decision for underwriting of new contracts the reminder to customers that they still retain another insurance policy for the same product which is under suspension; also expressly defined that where the insured is found having maintained the insurance for the same product before and the old insurance policy is suspended when it is underwriting a new insurance contract, it will disclose to the insured via telephone interview about his/her related interest and right, and help the following movements desired by the customer.	Improvement completed.
V. The Company was involved in solicitation and sale before the product launch with respect to the sale of investment insurance policies and failed	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	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
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. Accordingly, the FSC imposed a fine of NT\$3 million and ordered it to correct one deficiency. Meanwhile, the FSC demanded that the Company should stop selling four products and pursue the liability to be borne by the officers held liable.	Sales Limit Pre-warning Control Rules” to strengthen the control and assessment mechanism over the product sale.	
VI. The Company 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. The FSC imposed a fine of NT\$2.4 million.	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.	Improvement completed.
VII. The Company failed to report on the change in the responsive actions against operational risk incidents in the core system program within prescribed time limit. Meanwhile, the reviewer of the changes in the system failed to verify the changed part and thereby causes errors in the remarks of the new contract. The FSC ordered it to correct the deficiency.	Already added the “Reported Risk Incident Record” into the scope of inspection to strengthen the inspection on the reported risk incidents. Also amended the “Computer Application System Development Procedure” and added the “System Development Check and Control List” to strengthen the system development inspection operations.	Already set forth and made the improvement, and reported to the competent authority.
VIII. The Company failed to specify the causes when the number of suppliers providing tender offer was insufficient	Already amended that “Procurement, Purchase and Inspection & Acceptance Management Procedure” and update the “procurement/purchase (repair) request	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
when approving the information system procurement project, and mistyped the estimated amount in the procurement/purchase request form. Accordingly, the FSC ordered the Company to correct the deficiency.	form” to strengthen the procurement inspection operations.	
IX. The access to the network providing services accessible by the public was not encrypted. Meanwhile, the network accepted unsafe transfer encryption protocol. An order of rectification was issued by the FSC.	The access to such network has been encrypted. The transfer encryption protocol was also amended satisfactorily. It also established the periodic inspection mechanism.	Improvement completed.
【Yuanta Futures】 I. The personnel engaged in writing off the trader’s position on behalf of the trader executed the order at the floor price ROD. As a result, it was ordered by the FSC to make corrections.	Strengthened communication of laws and regulations and established the system’s control mechanism; required the personnel engaged in writing off the trader’s position on behalf of the trader executed the order at the reference price IOC.	Improvement completed.
II. The Company failed to authorize the trading limit subject to the risk assessed based on the customer’s financial position and credit. The trading limit was expanded under the situation that the customer didn’t provide financial proof. The customer’s statement of account was sent to the sales representative’s email. The internal personnel failed to set forth the check logics when engaging in discretionary trading. Therefore, the FSC imposed a fine of NT\$480,000.	(I) Already set different trading limits subject to the customer’s risk attributes and established the system’s controls. (II) Already established the system’s controls and required that the trading limit may be expanded only upon request and financial proof must be presented therefor. (III) Already established the inspection mechanism requiring that specific action must be taken when the customer’s was found using the same email address with any internal personnel. (IV) Already set forth the regulations governing internal personnel’s engagement in discretionary trading and established the relevant inspection mechanism, and reviewed any conflict of interest cases.	Improvement completed.
III. The Company’s internal personnel failed to separate his/her and his/her spouse’s account from another client’s	(I) Already strengthened communication of laws and regulations, and established the inspection mechanism requiring that specific action must be taken	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
account. Meanwhile, when he/she resigned or discharged responsibilities, the account was not canceled or changed into the general one. Further, the cause why the non-internal personnel placed the order via the intranet was not verified. Given said circumstances, FSC ordered the Company to correct the deficiency.	<p>against the abnormality in the internal personnel's accounts.</p> <p>(II) The internal personnel and non-internal personnel should use the network segments to separate these accounts. The causes of non-internal personnel's transactions completed via the intranet shall be verified.</p>	
IV. No related records, such as the test plans, was retained, or the system's applications were not updated in a timely manner, prior to the launch of the leverage transaction merchant trading system. Accordingly, the FSC imposed a fine of NT\$120,000.	Already strengthened the communication of laws and regulations, and demanded that related records should be retained with respect to the application for, test and launch of the system programs, and should update the system's applications in a timely manner.	Improvement completed.
V. The Company failed to take into account individual traders' operating habits and needs and thereby caused the inconsistency between the price set on the e-platform and the price exported. Accordingly, the FSC ordered the Company to correct the deficiency.	Already amended the system programs to make the set price on the e-platform consistent with the price exported.	Improvement completed.
VI. The Company failed to precisely review the applications for opening an account by the trader at the age of more than 70 years old as accepted by the futures introducing broker. As a result, the regular income proof as attached was found failing to satisfy the relevant requirements. Accordingly, the FSC ordered the Company to correct the deficiency.	Already strengthened the communication of laws and regulations, and demanded that the review on account qualifications of traders at the age of more than 70 years old should be carried out strictly.	Improvement completed.
VII. Before executing the write-off on behalf of the trader, the futures introducing broker failed to send the notice	Already amended the system programs to have the system proceed with the mark to the market and send the notice disclosing high risk.	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
disclosing high risk. Accordingly, the FSC imposed a fine of NT\$120,000.		
<p>【Yuanta Securities Investment Trust】</p> <p>I.</p> <p>(I) The former Fund manager’s related account traded the same stocks on the same day when the Fund engaged in trading stocks, thus causing concerns about disclosure of news to others.</p> <p>(II) With respect to the processing of CDD and risk assessment, multiple customers dealing with the same trading agent or related accounts with the same mailing address, contact number and email were excluded from the factors in the customer risk assessment.</p> <p>(III) With respect to the processing of CDD and risk assessment, the investigation result showed that the profile of the existing customers who have subscribed for the Fund in the most recent 3 years was defective or pending investigation. Failure to conduct the ML risk assessment precisely, which affected accuracy of the assessment on customers’ ML risk rating.</p> <p>(IV) With respect to the report and control on interested companies, some directors were found failing to report the enterprises in which their spouses served as directors, thus affecting the control over the interested companies.</p> <p>FSC ordered it to make corrections, imposed a fine of NT\$600,000 on the circumstances referred to in Item (1) separately,</p>	<p>(I) Already strengthened the communication equipment management and checking mechanism; amend the communication equipment management system procedures; and expressly defined the misconduct types as the reference for personnel performance appraisal.</p> <p>(II) Already strengthened communication of the requirements about conflict of interest to the investment units. Each investment unit should communicate the knowledge about information and communication equipment management and complete the declaration of statement on a monthly basis, in order to remind managers to avoid breaking the rules. Added the access controls with respect to the investment unit engaged in trading TAIEX in order to strengthen the control over the personnel’s entry/exit.</p> <p>(III) Already amended the system to have the related account’s risk scores also taken into consideration in the customer risk assessment as one of the risk factors when entering into business relations.</p> <p>(IV) With respect to the customers who meet the following circumstances, already identified the industries based on the business lines specified by Department of Commerce, Ministry of Economic Affairs and updated the customers’ industries; any customer whose industry cannot be identified would be banned from the subscription.</p> <p>(V) Already re-stated the related laws and regulations to the whole directors and supervisors; adjusted the monthly investigation method, and specified the</p>	Improvement completed.

Issues-to-be-improved	Improvement	Scheduled to Complete Improvement on
and suspended the former Fund manager from performing duties for one year.	legal bases and penalties to directors and supervisors.	
<p>II. When undertaking the additional offering and placement for a futures trust fund,</p> <p>(I) it failed to define the fund placement principles and applied the calculation basis varying depending on different funds and participating securities houses.</p> <p>(II) Failed to retain the approving record about the placement as decided.</p> <p>(III) Failed to establish the review mechanism with respect to subscribers.</p> <p>FSC imposed a fine of NT\$360,000, and also ordered the CPA other than the independent auditor certifying the Company's financial statements to audit the improved internal control system as a special case and issue an audit report therefor.</p>	<p>(I) Already amended the internal control system when concurrently engaging in futures trust services; added and amended the related internal rules; and, enhanced the control and review mechanism, in order to prevent a similar situation from occurring.</p> <p>(II) Already retained the CPA to audit the improved internal control system as a special case and to issue an audit report therefor.</p>	Improvement completed.
<p>III. The fund manager used the second mobile phone and his/her personal laptop and, therefore, was likely to disclose any news accessed by him/her <i>ex officio</i> to another person.</p>	<p>(I) Already convened the "Personnel Review Committee" meeting and resolved to terminate the employment with the fund manager, and also punish his/her department head jointly and severally.</p> <p>(II) Already strengthened the internal promotion and education & training for the personnel dedicated to investment operations.</p> <p>(III) The Company has strictly executed the communication equipment management inspection mechanism to have the Internal Auditing Dept. find the fund managers' deficiencies voluntarily. Afterwards, the Company also strengthened the penalty under its reward and punishment management guidelines.</p>	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 sales representative of Yuanta Securities, Taoxing Branch named Tang O-Hua, who was clearly aware that his/her customer was deceased, still accepted the order placed by the customer's sister named Chiu O-Ching via phone. Taiwan Taoyuan District Prosecutors Office held that Tang O-Hua and Chiu O-Ching both committed the offense of forgery of instruments under the Criminal Code and, therefore, initiated an indictment against both parties on January 31, 2020. The case was judged as not guilty by Taiwan Taoyuan District Court. Then, Taiwan High Court revoked the appeal filed by the prosecutor. Therefore, the not-guilty judgment sustained.

Improvement:

- A. The sales representative, Tang O-Hua, was given a warning by the company.
- B. Strengthen the communication of laws and regulations to sales representatives, and re-state to sales representatives that they shall be prohibited from "accepting any order for subscription for or trading or settlement of securities from the customer personally or the agent without a power of attorney issued by the customer."
- (2) The resigned employee of Yuanta Bank, Chi O-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

It organized the presentations before product launch when processing the insurance agency operations, and started to gather the statistics about sales performance, conducted the training claiming interest revenue, and failed to verify the source of premium, "existing deposit," in the sales representative's

prospectus after customers redeemed their funds and then purchased the investment insurance policy and, therefore, was held violating the Insurance Act and Financial Consumer Protection Act. Accordingly, the FSC ordered Yuanta Bank to correct the deficiencies within one month, and also imposed a fine of NT\$1.8 million. (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 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 sale of 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.

(3) Yuanta 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 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	Causes:	Resolution	Implementation status
2021 General Shareholders' Meeting	July 8, 2021	To recognize Yuanta FHC's 2020 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 2020 earnings distribution plan. (Proposed by the Board of Directors)	The motion was ratified upon voting.	According to the general shareholders' meeting resolution, the cash dividend distribution of NT\$1.2 per share of Company's stock was completed. The record date for distribution was set on July 17, 2021, and the dividend should be distributed on July 21, 2021.
		Motion for amendments to "Yuanta Financial Holding Co., Ltd. Articles of Incorporation" is proposed for resolution. (Proposed by the Board of Directors)	The motion was ratified upon voting.	1. The registration of changes has been approved by the Ministry of Economic Affairs on August 24, 2021. 2. Already posted on Yuanta FHC's website.
		Motion for amendments to "Yuanta Financial Holding Co., Ltd. of Procedure for Election of Directors" is proposed for resolution. (Proposed by the Board of Directors)	The motion was ratified upon voting.	Already posted on Yuanta FHC's website on July 9, 2021, 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 July 13, 2021, and followed the procedures after the amendments.

2. 25th meeting of the 8th board of directors on March 3, 2021
 - (1) Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Articles of Incorporation.”
 - (2) Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Parliamentary Rules for Shareholders’ Meetings.”
 - (3) Approved organization of the general shareholders’ meeting 2021 at 9:00AM on June 7, 2021 (Monday).
 - (4) Approved enrollment into liability insurance for the directors, supervisors and managers of Yuanta FHC and its subsidiaries.
3. 26th meeting of the 8th board of directors on March 23, 2021
 - (1) Approved of Yuanta FHC’s 2020 Statement on Internal Control System.
 - (2) Approved Yuanta FHC’s consolidated financial statements 2020.
 - (3) Approved Yuanta FHC’s 2020 earnings appropriation.
 - (4) Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Tax Governance Policy”.
 - (5) Approved the allocation of remuneration to directors 2020.
 - (6) Approved the allocation of remuneration to employees 2020.
4. 27th meeting of the 8th board of directors on April 28, 2021
Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Human Rights Policy.”
5. 29th meeting of the 8th board of directors on June 15, 2021
 - (1) To satisfy the need for COVID-19 epidemic prevention emergent shelters, the subsidiaries, including Yuanta Securities, Yuanta Bank, Yuanta Securities Investment Trust and Yuanta Futures, donated the fund amounting to NT\$100 million to medical institutions jointly.
 - (2) Approved the date and venue of postponed annual meeting of shareholders 2021.
6. 30th meeting of the 8th Board of Directors on June 23, 2021
 - (1) Approved the record date and date of distribution of Yuanta FHC’s cash dividends.
 - (2) Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Regulations Governing Establishment of Sustainability Committee.”
7. 31st meeting of the 8th Board of Directors on July 28, 2021
Approved the proposal to increase the reconstruction work budget for the urban renewal program on Tatung Building co-organized by Yuanta FHC’s five subsidiaries including Yuanta Securities.
8. 32nd meeting of the 8th Board of Directors on August 23, 2021
Approved Yuanta FHC’s consolidated financial statements Q2 of 2021.
9. 34th meeting of the 8th Board of Directors on October 13, 2021
Propose to increase the reconstruction work budget for the “urban renewal program on Tatung Building” co-organized by Yuanta FHC’s five subsidiaries including Yuanta Securities from NT\$4.15 billion to NT\$4.299 billion.
10. 35th meeting of the 8th Board of Directors on October 27, 2021

Approved the amendments to certain articles of the “Yuanta Financial Holding Co., Ltd. Corporate Social Responsibility Policy and Management Rules.”

11. 36th meeting of the 8th Board of Directors on November 19, 2021
Approved Yuanta FHC’s consolidated financial statements Q3 of 2021.
12. 37th meeting of the 8th Board of Directors on December 29, 2021
 - (1) Approved Yuanta FHC’s the “2022 Work Plan” by the Ethical Corporate Management Promotion Center.
 - (2) Approved Yuanta FHC’s the “2022 Work Plan” by the Corporate Social Responsibility Promotion Center.
13. 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.”

(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

(I) Independent auditor fee information and fee table:

Accounting firm name	Name of accountant	Audit period	Audit Fee	Non-Audit Fees	Total	Remarks
Pricewaterhouse Coopers Certified Public Accountants	Chien Hung Chou	January 2021	6,280	2,000	8,280	The non-audit fees were primarily paid for the “Profit-Seeking Business Income Tax Audit & Certification and Linked Filing of business Income Tax Returns 2021” services, “DJSI Project” consulting services, “Reexamination on Profit-Seeking Business Income Tax 2016” service, and the profit-seeking income tax transfer pricing report of the Group’s subsidiaries 2019.
	Chiao Sen Lo	~ December 2021				

VI. Information about replacement of CPAs:

(I) About the former CPA

Date of replacement	Approved by the Board of Directors on January 27, 2021		
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: Hsien-I Chen	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		

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: Chiao Sen Lo
Date of Appointment	Approved by the Board of Directors on January 27, 2021.
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

Firm name	Pricewaterhouse Coopers Certified Public Accountants
Name of accountant	CPA: Po 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	2021		Ending January 31, 2022	
		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)	206,853	0	0	0
Director	Wei Chen Ma (Michael)	0	0	0	0
Director (same person or same affiliated person)	Representative of Tsun Chueh Investment: Daniel Y.M. Song	0	0	0	0
Director (same person or same affiliated person)	Representative of Tsun Chueh Investment: Chung Yuan Chen				
Director (same person or same affiliated person)	Representative of Modern Investment: Chao Kuo Chiang	0	0	0	0
Independent Director	Ming Ling Hsueh	0	0	0	0
Independent Director	Yin Hua Yeh	0	0	0	0
Independent Director	Kuang Si Shiu	0	0	0	0
Independent Director	Hsing Yi Chow	0	0	0	0
President	Chien Weng	200,330	0	0	0
Auditor-General	Ming Hsiu Tsai	73,713	0	0	0
Senior Vice President	Hsuan Min Kuo	85,546	0	0	0
Senior Vice President	Lawrence Lee	41,802	0	0	0
Senior Vice President	Chieh Wu	123,879	0	0	0
Senior Vice President	Allen Wu	65,616	0	0	0
Senior Vice President	Mei Ling Kuo	70,208	0	0	0
Senior Vice President	Wen Ching Chiu	(262,759)	0	0	0
Senior Vice President	Hsiu Mei Chen	1,800	0	0	0
Senior Vice President	Hsu Shu Mai	82,017	0	0	0

Title	Name	2021		Ending January 31, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Senior Vice President	Sophia Chang	56,235	0	0	0
Senior Vice President	Robert C.S. Yang	59,765	70,000	0	0
Senior Vice President	Hsiao Ling Chou (on board since November 1, 2021)	89,280	0	0	0
Senior Vice President	Ming Lang Liu	87,893	0	0	0
Vice President	Fang Ming Lo	40,725	0	0	0
Vice President	Hui-Jung Lu	36,711	0	0	0
Vice President	Yung Chu Su (on board since January 1, 2021)	25,713	0	0	0
Vice President	Yi Wen Ma	(166,048)	0	0	0
Vice President	Wei Chen Chang (on board since May 1, 2021)	29,647	0	0	0
Senior Assistant Vice President	Po Ching Li	67,509	0	0	0
Senior Assistant Vice President	Pei Yu Chen	38,379	0	0	0
Senior Assistant Vice President	Wen Ching Hsu	47,559	0	0	0
Senior Assistant Vice President	Ho Hsing Pan	0	0	0	0
Senior Assistant Vice President	Hsien Chun Li	0	0	0	0
Professional Senior Assistant Vice President	Chen Chun Lin	0	0	0	0
Professional Senior Assistant Vice President	Chien Yu Chou (on board since May 1, 2021)	0	0	0	0
Professional Senior Assistant Vice President	Li Yun Chen	21,398	0	0	0
Professional Senior Assistant Vice President	Sheng Hui Yang	40,624	0	0	0
Professional Senior Assistant Vice President	Shih Huan Chang (on board since June 1, 2021)	68,101	0	0	0
Professional Senior Assistant Vice President	Shu Ling Chen (on board since June 1, 2021)	0	0	0	0
Assistant Vice President	Hsin Tang Huang	0	0	0	0

Title	Name	2021		Ending January 31, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Assistant Vice President	Chia Hui Lin	0	0	0	0
Assistant Vice President	Yu Ling Chu	0	0	0	0
Assistant Vice President	Po Yi Wu	0	0	0	0
Assistant Vice President	Hui Ying Lin	0	0	0	0
Assistant Vice President	Yu-Chin Tsao	0	0	0	0
Assistant Vice President	Tzu Miao Chen	0	0	0	0
Assistant Vice President	Fu Mei Chen	0	0	0	0
Assistant Vice President	An Ting Cheng (on board since June 1, 2021)	0	0	0	0
Assistant Vice President	Hui Wei Tsai (on board since June 1, 2021)	0	0	0	0
Assistant Vice President	I Chen Hung (on board since June 1, 2021)	0	0	0	0
Professional Assistant Vice President	Ko Le Wei	0	0	0	0
Professional Assistant Vice President	Hsiu Ling Chung	13,851	0	0	0
Professional Assistant Vice President	Ming Ju Li	0	0	0	0
Professional Assistant Vice President	Wei Ching Chien	13,716	0	0	0
Professional Assistant Vice President	Li Ling Chien (on board since February 1, 2021)	10,110	0	0	0
Professional Assistant Vice President	Su Fen Chao (on board since June 1, 2021)	7,540	0	0	0
Professional Assistant Vice President	Chen Hsing Huang (on board since August 1, 2021)	11,835	0	0	0
Professional Assistant Vice President	Li Jen Lin (on board since August 1, 2021)	0	0	0	0
Professional Assistant Vice President	Hui Ling Chou (on board since August 16, 2021)	0	0	0	0
Same person or same affiliated person	Yu Yang Investment Co., Ltd.	(63,708,000)	0	0	0

Title	Name	2021		Ending January 31, 2022	
		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.	(75,000,000)	0	0	0
Same person or same affiliated person	Lian Ta Investment Co., Ltd.	(30,000,000)	0	0	0
Same person or same affiliated person	Yuan Hsiang Investment Co., Ltd.	(9,800,000)	0	0	0
Same person or same affiliated person	Teng Ta Investment Co., Ltd.	0	0	0	0
Same person or same affiliated person	Hsing Tsai Investment Co., Ltd.	0	0	0	0
Same person or same affiliated person	Lien Heng Investment Co., Ltd.	0	0	0	0
Same person or same affiliated person	Chih Fu International Co., Ltd.	(49,300,000)	0	0	0
Same person or same affiliated person	Chiu Ta Investment Co., Ltd.	(5,000,000)	0	0	0
Same person or same affiliated person	Yuanta Construction Development Co., Ltd.	(48,044,976)	7,500,000	0	0
Same person or same affiliated person	Hui Tung Investment Co., Ltd.	(2,390,691)	0	0	0
Former Same person or same affiliated person	Hsu Tong Investment Co., Ltd. (resigned on November 12, 2021)	(2,612,611)	0	0	0
Former Senior Vice President	Hsin Hui Tseng (resigned on October 1, 2021)	0	0	0	0
Former Senior Vice President	Tsai Yu Chang (on board since October 1, 2021; resigned on November 1, 2021)	0	0	0	0
Former Vice President	Wen Yi Chang (resigned on November 11, 2021)	0	0	0	0
Former Professional Senior Assistant Vice President	Shih Chiang Li (resigned on May 1, 2021)	0	0	0	0
Former Professional Senior Assistant Vice President	Chin Yang (resigned on May 1, 2021)	0	0	0	0
Former Professional Senior Assistant Vice President	Li Hua Yang (resigned on June 1, 2021)	0	0	0	0

Title	Name	2021		Ending January 31, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Former Professional Assistant Vice President	Tsung Yao Chen (resigned on April 1, 2021)	0	0	0	0
Former Professional Assistant Vice President	Shu Min Li (on board since September 6, 2021; resigned on January 1, 2022)	0	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 12, 2022

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	429,749,788	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	373,928,760	3.08%	—	—	—	—	—	—	—
Representative of Yuan Hung Investment Co., Ltd.: Chun Jin Du	354,656,571	2.92%	—	—	—	—	—	—	—
Representative of Yuan Hsiang Investment Co., Ltd.: Yung Tsang Lin	350,277,303	2.89%	—	—	—	—	—	—	—
Trust property account held in custody by Yuanta Bank	285,275,240	2.35%	—	—	—	—	—	—	—
Representative of Fubon Life Insurance Co., Ltd.: Richard M. Tsai	277,940,000	2.29%	—	—	—	—	—	—	—
Singapore Government's investment account held in custody by Citibank (Taiwan)	266,692,942	2.20%	—	—	—	—	—	—	—
Representative of Yu Yang Investment Co., Ltd.: Chen Kuo Huang	262,241,995	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.	—
Representative of Bank of Taiwan: Chu Cheng Lu	259,146,094	2.14%	—	—	—	—	—	—	—
Representative of Teng Ta Investment Co., Ltd.: Hung lien Chen	247,037,955	2.04%	—	—	—	—	—	—	—

Note: 1.Data relating to the top ten shareholders are based on those as of the latest book closure date (04/12/2022).

2.The Company has a total of 12,137,435,914 shares outstanding (including common stock and preferred stock) on the data baseline date (04/12/2022).

X. Total Shareholding Ratio in Each Invested Enterprise

Units: 1,000 shares; %
As of January 31, 2022

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	5,982,032	100	-	-	5,982,032	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	92	0.03	192,259	66.30
Yuanta Venture Capital	271,522	100	-	-	271,522	100
Yuanta Asset Management	322,065	100	-	-	322,065	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, 2022

Types of share	Authorized capital stock		
	Outstanding shares	Unissued shares	Total
Common stock	12,137,435,914	5,862,564,086	18,000,000,000

Note: The outstanding common stock totaled 12,137,436 thousand shares on December 31, 2021.

(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

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Equity Capital sources	Others
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
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

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Equity Capital sources	Others
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
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

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.

(III) Shareholder structure

Face value \$10 per share

As of April 12, 2022

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign Institute and others	Total
Persons	11	20	1,070	378,783	1,587	381,471
Shares held	249,453,188	1,067,113,725	4,511,441,864	2,637,686,600	3,671,740,537	12,137,435,914
Shareholding ratio (%)	2.06%	8.79%	37.17%	21.73%	30.25%	100%

Note 1: The data were based on the latest book closure date (04/12/2022).

Note 2: The Company has a total of 12,137,435,914 shares of outstanding on the data baseline date (04/12/2022).

(IV) Distribution of equity

Face value \$10 per share

As of April 12, 2022

Shareholding category	Number of shareholders	Shares held	Shareholding ratio (%)
1 to 999	132,219	27,637,430	0.23%
1,000 to 5,000	166,758	358,165,682	2.95%
5,001 to 10,000	37,507	272,833,438	2.25%
10,001 to 15,000	16,144	194,991,674	1.61%
15,001 to 20,000	7,543	133,932,281	1.10%
20,001 to 30,000	7,525	184,741,037	1.52%
30,001 to 40,000	3,595	124,592,207	1.03%
40,001 to 50,000	2,097	95,403,793	0.79%
50,001 to 100,000	4,087	284,151,786	2.34%
100,001 to 200,000	1,918	262,825,909	2.17%
200,001 to 400,000	901	250,438,043	2.06%
400,001 to 600,000	299	147,600,363	1.22%
600,001 to 800,000	137	95,159,689	0.78%
800,001 to 1,000,000	97	87,319,641	0.72%
Over 1,000,001	644	9,617,642,941	79.23%
Total	381,471	12,137,435,914	100%

Note 1: The data were based on the latest book closure date (04/12/2022).

Note 2: The Company has a total of 12,137,435,914 shares of outstanding on the data baseline date (04/12/2022).

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

As of April 12, 2022

Major Shareholders	Shares	Shares held	Shareholding ratio (%)
Tsun Chueh Investment Co., Ltd.		429,749,788	3.54%
HO JIA Investment Co., Ltd.		373,928,760	3.08%
Yuan Hung Investment Co., Ltd.		354,656,571	2.92%
Yuan Hsiang Investment Co., Ltd.		350,277,303	2.89%
Trust property account held in custody by Yuanta Bank		285,275,240	2.35%
Fubon Life Insurance Co., Ltd.		277,940,000	2.29%
Singapore Government's investment account held in custody by Citibank (Taiwan)		266,692,942	2.20%
Yu Yang Investment Co., Ltd.		262,241,995	2.16%
Bank of Taiwan		259,146,094	2.14%
Teng Ta Investment Co., Ltd.		247,037,955	2.04%

Note 1: The data were based on the latest book closure date (04/12/2022).

Note 2: The Company has a total of 12,137,435,914 shares of outstanding on the data baseline date (04/12/2022).

Key shareholders of major institutional shareholders

As of April 12, 2022

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	Not applicable
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. 100%
Singapore Government's investment account held in custody by Citibank (Taiwan)	Not applicable
Yu Yang Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd. 100%
Bank of Taiwan	Taiwan Financial Holdings 100%
Teng Ta Investment Co., Ltd.	Lien Heng Investment Co., Ltd. 53.58%, Mcgold Ventures Limited 45.87%, Judy Tu 0.55%

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

Item \ Year			2020	2021	Ending January 31, 2022
Market price per share (Note 1)	Highest		20.75	27.80	26.30
	Lowest		14.00	19.85	24.95
	Average		18.19	24.16	25.62
Net worth per share (Note 2)	Before distribution		20.87	22.17	(Note 9)
	After distribution		19.67	(Note 8)	(Note 9)
EPS	Weighted average number of shares (1,000 shares)		12,137,436	12,137,436	(Note 9)
	EPS (Note 3)	Before adjustment	1.99	2.87	(Note 9)
		After adjustment	1.99	(Note 8)	(Note 9)
Dividends per share	Cash dividend		1.20	(Note 8)	(Note 9)
	Stock dividends	Out of earnings	—	(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)		9.14	8.42	(Note 9)
	P/D ratio (Note 6)		15.16	(Note 8)	(Note 9)
	Cash dividend yield (Note 7)		0.07	(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 the board of meeting or 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 2022 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 2021 earnings distribution is calculated based on about 62.66% of the current year's after-tax earnings. Yuanta FHC plans to distribute a cash dividend of NT\$1.5 per share of Company stock. The total amount of cash dividends distributed to shareholders was about NT\$18.206 billion, the total stock dividend is 364,123,078 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 net profit before tax in the given year (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\$3,556,824, and the remuneration to directors, NT\$282,414,252, both in cash in 2021.
 - (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: not applicable.
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 2020 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\$3,692,466 was allocated as the remuneration to employees and NT\$195,264,084 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, 2022

Bond type	2015 1st unsecured bonds	2016 1st unsecured bonds	2016 2nd unsecured bonds	2018 1st unsecured bonds	2020 1st unsecured bonds
Date issued	July 24, 2015	May 27, 2016	August 1, 2016	July 20, 2018	January 15, 2021
Face value	NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million	NT\$1 million
Place of issuance and exchange (Note)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Issue price	The bond is issued at full face value	The bond is issued at full face value	The bond is issued at full face value	The bond is issued at full face value	The bond is issued at full face value
Total amount	NT\$1.3 billion.	NT\$15 billion. Of which: Class A bonds: NT\$3 billion. Class B bonds: NT\$4 billion. Class C bonds: NT\$8 billion.	NT\$ 3.45 billion. Of which: Class A bonds: NT\$1.85 billion. Class B bonds: NT\$1.6 billion.	NT\$10 billion. Of which: Class A bonds: NT\$1.5 billion. Class B bonds: NT\$8.5 billion.	NT\$5 billion.
Interest rate	Annual coupon rate of 1.67%.	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 0.63%. Class B bonds: Annual coupon rate of 0.85%.	Class A bonds: Annual coupon rate of 0.86%. Class B bonds: Annual coupon rate of 0.96%.	Annual coupon rate of 0.59%.
Duration	Term: 7 years	Class A bonds: Term: 2 years Class B bonds: Term: 5 years Class C bonds: Term: 7 years	Class A bonds: Term: 3 years Class B bonds: Term: 6 years	Class A bonds: Term: 5 years Class B bonds: Term: 7 years	Term: 10 years
Priority of repayment	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Guaranteeing institution	None	None	None	None	None
Trustee	Bank Sino Pac	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	Cathay United Bank Company Limited	Taipei Fubon Commercial Bank

Underwriting institution	Not applicable	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	Pricewaterhouse Coopers Certified Public Accountants	Pricewaterhouse Coopers Certified Public Accountants	Pricewaterhouse Coopers Certified Public Accountants	Pricewaterhouse Coopers Certified Public Accountants	Pricewaterhouse Coopers Certified Public Accountants
Repayment method	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 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 accrued either when interest or principal are collected after maturity. 2.Principal repayment method: Principal for the corporate bonds shall be repaid once at maturity.	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 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.	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 principal are collected after maturity. 2.Principal repayment method: Principal for the corporate bonds shall be repaid in full at maturity.	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 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.	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 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.

Outstanding principal balance	NT\$1.3 billion.	Class C bonds: NT\$8 billion.	Class B bonds: NT\$1.6 billion.	NT\$10 billion.	NT\$5 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
Amount of the bonds already converted into (exchanged into or subscribed for)	None	None	None	None	None
Other rights	None	None	None	None	None
Amount of the bonds already converted into (exchanged into or subscribed for) overseas depository receipts, or any other securities until the date of publication of the annual report	None	None	None	None	None
Issuance and conversion (traded or subscribed) regulations	None	None	None	None	None
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 Depository 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:

(1) Ta Chong Bank

The motion for swap of shares between Yuanta FHC and Ta Chong Bank was resolved by both parties' special shareholders' meeting on October 13, 2015, and pursuant to Letter Jin-Guan-Yin-Kong-Zi No. 10500017770 dated January 29, 2016, Yuanta FHC merged with Ta Chong Bank as a subsidiary wholly owned by Yuanta FHC by swap of shares. The record date for swap was set on March 22, 2016.

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.

(2) Yuanta Bank

A. HanShin Savings Bank

With reference to the acquisition of 100% of equity of HanShin Savings Bank by Yuanta Bank from AON BGN Limited Liability Company, both parties signed the equity purchase agreement on February 3, 2016, and received approval from Taiwan's FSC (Jin-Guan-Yin-Kong-Zi No. 10500026760) and the financial supervisory commission of Korea on March 17, 2016 and April 14, 2016 respectively. The settlement was completed on April 25, 2016 at the total price of KRW\$143.426 billion, equivalent to approximately NT\$4.082 billion. Meanwhile, HanShin Savings Bank was renamed Yuanta Savings Bank Korea Co., Ltd., Yuanta Savings Bank (Korea) in short, on February 13, 2017.

B. Ta Chong Bank

The merger of the Bank and Ta Chong Bank was resolved by both parties' boards of directors on September 14, 2016 (exercising the duty and power of the shareholders' meeting). The existing entity upon the merger should be Yuanta Bank. Meanwhile, this merger acquired approval from FSC with Letter Jin-Kuan-Yin-Kong No. 10500320920, dated on January 17, 2017. Therefore, Yuanta Bank and Ta Chong Bank were officially consolidated on January 1, 2018 (the record date for the merger).

The share conversion proportion was, on the record date, one share of Ta Chong Bank's common stock for 0.8602 share of Yuanta Bank's common stock, and one share of Ta Chong Bank's series C registered preferred stock for 1.0625 shares of Yuanta Bank's series A registered preferred stock. Yuanta Bank and Ta Chong Bank respectively appointed Mr. William Yu of Ken Will United CPAs Firm and Ms. He-Ying Jian of Chun Yue Accounting Firm to issue the fairness opinion on share exchange ratio for merger and acquisition that the accountants have regard reasonable and fair. Furthermore, in order to deal with the expiration of Ta Chong Bank's series C preferred stock on September 30, 2017, both parties' boards of directors resolved to enter into the second amendment to

the merger agreement on August 17, 2017, and canceled the conversion of preferred stock at the time of consolidation.

On the record date of merger, Yuanta Bank has issued 3,128,754,439 new shares at par value of NT\$10 per share for conversion, namely each share of common stock of Ta Chong Bank for 0.8602 share of common stock of Yuanta Bank. After the merger, Yuanta Bank's paid-in capital has amounted to NT\$73,940,389,820.

(III) Issuance of new shares for mergers and acquisitions with other financial institutions approved by the Board of Directors in 2021 and until January 31, 2022: 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	2020		2021	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Investment income recognized under the equity method	25,658,736	99.84	36,575,675	99.94
Others	41,304	0.16	21,270	0.06
Total	25,700,040	100.00	36,596,945	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: For brokerage-related businesses, it continues to improve the market share, increase new private investors, activate dormant accounts, enhance the customer service quality for institutional investors, and provide differentiated services utilizing the Group's resources. For wealth management services, it promotes the TAIEX-based wealth management products to expand the assets under management (AUM) for customers. For the proprietary trading related operations, it continues to follow global trends in the economy and interest rate, create the most effective investment portfolio and provide stable warrant market-making quality. For the investment banking related businesses, it 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: Continues to adjust the deposit structure, increase the current deposit base and foreign currency deposits to cut the funding cost, and expand

the corporate banking and consumer banking scales under controllable risks to increase the bank-wide net income and fulfill the post-loan management. For wealth management services, it promotes the sale of funds and investment insurance policies for TAIEX-based wealth management products and creates differentiated wealth management products. For financial transactions, it adjusts the investment positions subject to the changes in the yield curve, deepens the sustainability-related bond investment step by step, and expands the diversity of financial instruments to satisfy the different requests for investment from customers. The Bank will continue to improve its branches' combat power, increase deposit and remittance service personnel's and wealth management specialists' expertise and service quality in order to raise customers' satisfaction and establish a favorable brand image and reputation.

- (3) Yuanta Life: Maintains the development strategy focusing on stable growth, financial control and balancing of business while continuing to provide insurance protection, retirement life/medical treatment/care and solutions for the needs of generation inheritance. Meanwhile, it 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, it would manage assets and liabilities and investment operations with a cautious and stable approach.
- (4) Yuanta Securities Investment Trust: Continues to expand the AUM of TAIEX active and passive funds, promote high-dividend fine-quality products proactively, and launch the global theme-based products in line with the international trend. Meanwhile, it continues to evaluate the cost-effectiveness of existing products, and abandon weak funds but retain strong ones and engage in developing digital financial transformation proactively to provide customers with rapid fine-quality service.
- (5) Yuanta Futures: Continues to improve the core profit-seeking momentum, combine excellent software equipment and innovative ability to provide the 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. Meanwhile, in order to prevent the circumstance under which it would be affected by the economy easily through the high connection between futures houses' revenue and interest revenue, it will expand the leverage transaction merchant trading system momentum and proprietary trading team's profitability step by step.

3. Industry overview

In 2021, the global economy has been recovering from the epidemic step by step. The concerns about inflation and interest escalation remain. Notwithstanding, the increasing vaccination coverage, lifting of economic bans, and fiscal and monetary stimulus policies implemented by various countries, the global stock market is still booming amid the bumpiness, and some unprecedented investment booming is

taking place in the TAIEX trading. With the liquidity-driven rally, the average daily turnover of TAIEX attained NT\$477.8 billion, i.e. YOY of 88.5% from last year, NT\$253.5 billion. Driven by the booming brokerage operations and outstanding proprietary trading, Yuanta Securities earned profit hitting a new record. The AUM of Yuanta Securities Investment Trust (including active and passive management funds and discretionary investment operations) broke NT\$800 billion at the end of the year, also a new record historically. For the banking industry, the fundamental economic dimensions are expected to recover following the epidemic slowdown and interest escalation. Yuanta Bank's performance improves steadily from last year, and the YOY attains 16.3%. The life insurance industry was benefited from the long capital market and strong appreciation of NTD driving the sales of investment and USD-denominated policies, as well as the outstanding investment performance. Given this, Yuanta Life earned the profit hitting a new record in 2021.

The financial market still has to deal with multiple uncertain factors, such as the variant virus, growing inflation and various countries' tight monetary policies in 2022, while the fair domestic economic dimensions, growing foreign trade and anticipated stable domestic demand are expected to support TAIEX's stable growth, thereby helping the pan-securities industry take the chance and raise their profitability. Meanwhile, for the banking industry, outbound Taiwanese entrepreneurs' continued movement of investment back to Taiwan driving the increase in the loan scale. The interest escalation is also expected to help the recovery of interest spread and improve the contribution by net interest revenue. For the life insurance industry, the recurring yield is somewhat benefited from the interest escalation. However, the capital gain growth is limited due to the high base period. The fluctuation in foreign exchange rate is also cited as a worry to the earnings. Generally speaking, multiple uncertain factors still exist in the financial market in 2022. Therefore, Yuanta FHC will use its best efforts to take advantage of the market growth opportunity when managing its business. Meanwhile, in response to the operating environment which it is difficult to predict, Yuanta FHC will still uphold its strict risk control policy.

4. Research and development

(1) Project completed in 2021

A. Yuanta Group

- (A) The Group's backbone network structure streamlining
- (B) Yuanta FHC network equipment update and replacement
- (C) Yuanta FHC home and remote office environment update and expansion
- (D) Yuanta FHC database audit tool replacement
- (E) Yuanta FHC virtualized platform equipment replacement
- (F) Group information systems security professionals' project training
- (G) Yuanta FHC, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures have passed the ISO 27001 information security management system (ISMS) re-

assessment, and also the certification by BSI for acknowledging the validity of the certificate

B. Yuanta Securities

- (A) Customer Asset Management platform
- (B) Inquiry with the securities lending website
- (C) TWSE Innovation Board and TPEX Pioneer Stock Board trading system development
- (D) Upgrading the operating system and host of Emerging stock trading gateway
- (E) FINI NTD lending
- (F) Custodian bank for foreign institutional investors
- (G) E-counter – prepaid cash and deposit of stocks
- (H) Low-Latency trading for foreign institutional investors
- (I) TDCC encoding conversion project
- (J) Centralized branch operations – cash flow of payment to customers/collection of real-time debits
- (K) Mr. Yuanta APP – lightning trade
- (L) Customers’ strategic trading platform
- (M) Systematic investment in overseas securities
- (N) Paperless reporting data warehouse
- (O) Taiwan Innovation Board and Pioneer Stock Board
- (P) Proprietary backoffice system for stock market making
- (Q) Co-Brander Card
- (R) Securities account opening (update) structured with digital bank account opening
- (S) New warrant market making system
- (T) Cloud version – Bollinger band
- (U) Sub-brokerage structured notes order placing platform
- (V) AI information security response system
- (W) Mr. Yuanta e-trading platform system capacity expansion
- (X) Virtualized platform host and network equipment expansion
- (Y) Construction of remote stagger host for Mr. Yuanta
- (Z) Storage equipment performance analysis software and optical switch optimization
- (AA) Information security assessment and declaration service project
- (BB) Cyber Risk Rating System and Third-Party Risk Management
- (CC) Mobile APP basic information security test
- (DD) Security information and event management (SIEM) system

C. Yuanta Bank

- (A) Xinyi equipment room DMZ and Hi-Link firewall replacement and construction project
- (B) E-conference system (Teams) and remote virtualized office environment (WVD) construction
- (C) IBM Host Upgrading Project

- (D) NTD core system upgrading project
 - (E) RPA Project – implementation of the new procedure (2021)
 - (F) Central Government Securities Settlement System (CGSS) Construction Project
 - (G) Bill Agent Clearing and Settlement System Construction Project
 - (H) House loan appraisal system project
 - (I) EIS management decision-making support system project
 - (J) Personal network bank system revision project (including English version) - 2nd stage
 - (K) EasyCard/icash Pay account-linked e-payment function
 - (L) Capital Requirement System - 2nd stage
 - (M) Labor economic relief loan project and Quintuple Stimulus Voucher alternative project
 - (N) The computer system information security assessment project (Class I)
 - (O) E-payment institution information system standards and security management assessment project
 - (P) Mobile APP basic information security test
 - (Q) Vulnerability Patching Management Platform
- D. Yuanta Life
- (A) Life insurance core backup host replacement
 - (B) Continue Firewall System Update
 - (C) Continue Backup System Update
 - (D) Information infrastructure optimization
 - (E) Mobile insurance enrollment optimization
 - (F) iCare, official website, online insurance enrollment optimization
 - (G) Participation in the Association's Blockchain platform System
 - (H) Group Insurance Web Service System Construction
 - (I) Network users' behavior analysis system construction
 - (J) Network firewall replacement and upgrading procedure
 - (K) The computer system information security assessment project (Class I, III)
 - (L) Mobile APP basic information security test
- E. Yuanta Securities Investment Trust
- (A) TDCC encoding conversion project
 - (B) Mr. Fund APP
 - (C) CRM System Project
 - (D) Yuanta ETF website revision project
 - (E) Network monitoring software upgrade project
 - (F) Information security assessment and declaration service project
 - (G) Mobile APP basic information security test
- F. Yuanta Futures
- (A) SYSCOM domestic core accounting back-office replacement project
 - (B) TAIFEX 2021 IT Project

- (C) New-generation e-trading and AI trading platform construction and launch
 - (D) New E-counter Service Platform Construction Project
 - (E) Yuanta Futures (HK) HKEX DMA Development and Construction Project
 - (F) Industrial Institutional Investor E-Trading System Platform Construction Project
 - (G) Implement Archive directory implementation control system
 - (H) Implement Mobile Device Data Encryption Security System Implementation
 - (I) Organize the information security diagnostic and risk evaluation
- (2) Future development plans
- A. Financial Holding
- (A) Continue network equipment replacement (Data Center Edge equipment)
 - (B) Continue virtualized platform equipment replacement, including host and storage equipment
 - (C) Continue GCB management system and Patch Manager implementation
 - (D) Security information and event management (SIEM) system
In order to improve the SIEM analysis ability, plan the SIEM construction to integrate the daily logs of the information collection equipment. By setting the altering 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.
 - (E) Endpoint detection and response enhancements (EDR)
In order to detect malware immediately and block any attack automatically, it will establish the EDR system. Through the monitoring software installed on each computer, analyze computer behavior to prevent the risk of personal computer infection caused by malicious programs through the Internet, or the latent attack by hackers, so as to improve the information security protection capability of endpoints.
- B. Yuanta Securities
- (A) Continue Low-Latency trading for foreign institutional investors
Customize programs in response to the International Institutional Business Dept.'s business expansion, and upgrade the performance to satisfy important foreign institutional investors' needs.
 - (B) Continue custodian bank for foreign institutional investors
Continue to add required functions in response to the International

Institutional Business Dept.'s custodian banking services.

- (C) TWSE FIX new function: Lending Auction, Auction, Reverse Auction
Implement new functions (Lending Auction, Auction, Reverse Auction) to the FIX connectivity program, in response to TWSE's new FIX protocol.
- (D) TWSE market data new function: Snapshot information of warrant auction trading, Available balance for SBL
Implement new function for disclosing warrant quotation per five seconds and SBL available balance in market data system, in response to TWSE's new market data protocol.
- (E) New core system for TAIEX brokerage trading
Restructure and develop the new core system for TAIEX brokerage and trading to upgrade the performance and respond to future needs.
Customer T+0 loans
The customer's net settlement money may be applied to the loan for unlimited purpose on the same day.
- (F) 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.
- (G) Customers' strategic trading platform and conditional order
Increase strategic e-platforms and conditional order function, in order to enhance the width of customer base and expand the users of strategic trading.
- (H) Mr. Yuanta APP – conditional order
In consideration of the customers' online order placement via mobile platforms increasing year by year, the new conditional order function is intended for the desktop and also to Mr. Yuanta APP additionally, hoping to provide the consistent service experience.
- (I) Taiwan Securities Association OPEN API pilot project
Participate in the Taiwan Securities Association OPEN API, and construct API micro-service platform.
- (J) Proprietary trading bills management system
Provide the proprietary trading unit with the functions including bills transactions, settlement procedure management and income evaluation, and automated disclosure to the public.
- (K) OTC derivatives centralized clearing system – IRS centralized clearing
Participate in 1st-stage IRS centralized clearing members' voluntary clearing in response to the OTC derivatives centralized clearing system promoted by TAIFEX.
- (L) OTC product APP-ASO price negotiation and e-trading model
Provide customers holding convertible corporate bonds with the access to exchange of options via the OTC APP and assets

underwritten by Yuanta.

- (M) Wealth management quantitative system
Disclose the risks over wealth management, sub-brokerage and insurance products after executing the KYC on customers.
- (N) Continue GCB management system
Regulate the consistent security settings in the information equipment to mitigate the risk over hackers' invasion and attacks to the internal host computer.
- (O) High-frequency trading network framework construction
Aim at optimization of the quotation service to adjust the service speed and thus improve the order placement speed.
- (P) Network data packet measurement and monitoring tool construction
The securities order placement pursues speed and, therefore, each step's speed does matter. The tools are constructed in order to help verify and improve the order placement speed and improve the service quality.
- (Q) 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 our company are included in the test (Yuanta Know-It-All/ Action Golden Spirit/ Mr. Yuanta/ Wealth Management/ Account APP, iOS+Android).
- (R) Mobile APP obfuscation protection
Prevent speculators from spying the internal program code for the APP developed by the organization by virtue of the APP obfuscation protection mechanism, in order to avoid the speculators from accessing business secrets without authorization.
- (S) Endpoint detection and response enhancements (EDR)
In order to detect malware immediately and block any attack automatically, it will establish the EDR system. Through the monitoring software installed on each computer, analyze computer behavior to prevent the risk of personal computer infection caused by malicious programs through the Internet, or the latent attack by hackers, so as to improve the information security protection capability of endpoints.
- (T) Security Vulnerability Management System
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.
- (U) AI information security response automatical system
In order to detect and discover potential abnormal incidents or behaviors, AI is used for the self-learning of innovative technologies, actively detect and automatically stand against online threats, in order to improve the overall defensive ability and protect information equipment from the online threats and damage caused by information

security vulnerability.

(V) Blue and red teams' offensive and defensive exercise

Discover the potential vulnerabilities in the network protection through information security offensive and defensive exercise, and improve the personnel's ability to respond to hackers' attack to the information security and upgrade Yuanta Securities's network security defensive strength.

(W) Security Operation Center (SOC)

Implement the Security Operation Center (SOC) to detect and provide warning about any abnormal behavior online effectively and promptly, and respond to the information security incident immediately, so that damage might be mitigated to the minimum. Meanwhile, the organization may verify the internal and external information security threats promptly and the information security defensive mechanism might be moved to the active defensive mode.

(X) Open source software management

Identify, follow up and repair the security vulnerability via the automated testing management to improve the enterprise's overall APP safety and quality.

C. Yuanta Bank

(A) IBM P7 Host Upgrading Project

Construct the new system to provide the internal trading services, strengthen the system's monitoring ability, increase automatic warning notification and historical warning data analysis, and improve the system's service quality to ensure the system's continuing operation.

(B) Emerging Technology Network-based Construction Project

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.

(C) NTD core system local active-active framework construction project

In response to the competent authority's policy, provide the NTD core system (BaNCS) uninterrupted service. Improve the system's zero offline backup ability, increase its extensibility, and improve the system's processing performance to mitigate trading risks for customers to respond to the future continuous growth of trading volume and enhance customers' experience in accessing the system.

(D) Foreign Exchange System Upgrading Project

In response to the rapid digital development, provide 24H automated foreign currency trading services and the core information system's zero offline backup ability, solve the existing system's framework limitations, and upgrade the foreign currency accounting core system

to support the operating department's business development and improve the customer service quality.

- (E) Non-discretionary money trust investment in stock system construction project (1st Stage)

Construct the exclusive system to provide more diversified order placement services, and provide customers with real-time feedback on transactions 24 hours a day to improve the investment efficiency and also increase the Bank's income. Improve the system's back-office automated operating procedure and also the customer service quality.

- (F) Mobile wealth management project (1st Stage)

Provide customers with the latest market development from time to time, and the latest and professional consulting services.

Assist customers in allocating and adjusting assets immediately to take the investment opportunity. Connect with the network bank through mobile devices directly to complete the order and transaction to allow customers to upgrade their experience in digital wealth management.

- (G) Financial Trading System Upgrading

In response to the changes in the interest rate derivatives calculation and clearing mechanism caused by the LIBOR exit, procure the LIBOR Reform module and upgrade the system version.

- (H) New wholesale banking review system construction project

Implement the new generation wholesale banking review platform and provide a more user-friendly interface to help manage and follow up the whereabouts of cases more easily and improve the operational quality, and also provide the related forms and deeds in an electronic form to reduce paper consumption and man hours and improve the business competitive strength at the same time.

- (I) Mobile Banking Revision

Implement the emerging technology and the concept about agile development, based on the users' experience, to improve the system's stability and availability and also shorten the time spent in development to reflect the market demand and support business development rapidly.

- (J) F FIDO and subsidiaries mutual certification construction project

Construct the F FIDO system promoted by the competent authority as the new generation technology to replace the password authentication method. The Bank will take the initiative to construct the system and provide the same to each subsidiary as the platform for bonding accounts and login verification.

- (K) Interbank lead-time system local active-active framework construction project

In order to maintain the stable operation of ATM, improve the backup mechanism and achieve the target for zero downtime, the project is

performed to reform the active-active system framework.

(L) Enterprise application integration system upgrading project

The IBM WPS platform used by the enterprise application integration system has stopped providing the supporting service. In order to maintain the system's security and improve its performance to respond to the increasing trading volume, the IBM BAW platform is upgraded accordingly.

(M) New generation Web system software/hardware framework construction project

In order to strengthen the system's stability and improve the backup ability and also the ability to respond to emergencies, implement the cloud native infrastructure. Meanwhile, in response to the implementation of the cloud native infrastructure, proceed with the existing Web system software reform, development and maintenance organizational adjustment, and implement CI/CD software tools, in order to save human resources for development and maintenance, and satisfy the existing system's need for rapid transformation.

(N) Endpoint detection and response enhancements (EDR)

In order to detect malware immediately and block any attack automatically, it will establish the EDR system. Through the monitoring software installed on each computer, analyze computer behavior to prevent the risk of personal computer infection caused by malicious programs through the Internet, or the latent attack by hackers, so as to improve the information security protection capability of endpoints.

(O) Computer System and E-payment Platform Security Assessment

To check the integrity and adequacy of the Bank's entire computer information security controls, Yuanta Bank has a third-party organization to execute the computer system information security assessment project (Class I, Class II and Class III) and e-payment institution information system standards and security management assessment project to verify the threats and vulnerabilities of information security via various information security assessment operations, and thereby upgrade the network and information systems' security defensive capabilities.

(P) Business Continuity Management System Implementation (ISO22301)

In order to enhance the Bank's business continuity management strength and also in response to the competent authority's "Financial Information Security Action Plan," it implements the ISO22301 business continuity management system to protect the Bank's business from ceasing due to any potential destructive event.

(Q) Global information analysis and defensive system implementation project

In order to strengthen the defense against real-time information

security threats, the Bank installs the protection equipment at the access nearest to external networks. Through real-time collection and analysis of global malicious threat information, block malicious source connections at the first time, reducing the success rate of malicious threats such as scanning, detection and intrusion by hackers.

(R) Blue and red teams' offensive and defensive exercise

In order to strengthen the Bank's inter-departmental information security integration defensive ability, it integrates the personnel specialized in information security, network management, system, database and programs and carries out the blue and red teams' offensive and defensive exercise ,consulted by a third-party information security team, in order to demonstrate the Bank's ability to defend, detect and respond to any attack, find out the Bank's information security vulnerabilities and strengthen the relevant functions as the first priority.

(S) Security Operation Center (SOC) Implementation

In order to manage the Bank's information security status centralized, the Bank will consult a third-party advisor to help construct Security Operation Center (SOC), integrate the existing information security warning management, information security vulnerabilities management, information equipment management, information security incident monitoring and settlement of information incident, integrate the three major elements including personnel, products and procedures, and analyze the information about the Bank's information security under various situations, in order to respond to any information security threat immediately and ensure the Bank's information security.

D. Yuanta Life

- (A) Develop the remote insurance projects to enable various channels and sales representatives to keep developing business by electronic means in the post-pandemic era
- (B) Develop AT customer services and utilize the AI technologies, such as NLU and ML, to streamline the customer service procedure and reduce the customer service workload by electronic means
- (C) Develop eDDA and eACH to improve the written verification procedure by proceeding with the verification in an electronic form instead, so that it may provide more real-time services with better experience in the digital age
- (D) Develop F-FIDO to provide more rapid and safe technologies when ID is required by the online insurance enrollment, so as to provide further protection to customers' interest and right
- (E) Continue the proposal system revision and upgrading, and provide the multi-platform device and integrate back-office administrative

management and development management procedures to facilitate business promotion

- (F) Continue to participate in the medical benefit platform of Life Insurance Association to integrate the medical and insurance areas horizontally to provide policyholders with convenient and rapid claim services
- (G) Implement and construct the RPA system: Plan to implement the RPA system in order to apply it to complicated activities in the insurance industry, so as to help simplify the complicated life insurance administrative work, and improve the administrative processing efficiency
- (H) 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
- (I) Construct the new investment management system 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
- (J) Continue the customer service consultation and complaint system upgrading
- (K) System vulnerability integration and management platform
In order to strengthen the existing manual follow-up process of vulnerability repair, the Vulnerability Integration and Management Platform is implementing to manage vulnerability, create automatic system integration of results and notification, control the timeliness for vulnerability repair, and mitigate the chances for hackers to exploit any vulnerability in the system to pose any information security threats.
- (L) Intrusion prevention system replacement and upgrading
Analyze the signature vector of network traffic with the machine learning statistical model of the new generation intrusion prevention system, NGIPS, in order to identify whether the network traffic contains any malicious contents promptly.
- (M) Endpoint detection and response enhancements (EDR)
In order to detect malware immediately and block any attack automatically, it will establish the EDR system. Through the monitoring software installed on each computer, analyze computer behavior to prevent the risk of personal computer infection caused by malicious programs through the Internet, or the latent attack by hackers, so as to improve the information security protection capability of endpoints.
- (N) Continue to construct the 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 integrate and collect the daily logs of the information equipment. By setting the alter indicator, integrated 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.

- (O) Construct the Business Continuity Management (BCM) system environment

In response to the implementation of ISO-22301 certification, the redundant system environment is constructing by utilizing the new technologies, such as simultaneous backup system and hyper-converged virtualization, subject to the needs of various systems with the scope of certification, to strengthen various system redundancy and satisfy requirement of the BCM.

E. Yuanta Securities Investment Trust

- (A) Continue to Remote Computer Facilities and HA Framework Construction Project

In consideration of Yuanta Securities Investment Trust's need for business continuity management, continue to evaluate and construct remote computer facilities, and also proceed with the HA framework construction in the core system.

- (B) Continue to EIS Business Decision-Making Analysis System Project

Provide the management with an information integration platform to help the management respond to the changes in industries and markets rapidly, and also assist the management in making business decisions and drafting overall strategies. It systemizes the complicated but repeated operations to mitigate the workers' burden in gathering and compiling data manually and focusing on the work with more productive effects. Further, as the data statistic logics may be re-used to avoid wasting human resources, users may access the information needed by them so that the enterprise's entire operation efficiency may be improved therefor.

- (C) OPEN API Project

In response to the competent authority's policy, participate in determination and development of specifications.

- (D) Mr. Fund at 2nd-Stage

Provide plentiful information to strengthen experience in investment; resilient and diversified transactions to perfect the investment process; beautiful and convenient operating mode design to create the comprehensive and best fund assets management tool.

- (E) Security information and event management (SIEM) system

In order to improve the SIEM analysis ability, plan the SIEM construction to integrate the daily logs of the information collection equipment. By setting the altering indicator, integrated 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.

(F) Information Security Enhancement Project

In consideration of the importance of information security protection, plan to implement the information security monitoring tools, such as the file security and server parameter management, etc.

(G) Work from Home (WFH) improvement project

Considering that work from home is becoming normal increasingly, plan to implement the endpoint detection tools and network protection for WFH equipment.

F. Yuanta Futures

(A) SYSCOM domestic core accounting back-office clearing and proprietary trading system replacement project

In order to follow the policy upholding fast market with no slow order matching, and in order to improve the successful 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, it continues to proceed with the brokerage clearing and proprietary trading system replacement project this year.

(B) TAIFEX 2022 IT Project

In response to the TAIFEX 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) Continued the new generation AI trading platform optimization

The new generation AI trading platform of Yuanta Futures, namely iTrader, was launched successfully in October 2021. Yuanta Futures continues the planning in response to the futures business development and in order to strengthen customers' experience in operations, development and optimization of the platform's functions, and plan, integrate and converge the existing e-platforms' functions.

(D) Office automation and digital system construction

RPA system – Continue to implement the RPA automated procedure

system, hoping to streamline the integration and sort-out of operations repeated by manual, thus cutting the communication cost and improving efficiency significantly at the same time.

Optimization of online futures account opening – Continue the optimization of mobile account opening procedure and improvement of security controls, shorten the account opening procedure and strengthen users' experience, integrate OCR and LBS automatic identification technology in order to raise customers' satisfaction.

Digital warehousing paperless approving system construction and implementation – in order to improve and practice the digital management, improve back-office unit's automated procedure efficiency and reduce the errors in reports, Yuanta Futures also strengthens the safety of data maintenance and timeliness of access to data.

(E) Security Information and Event Management (SIEM) construction project

Construct the SIEM active analysis management 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 enhancements (EDR)

In order to detect malware immediately and block any attack automatically, it will establish the EDR system. Through the monitoring software installed on each computer, analyze computer behavior to prevent the risk of personal computer infection caused by malicious programs through the Internet, or the latent attack by hackers, so as to improve the information security protection capability of endpoints.

(G) Construction of the host security protection system

In order to strengthen the anti-virus protection mechanism and system in the operating system other than Windows, and under the circumstance that the system fails to repair any vulnerability promptly, Yuanta Futures provides compensatory policy to upgrade the host's ability to defend the attack launched through the vulnerability, with the virtual patch and protection technology.

(H) Construct risk-based vulnerability management system

In order to control the vulnerabilities rapidly and ensure the execution of automatic notification to administrators about a new vulnerability found in the vulnerability scanning, Yuanta Futures implements the Vulnerability Repair and Management System to manage vulnerability and automatic notification to information asset administrators, control the timeliness for vulnerability repair, utilize the automated procedure and screen important vulnerability repair,

and mitigate the chances for hackers to take advantage of any vulnerability in the system to pose any information security threats.

- (I) 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 Security Information and Event Management (SIEM) System	6,000	March 2021 ~ March 2022	3,000	
Yuanta FHC Endpoint detection and response enhancements (EDR)	3,000	January 2022 ~ December 2022		
GCB management system	9,000	January 2022 ~ September 2022	0	Proceed to test
Yuanta Securities high-frequency trading network framework construction	10,000	January 2022 ~ December 2022	0	Underway.
Yuanta Securities network data packet measurement and monitoring tool construction	15,280	January 2022 ~ December 2022	0	Already complete the POC and construction blueprint
Yuanta Securities Mobile APP basic information security test for securities	1,000	April 2022 ~ December 2022		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 APP obfuscation protection	2,000	April 2022 ~ December 2022		
Yuanta Securities Endpoint detection and response enhancements (EDR)	5,000	January 2022 ~ December 2022		
Yuanta Securities' Security Vulnerability Management System	3,000	March 2022 ~ December 2022		
AI information security response automatical system	1,950	January 2022 ~ September 2022		
Blue and red teams' offensive and defensive exercise	3,000	January 2022 ~ June 2022		
Security Operation Center (SOC)	3,000	January 2022 ~ December 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
Yuanta Securities open source software management	550	April 2022 ~ December 2022		
Yuanta Bank New financial treasury system construction implement project	150,000	March 2018 ~ January 2021	88,000	Already launched in full in January 2021
Yuanta Bank NTD core system upgrading project	24,000	June 2019 ~ April 2021	13,000	Already launched in April 2021
Yuanta Bank RPA Project – implementation of the new procedure	7,000	September 2020 ~ December 2022	2,000	Implement RPA automated platform throughout the Bank in 2020, and continue to promote the implementation of new procedures to various units.
Yuanta Bank Bill Agent Clearing and Settlement System Construction Project	5,000	October 2020 ~ December 2021	4,000	Already launched in December 2021
Yuanta Bank Central Government Securities Settlement System (CGSS) Construction Project	14,000	December 2020 ~ December 2021	11,000	Already launched in December 2021
Yuanta Bank Xinyi equipment room DMZ and Hi-Link firewall replacement and construction project	9,000	January 2021 ~ May 2021	9,000	Already launched in May 2021
Yuanta Bank Capital Requirement System	60,000	January 2021 ~ December 2021	52,000	Already launched in December 2021
Yuanta Bank house loan appraisal system project	7,000	February 2021 ~ November 2021	6,000	1st-stage already launched in August 2021. 2nd-stage already launched in November 2020
Yuanta Bank FHC Building core network switch construction project	21,000	March 2021 ~ September 2021	21,000	Already launched in August 2021
Yuanta Bank Internet user control software installation and construction, including five-year license	8,000	April 2021 ~ September 2021	8,000	Already launched in September 2021
Yuanta Bank enterprise application integration system upgrading project	25,000	June 2021 ~ June 2022	14,000	Underway.
Yuanta Bank non-discretionary money trust investment in stock system construction project	20,000	July 2021 ~ October 2022	6,000	Underway.
Yuanta Bank F FIDO and subsidiaries mutual certification construction project	2,000	October 2021 ~ October 2022	0	Underway.
Yuanta Bank mobile wealth management project	23,000	November 2021 ~ July 2022	0	Underway.
Yuanta Bank Emerging Technology Network-based Construction Project	98,000	December 2021 ~ December 2022	0	Scheduled to be executed in 2022
Yuanta Bank interbank lead-time system local active-active framework construction project	107,000	January 2022 ~ March 2024	0	Scheduled to be executed 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
Yuanta Bank new generation Web system software/hardware framework construction project	30,000	January 2022 ~ June 2024	0	Scheduled to be executed in 2022
Yuanta Bank Mobile Banking Revision	50,000	February 2022 ~ September 2023	0	Scheduled to be executed in 2022
Yuanta Bank Financial Trading System Upgrading	45,000	April 2022 ~ June 2023	0	Scheduled to be executed from 2022 to 2023
Yuanta Bank new wholesale banking review system construction project	50,000	April 2022 ~ March 2023	0	Scheduled to be executed from 2022 to 2024
Yuanta Bank Foreign Exchange System Upgrading Project	60,000	September 2022 ~ November 2024	0	Scheduled to be executed from 2022 to 2024
Yuanta Bank NTD core system local active-active framework construction project	280,000	October 2022 ~ November 2024	0	Scheduled to be executed from 2022 to 2024
Yuanta Bank Endpoint detection and response enhancements (EDR)	10,000	January 2022 ~ December 2023		
Yuanta Bank Computer System and E-payment Platform Security Assessment	2,520	March 2022 ~ December 2022		
Yuanta Bank Business Continuity Management System Implementation (ISO22301)	790	April 2021 ~ June 2022		
Yuanta Bank global information analysis and defensive system implementation project	3,600	January 2022 ~ June 2022		
Yuanta Bank blue and red teams' offensive and defensive exercise	3,000	February 2022 ~ December 2022		
Yuanta Bank Security Operation Center (SOC) Implementation	1,000	March 2022 ~ December 2022		
Yuanta Life remote insurance projects	24,000	October 2021 ~ June 2022	0	Underway.
Yuanta Life AI customer service platform	20,000	December 2021 ~ December 2022	0	Underway.
Yuanta Life eDDA&eACH licensing and debit	4,100	December 2021 ~ June 2022	0	Underway.
Yuanta Life RPA procedure automation	2,300	December 2021 ~ December 2022	0	Underway.
Yuanta Life system vulnerability integration and management platform	2,500	March 2022 ~ December 2022		
Yuanta Life Intrusion Prevention System replacement and upgrading	2,800	January 2022 ~ June 2022		
Yuanta Life EDR system	3,500	March 2022 ~ December 2022		
Yuanta Life continue to construct the security information and event management (SIEM) system.	5,600	December 2021 ~ July 2022		
Yuanta Life construct the Business Continuity	45,680	January 2022 ~ December 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
Management (BCM) system environment.				
Yuanta Securities Investment Trust Remote Control Room Network HA Framework Construction Project	9,000	August 2021 ~ December 2022	0	Underway.
Yuanta Securities Investment Trust Security information and event management (SIEM) system	6,000	January 2021 ~ December 2022		
Yuanta Securities Investment Trust file security and server parameter management	2,200	August 2021 ~ June 2022		
Yuanta Futures SYSCOM domestic core accounting back-office clearing and proprietary trading system replacement project	19,998	November 2021 ~ July 2022	120,464	The major brokerage accounting system has already been replaced and then launched successfully in September 2021
Yuanta Futures TAIFEX 2022 IT Project	6,000	January 2022 ~ December 2022	0	
Yuanta Futures continued new generation AI trading platform optimization project	4,000	December 2021 ~ October 2022	6,000	The iTrader platform has been launched in steps in October 2021
Yuanta Futures office automation and digital system construction	12,000	December 2021 ~ December 2022	2,770	Implementation of RPA into the account opening and credit investigation procedures
Yuanta Futures Security Information and Event Management (SIEM) System	8,000	January 2022 ~ June 2022		
Yuanta Futures host security protection system	400	January 2022 ~ June 2022		
Yuanta Futures risk-based vulnerability management system	2,700	January 2022 ~ December 2022		
Yuanta Futures Endpoint detection and response(EDR) system	10,000	January 2022 ~ December 2022		

5. Long and short-term business development plans

Looking forward to the Post Pandemic Era, Yuanta FHC will control risks carefully and continue to adopt the overall growth development strategy valuing “solidification of cores and driving of growth.” Yuanta FHC will solidify the core businesses, continue developing its competitiveness, focus on the growing businesses, markets and customers more, and practice the effect of the Group’s cross-industry or cross-border growth to stabilize and upgrade its earnings level effectively, in hopes of moving forward toward the objective of the “Best Financial Services Provider in the Asia Pacific Region.”The focus on the Company's future business development is stated as following:

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

By controlling Taiwan capital market's long-term development trend, Yuanta Securities keeps solidifying its leadership in the various main business lines domestically and controls the market movement; provides innovative products and services in response to the lifting of laws and regulations, and also customers' needs; and continues to review and strengthen the risk control mechanism to pursue the long-term stable growth.

In terms of the overseas layout, Yuanta Securities continues to improve the existing subsidiaries' profitability ratio and business comprehensiveness, and also keeps developing the consolidated business effects across subsidiaries to construct the stable and diversified sources of profit. It aims to enable the ratio of profit contributed by the overseas investees to attain 30% as its long-term target.

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

Yuanta Bank will continue "balancing its business structure, dispersing its profit-making sources and increasing the efficiency of its capital utilization" as its primary business philosophy. In consideration of the uncertainty in the post-epidemic economy, in order to control the credit risk carefully, the loaning business will adjust the loan structure and fulfill the post-loan management service, replace low-interest spread but high-risk cases, and upgrade the growth of loan operations and various business scales, insofar as the risk is controllable. With respect to the channels, it continues to solidify the growth of core loans, promotes the growth loans and increases sources of wealth management services and develops the differentiated products primarily based on TAIEX wealth management products to deepen development of the value of assets under management.

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

It maintains the development strategy focusing on stable growth, financial control and balancing of business while continuing to promote investment-linked and long-term protection-type products. It enriches the product lines and optimizes the protection to satisfy customers' needs for the insurance protection, retirement life, retirement medical treatment and generation inheritance. In the meantime, it also improves the service quality and optimize policyholders' service procedure to create the permanent and stable revenue and profit from insurance premium for the Group.

(4) Yuanta Securities Investment Trust: Two-Way Development of Active and Passive Products, and Stable Growth of AUM

Yuanta Securities Investment Trust aims to make its AUM and profitability grow stably. In order to take the business opportunities arising from the global innovative growth in the post-pandemic era, it launches the theme-based products to help customers take the chance ahead of others to create wealth. Meanwhile, it continues to promote TAIEX active and passive funds through the systematic investment policy to expand the AUM, and abandons the existing funds that are weak but retains strong ones to improve its product competitiveness and business efficiency.

(5) Yuanta Futures: Build an International Trading Platform

It focuses its management on increasing new customers, improving the market share of brokerage service, providing diversified products and services in line with the Group's strategies, and building a multi-national and cross-market international trading platform to become an international futures firm as its mid- and long-term strategic goals.

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	2020		2021	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Brokerage	18,209,103	59.49	31,364,042	67.44
Proprietary	10,718,416	35.02	12,881,664	27.70
Underwriting	1,680,570	5.49	2,258,532	4.86
Total	30,608,089	100.00	46,504,238	100.00

(3) New financial products and services in development

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. It will continue to improve the "Mr. Yuanta" APP functions, integrate various digital platforms, provide customers with a convenient investment environment and strengthen the AI services including conditional order placement and trading via automated programs. In response to the permission of systematic investment sub-brokerage business, it has launched said service in

October 2021. It will also use the best effort to promote the sub-brokerage financing business in line with the schedule of lifting of laws and regulations. For the wholesale banking operations, it provides overseas investors with foreign currency-secured financing services to improve the customers' capital utilization efficiency.

For the investment banking operations, TAIEX Innovation Board and Pioneer Stock Board have been opened in 2021. Yuanta Securities will use the best effort to guide any applicable company to trade on the Boards, in order to provide customers with diversified channels of listing. Meanwhile, it will build the matching platform between professional investors and the two Boards. For the proprietary trading, it continues to optimize the existing strategies and develop new ones, and provides the market-making service with respect to various new products, in response to the competent authority's policy.

Additionally, in order to develop the wealth management and private banking services in width and depth, Yuanta Securities plans to establish a new wealth management subsidiary in Singapore to strengthen the integration and connection of resources among overseas subsidiaries to move forward in achieving the objective of "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 business and uses the best effort to develop new business lines. In addition to managing the channels stably, it also strongly promotes domestic and overseas wealth management products to create the double profit-seeking engines for brokerage and wealth management services, thus driving the revenue from the trading and AUM of relevant business operations. By analyzing the data and clustering customers in groups, it integrates the Group's resources, practices the wealth management and product KYC proactively, provides customers with adequate products, and protect customers' assets as its first priority.

It continues to develop and solicit new customers, and sprout the development of young and retail investors by means of the systematic investment plan for stocks and intraday odd-lot trading policy to strengthen its entire customer structure. It also uses the best effort to activate dormant accounts, and upgrade the weight and turnover rate of customers' active transactions through the peripheral securities-related business including SBL and loans for indefinite purposes. Meanwhile, in response to Taiwan Innovation Board and Pioneer Stock Board opened by the competent authority in July 2021, it develops more customers qualified as investors. It also reserves excellent talents through recruitment and training of talents with potential and establishment of the sound promotion system.

Furthermore, it uses the best effort to optimize customers' experience in online services, provides solutions for customers' needs via the E-counters, provides services through real and virtual integration, increases service efficiency and quality, and optimizes the back-office operations and related systems through digital solutions. In response to the competent authority, it practices the CSR and ESG of the headquarters (branches), including promotion of green power and green procurement at its business locations.

(B) Wealth Management:

It continues to expand the wealth management products covered by the wealth management platform and thereby makes the products more diversified and innovative. In addition to introducing the funds and insurance products generating excellent performance, it will also develop financial products on its own, integrate the Group's cross-industry and cross-border resources to increase the weight of the Group's self-made product sales and promote the wealth management products featuring Yuanta characteristics. Meanwhile, it will keep reviewing and strengthening its risk control mechanism and growing stably in the spirit of pursuing progress while maintaining stability to expand customers' AUM and deepen development of the value of AUM step by step. In response to the high-asset customers' wealth management needs, the competent authority strongly promotes the securities house wealth management service upgrading (wealth management business 2.0). As the first one receiving the competent authority's approval in the same trade, Yuanta Securities has formed the dedicated service team with respect to high-asset customers, in order to conduct an in-depth analysis on high-asset customers' customized needs for investment and allocation of assets, and also uses its best effort to develop, self-make and introduce related financial products.

Yuanta Securities will also develop the wholesale banking operations proactively, integrate the investment research resources within the Group, provide customers with more complete DSU and OSU trading platforms and products & services, continue to develop the diversified customer bases including high-asset institutional investors, professional investing institutions, banks and professional securities houses.

In order to strive for new business lines, it has developed the sub-brokerage systematic investment services for US stocks to provide customers with more diversified channels for overseas investment and practice the inclusive finance philosophy. The sub-brokerage financing service is expected to be permitted in 1H of 2022 at soonest. It will keep noting the progress and prepare for it in advance. The financing portfolio covered in the initial planning includes the US

stocks, Hong Kong stocks and foreign bonds, etc.. Meanwhile, Yuanta Securities has submitted the application for the other interest oriented trust of securities (self-benefit trust for the principal, and other interest oriented trust for the interest accruing thereon) in November 2021 and proactively participated in the pilot program “Trust Retirement Account” organized by the Trust Association of R.O.C. to accumulate the experience in practical operations, hoping to provide customers with more complete wealth management services and allocation of assets, and solutions for generation inheritance.

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

Yuanta Securities uses the best effort to develop the international institutional business, provide the one-stop services, and develop high-frequency customers proactively to increase the market share of institutional investors while solidifying the traditional business.

For the SBL business, in addition to sprouting the foreign institutional investors’ needs for lending market, it also uses the best effort to develop the two-way SBL business for natural persons, in order to upgrade the proportion of SBL business for natural persons. It also takes advantage of the channels to activate the investors’ general stocks to maintain its leadership in the SBL market.

(D) Proprietary trading:

For the time being, the financial market is generally expected to suffer the impact posed by the inflation, and the world is dealing with the pressure from interest escalation. For the investment portfolio in the proprietary trading, it will adopt the stable and conservative investment strategies and make adjustment from time to time subject to the market condition.

In the meantime, it maintains Yuanta Securities’ leadership in various market-making operations and also expands the link to ESG-related product market making, improves the trading and evaluation models of futures, options, ETF and stock warrants, and adopts effective hedging strategies. Yuanta Securities will use the best effort to research various new market-making strategies to improve the market-making profit from related financial products. Meanwhile, it plans to construct the “AI High-Frequency Trading System,” proceeds with feature engineering and model training, and develop related strategic transactions.

(E) Investment banking business:

It continues to maintain the leading position in the underwriting market and the leadership for the transactions in the emerging stock market, links cross-border resources of the Group domestically and overseas effectively via the “Investment Banking Platform” to provide complete services based on the customers’ needs. Meanwhile,

it strengthens its internal authorization, inspection and control mechanism related to the underwritten projects to mitigate the risks over the underwritten projects effectively. Further, in response to various governments' action to identify the sustainability as the first priority and encourage enterprises to practice ESG-related issues effectively, it, by providing the guidance to underwriting, leads customers to strengthen their ESG-related improvement plans, continues to develop ESG-related underwritten projects and increase the ESG underwritten cases and amount. Further, in response to Taiwan Innovation Board and Pioneer Stock Board opened by TWSE and TPEx in July 2021, it uses the best effort to solicit fine-quality venture capitals in response to the new policy and help customers raise fund via diversified channels.

Further, Yuanta Securities has received the approval from the competent authority in November 2021, for its investment in incorporation of a subsidiary dedicated to venture capital management and consulting services (named as Yuanta Capital preliminarily). It will register the incorporation of such subsidiary with the competent authority subsequently. Yuanta Capital will invite other limited partners (LP) to establish Yuanta private equity fund jointly, and serve as the general partner (GP) of Yuanta private equity fund to work with the LP to layout the investment portfolio with potential.

(F) Shareholders service agency:

Yuanta Securities' shareholders service agency business will continue to maintain the leadership in the same trade and increase the customers' added value to replace price competition by providing fine-quality differentiated services, and also continue to increase the weight of companies with high contribution to develop more potential business opportunities.

(G) Bond business:

It continues to note various countries' monetary policy and the effect posed by interest escalation to the global financial market, and adjust the related bond trading strategies from time to time subject to different scenarios. Meanwhile, it strives for NTD/foreign currency corporate bonds and financial bonds underwritten projects and promote green bonds to maintain its leadership in underwriting of bonds. It continues to integrate the related resources of the Group domestically and overseas, pursues the opportunity to participate in projects through the business cooperation with its overseas subsidiaries, and engages in the secondary transactions of bonds with the overseas subsidiaries to build the Group's institutional investor platform for international cases and exercise the Group's consolidated effects to the utmost. Meanwhile, 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 gain approval from the competent authority to increase foreign currency derivatives sales.

Yuanta Securities has received the approval from the competent authority ahead of the others in the same trade, so that it may provide high-asset customers with related bond trading services via its proprietary trading model. This will increase the new customer bases and revenue from the bond trading and improve its ability to develop self-made products. In the future, it will use the best effort to strive for the approval from the competent authority as to securities house's issuance of structured notes denominated in foreign currencies, like the bank, hoping to provide securities customers with more diversified financial products.

(H) Derivatives service:

It maintains the leadership in various financial derivatives transactions and continues to develop related new products, including upgrading of the market value and product awareness of various ETN products. Further, it will use the best effort to develop related equity structured notes and also various ELN and FCN products marketable in the channels.

For the stock warrant operations, it maintains the stable management strategies and provide stable market-making service quality, checks the risk control rules comprehensively, plans the new stock warrant hedging trading system, strengthens the risk appetites of stock warrant operations, and plans to issue ESG-related stock warrants. Also, it will continue to assist the overseas subsidiaries to develop the stock warrant business and build the warrant stock database.

(I) Digital finance and e-commerce:

Yuanta Securities has used the best effort to develop digital finance in the recent years to provide the customer-oriented services and improve customers' satisfaction toward the online services via AI customer service. It continues to optimize the online account opening operations, aims to achieve the three-in-one step account opening procedure (for securities, wealth management and sub-brokerage) and combines with Yuanta Bank's digital account to improve the quality and convenience of the account opening operations. Meanwhile, it will also improve various platform and APP functions, increase the platforms' value, and proactively strive for the external recognition from domestic and overseas major digital financial development awards. In response to the prevailing e-trading mechanism, Yuanta Securities will strengthen its information security management, and review and update information security protection mechanism periodically to ensure the stable information system.

Yuanta Securities keeps engaging in the industry-academia

cooperation projects with domestic colleges and universities, organize various simulated trading competitions and financial seminars, etc., to help train students' professional knowledge about various financial products and make them become one of Yuanta Securities' potential trading customer bases.

B. Expand the market in Asia:

(A) Korea:

The market in Korea is considered relatively matured. Yuanta Securities (Korea) will continue to construct the diversified business operating revenue structure and aim to maintain the stable ROE growth. Getting rid of the price competition, the brokerage services increase the contribution of average service charges from customers' transactions via the order placement systems including tRadar Pro and tRadar Battle, while improving the information and service quality at the same time, raising customers' loyalty and increasing the value of brokerage channels. Meanwhile, it will use the best effort to promote strategic financial products and TAIEX odd-lot trading. In order to activate overseas sub-brokerage trading, it will also develop the futures trading and secured financing services for US stocks.

Given the global trend for interest escalation, it is likely to increase the difficulty in bond operations. Yuanta Securities (Korea) will maintain the stable growth of bond operations through management of the bond duration, management of stock-related corporate bond position, and buying-at-low-price strategy. For the ECM operations, it primarily strives for the enterprises with the growth potential and help such enterprises proceed with IPO. For the IB operations, it will adopt the policy to engage in corporate finance and Project Finance at the same time to create related business income.

(B) Hong Kong:

It uses the best effort to expand various business lines, control various risks carefully, and continue to develop new business lines while solidifying the current business lines at the same time. It integrates the resources of the Group's subsidiaries domestically and overseas via Yuanta Securities (HK) as the platform, in order to construct the cross-border cooperation and cross-selling model and help the Group create more potential business opportunities. It continues to use the best effort to develop private wealth management operations and develop the Prime Brokerage operations to expand the customer bases including high-net-worth customers and institutional investors, and pursue the high growth of AUM.

It optimizes the order placement platform and provide customers with omnibus products and services, support the Group customers' trading needs, develop the business models, such as B2B and B2C, and become the core role of the Group's overseas trading and asset

management center. Meanwhile, it uses the best efforts to build the overseas bonds platform and increase the scale of self-made financial products, engages in foreign currency bond transactions and develops the business for issuance of foreign currency bonds and commissioned sale.

Further, the competent authority has permitted the wealth management business 2.0. The subsidiary of Yuanta Securities (HK), Yuanta International Investment (HK) (also known as “YII”), plans to issue the structured notes including ELN, FCN and LBN, and has the headquarters in Taipei act as the local agent to promote the self-made structured notes to high-asset customers.

(C) Thailand:

Yuanta Securities (Thailand) will continue to develop oriented toward an omnibus securities house and aim to increase the ROE. In addition to the core business, such as brokerage and financing, it also uses the best effort to issue various new stock warrant portfolio and develop the stock warrant market making system, in order to keep increasing the market share and ranking of Yuanta Securities (Thailand) in related stock warrant markets. In the meantime, it uses the best effort to develop the investment bank, bonds, new financial products, stocks & futures and wealth management operations, hoping to create more new growth drivers for operating revenue, in addition to the core businesses, and enable its overall operating revenue structure to become more diversified and balanced.

(D) Vietnam:

Yuanta Securities (Vietnam) will continue developing the brokerage and financing services primarily and strive to optimize the core system and online trading APP, in response to the needs for e-trading and in order to expand the business scope and increase the market share of brokerage services. Meanwhile, it will develop the IB business step by step to increase diversified operating revenue.

(E) Indonesia:

Yuanta Securities (Indonesia) continues to solidify its brokerage and financing operations as the first priority, primarily engages in the brokerage and T+0 (Early Settlement) financing operations, and continues to strengthen the control over its financing operation-related risks. Meanwhile, it will develop the online trading APP to expand the retail investors and strengthen the customers dispersed structure.

(F) Singapore:

In order to disperse the international economic and political risks, take into consideration the fact that Hong Kong and Singapore are both international financial centers, and develop the high-end wealth management operations, it plans to invest US\$20 million to establish

the subsidiary dedicated to wealth management in Singapore to develop the wealth management and private banking services.

(5) Industry overview

A. Industry status and development:

Recalling 2021, the global epidemic remained critical and many countries re-activated their epidemic control policy successively. As a result, the global production and supply were affected. Notwithstanding, with the support from the QE policy and fiscal policy, the global economic activities are re-started. According to the IHS Markit, IMF and OECD, the global economic growth rates were 5.6%, 5.9% and 5.6%, respectively, last year. Domestically, the export sales stay strong, with the booming private investment. The epidemic appears to be stable domestically, driving the remarkable economic performance. According to the Directorate-General of Budget, Accounting and Statistics (DGBAS), the domestic economic growth rate is expected to attain 6.45% in 2021, a new record for the past eleven years.

With the abundant funds and new record profit earned by TWSE/TPEX-listed companies, the price and volume in the domestic stock market both hit a new record, closed at 18,218.84 points at the end of the year, increasing by 3,486.31 points or 23.66% in total throughout the whole year, in the 3rd place in this history. The average daily turnover in the centralized exchange market and OTC market amounted to NT\$477.8 billion, an increase of NT\$224.3 billion or 88.5% over 2020. According to the statistics gathered by TWSE, the profit sought by the whole securities houses was over NT\$100 billion and amounted to NT\$105.43 billion in 2021, i.e. a yearly increase rate of 80.35%, by NT\$46.97 billion in 2020. Yuanta Securities sought the annual profit amounting to NT\$23.293 billion, i.e. 22.09% of the profit sought by the whole securities industry.

Looking forward to 2022, despite the uncertain factors including inflation pressure, unstable raw materials & supplies price and supply chain, and successive exit of the monetary policies in the overall environment, in consideration of the overall economic recovery, various institutions are still optimistic toward the global economic growth drives in 2022. IHS Markit, IMF and OECD forecast that the global economic growth rates were 4.2%, 4.4% and 4.5%, respectively, in 2022. Domestically, the global continuing economic recovery benefits Taiwan's export sales and private investment. Meanwhile, given the increasingly recovering domestic demand service industry, the employment in the industry is expected to increase. Due to the high base period in 2021, the DGBAS forecast that Taiwan's economic growth rate might attain 4.42% in 2022.

For the policies related to securities market, FSC activated the "Capital Market Blueprint" at the end of 2020, aiming to complete the five major strategies, 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, and lift the multiple business regulations under the framework proactively. The "foreigners' application for the loan secured by foreign currencies" and "sub-brokerage systematic investment services" have been offered in the mid of 2021. The preferential treatment for "day trading transaction tax cutting" will be extended until the end of 2024. The "sub-brokerage financing operations" are expected to be available this year, thus helpful to maintenance of the booming transactions in the market. Meanwhile, FSC lifted certain restrictions on the securities houses' "loans for indefinite purposes" at the end of 2021, customers use the receivables for delivery in transit as collateral for unrestricted loan borrowing, and expected to drive related business. For IB services, the Taiwan Innovation Board and Pioneer Stock Board opened in July 2021 may provide more enterprises and investors with diversified fund matching channels. For the proprietary trading, the new policy allowing "proprietary traders may sell the stocks by SBL" in 2021 is helpful to arbitrage trading. Meanwhile, the regulations related to "stock warrant tax credit" will be submitted to the Legislative Yuan for review upon establishment of the alternate policy.

B. Business development trends and competitiveness:

(A) Brokerage services

The average daily turnover of TAIEX attained NT\$477.8 billion in 2021, an increase by 88.5%, from NT\$253.5 billion in 2020. This year, the global financial market suffered from the volatility resulting from the spreading of the new virus and emerging international events. Notwithstanding, the healthy constitution of TAIEX has solicited for abundant funds, thus resulting in the strength in high yield rate. In July, the average daily turnover in a single month hit a new record, NT\$669.3 billion, again.

Yuanta Securities is very good at making use of its resources to satisfy customers' needs as its first priority. In 2021, it continued to control 1.26 million active accounts engaged in trading TAIEX, review customers' structure carefully and identify the customer group structure subject to the customers' investment attributes to achieve the group management. This year, the number of new accounts attained 260,000. According to statistical data, young people under the age of 40 years old accounted for 70% thereof. Yuanta Securities proactively promoted 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 promoted 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, and organizes the presentation and investment seminars via various channels including the official website, Mr. Yuanta APP and social network 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.

Benefited from the characteristics of Taiwan's financial market, i.e. stability and high yield rate, with the capital invested by investors, both the price and volume are increasing and the TAIEX keeps hitting new records. In addition to taking the chance in the booming stock market, Yuanta Securities identifies protection of customers' assets as the first priority, practices the customer KYC proactively, and integrates the Group's resources to provide sound services and create the opportunities for sale of products.

(B) Proprietary Trading business

In 2021, despite the disrupting factors, such as persisting epidemic and the conflict between China and the USA, and the energy price soaring in H2 of this year and the real estate company's default aroused by Evergrande Group in China, which were concerns of many people, as driven by the physical economic recovery and capital, the leading countries' stock markets appear to be booming. The TAIEX increased by about 20% throughout the year, hitting a new record and attaining at 18,000 points.

Looking forward to 2022, the economy will still grow without question in the USA, and Taiwan's booming export sales are continued. Notwithstanding, the risk variables needed to be noted attentively this year include that the sluggish economic growth rate in China resulted in the declination of the global economic growth drives and the impact posed by the interest escalation and shrinking of the balance sheet to the market capital drives. Therefore, we should still act very cautiously in dealing with the situation. It is expected that the industry will keep hitting new records, and the increasing popularization of high-speed computation transmission, 5G and electric vehicles are expected to drive the prosperity the entire industry including upstream and downstream dealers, which will be identified as the theme based on by TAIEX.

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,

controls 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 2021, the COVID-19 epidemic was developing continuously. However, the shipping & electronics stocks were benefited therefor, and drove the booming transactions in Taiwan securities and futures markets. The daily turnover of listed securities attained NT\$390 billion throughout the year. In contrast, the daily trading volume of futures and options attained 1.60 million lots throughout the year, increasing by 94% and 15%, respectively, from 2020. As a result, the earnings accumulated by Quantitative Trading Dept. hit a new record in 2021.

Looking forward to 2022, the world will enter the interest rate rising cycle and is expected to face the market volatility period. The demand for hedging trading is expected to keep the turnover of futures and options markets at a high level. Quantitative Trading Dept. will use the best effort to provide sufficient market liquidity and continue to create new business lines, in order to hit the new record again.

(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.

Furtherance to the “Green Finance 2.0” strongly boosted by FSC, Yuanta Securities Investment Banking Department will play a more positive role in the financing activities of the green industry. When selecting customers, it will consider the customers’ business outlook and the customers’ ESG practices. Meanwhile, it will guide customers to improve ESG by providing counseling services, replace EPS with ESG to make it become investors’ standard for evaluation of enterprises, and emphasize how an enterprise should play its role in the global village for successful ESG practices. 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 2021, it underwrote a total of 244 cases in IPO/SOP markets, amounting to NT\$160.29 billion in total. Yuanta Securities has participated in the bookrunner and joint bookrunner with a total of 47 cases, with a market share of 26.86% and a total underwriting amount of NT\$43.06 billion, the 1st place in the market. In 2021, Yuanta Securities Investment Banking Department assisted with multiple IPO and SPO cases. For IPO cases, it served as the leading securities house engaged in TWSE/TPEX listing of BIOGEND (6733), SPG-KY (6768), 91APP*KY (6741), YFYCPG (6790), Zhen Yu (2947), Simple Mart (2945), PSMC (6770) and ASC (4770). For SPO cases, it served as the leading securities house engaged in the capital increase by more than NT\$26 billion in cash for YMTC (2609). Meanwhile, it also served as the leading securities house engaged in the CI of EirGenix (6589), Supreme (8112), SSM (2062), Zhong Yang (6668), Trigold (3709), Tanvex (6541), SAG (6417), and FDC (2748). CB fundraising of TXC (3042), WAH LEE (3010) and Swancor (3708), and CI+CB fundraising of LOTES (3533) and ACES (3605).

As the leading brand in the IPO market, Yuanta Securities have led the others in the same trade with its innovative idea. Yuanta Securities integrates resources such as securities channels, foreign-funded legal persons, and venture capital, plus powerful trading assistance system and trading personnel with analysis capabilities, to create Yuanta Securities as a leader in Taiwan pre-IPO market. In 2021, with 49.76% transaction market share in pre-IPO market, Yuanta Securities continues the glory of the top ranking.

Yuanta Securities has underwritten multiple topical IPO listing cases in 2021. Fundraising for the domestic biotech industry is not an easy job. Notwithstanding, Yuanta Securities still assisted BIOGEN in completing its TPEX listing at the beginning of 2021, and also completed the TWSE/TPEX listing of KY of SPORTS GEAR CO., LTD., the sports & leisure industry, and 91APP*KY of OMO, the online to offline pioneer, in Q2. Meanwhile, from September to November, it has successively completed the TWSE/TPEX listings of the channel retail industry including YFYCPG, Zhen Yu and Simple Mart. At the end of the year, it also completed the TWSE listings of the most concerned semi-conductor equipment company, ASC-ALLIED SUPREME CORP., and the concept stock about Metaverse, PSMC. Among the other things, the PSMC case is considered as the most representative one.

Yuanta Securities is optimistic toward the global wafer foundry trend. In November 2018, it entered into the listing service contract with PSMC and helped Powerchip Group isolate two 8-inch wafer fabs and three 12-inch wafer fabs and assign the same to PSMC, through the in-kind capital reduction and swap of shares. The case is the first one involving in-kind capital reduction and swap of shares in Taiwan. Yuanta Securities also helped PSMC transform into a professional wafer foundry and then re-listed in the capital market.

Yuanta Securities' assistance to PSMC also hit many new records in the market:

- a. Listing in the capital market: It's the first successful re-listing case without going through insolvency and reorganization procedures after de-listing in Taiwan.
- b. Successful reorganization and transformation: It transformed from manufacturing and sale of memories into the one engaged in logic foundry, as the first company sharing the operating results with shareholders through reorganization upon business assignment/in-kind capital reduction in Taiwan.
- c. The largest turnover in the pre-IPO market: It hit the largest turnover historically, 130,000,000 shares, in the pre-IPO market on the first day when it was listed in the market. The transaction amount attained NT\$7.2 billion.
- d. The largest number of listed shareholders: The number of shareholders has attained 320,000 persons at the time of listing.
- e. The largest market value scale at the time of listing: The stock capital for listing amounted to NT\$35.2 billion and the market value more than NT\$250 billion.
- f. The highest market auction participation level: The auction oversubscription attained over 4.1 times, and the frozen funds exceeded NT\$20 billion. The case has been the largest auction

participation case since the bidding system was implemented in 2016.

- g. The largest subscription volume in the two decades: The subscription by lottery attracted more than 1.05 million trading requests, the highest in Taiwan in the past two decades, and the frozen funds exceeded NT\$50 billion.

The case proves that a domestic securities house is well capable of executing a large-scale enterprise's demerger, reorganization and listing, which is an internationally well-known and extremely difficult case, and can also successfully help the enterprise seek the fund from the capital market. Yuanta Securities also hopes that the successful fundraising and listing of PSMC may drive the popularity and international fame of Taiwan's capital market continuously.

For the financial consulting service, Yuanta Securities relies on its professional experience in transnational merger and acquisition financial consulting service for more than one decade to help WAL SIN (1605) complete the swap of shares between it and TECO (1504). Both parties would strengthen their business partnership through the cross shareholding and work together to further develop the smart manufacturing, green energy storage and smart grid. In the same year, it also helped Silitech (3311) complete the subscription for private common shares by WTC (2492) and thus deepened both parties' existing partnership to control the business opportunity for the in-vehicle market development more thoroughly. Meanwhile, Yuanta Securities also provided related assistance in planning and execution of the privatization of T.N.C. (1724).

For the private placement, 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. Yuanta Securities' capital markets cover Greater China, and also Japan, Korea, Singapore and Vietnam, etc.. Yuanta team has experience in providing services as an international investment bank. It has kept in touch and communicated with the national institutional investors (VC and PE), including foreign investors and investors from China and Taiwan, permanently. Therefore, it can help customers evaluate, recommend and select adequate investors more effectively than the others in the same trade. In 2021, Yuanta Securities has underwritten the large-sum transaction for LCYT (4989) and the private placement and investment solicitation of Brainstorm Corp. dba Skytech Gaming. Yuanta Securities helped Brainstorm Corp. dba Skytech Gaming introduce the industrial strategic investor, DFI Inc. (2397). DFI Inc., through capital increase in cash and swap of old

stocks, acquired 35.09% of the equity in Brainstorm Corp. Through this strategic alliance, Brainstorm Corp. may cover the needs for production capacity expansion and working capital and be benefited from the strategic resources of DFI Inc. and Qisda Group to help produce PC game/network communication product lines, develop markets other than North America, cut the funding cost, perfect the back-office system including ERP, and strengthen its ability to procure key components and spare parts. Upon completion of the case, it is expected that both parties' resources may be integrated so as to strengthen the development of DFI Inc. in the channel market of the USA.

Yuanta Securities investment banking business insists on selecting fine-quality cases and also values the capital market liquidity. In 2021, it received the special honor as triple champion awarded by TWSE, all in the first place of the "Marketable Securities Award-Securities Underwriter," "Economic Stimulation Award – IPO Market Value" and "Economic Stimulation Award – IPO Fund-Raising." Meanwhile, it was honored by TPEx with the "TPEx Pre-listing Tutorship Performance Award."

Whether Yuanta partook in IPO, SPO or FA cases, we upheld the principles of risk control, carefully selected cases, and deepened the integration of resources within as well as our competitive advantage. Through our integration platform of Taiwan, Shanghai, Beijing, Hong Kong, South Korea, Vietnam, Indonesia and Thailand investors from various locations have access and increases participation and scope of the market. 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 Dept. 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 2020, in order to block the continuous spreading of COVID-19, various governments started to implement the lockdown policy and prohibition of flights. The vaccination rate has been increasing in developed countries in the world since 2021. The economic activities which were locked down initially were relieved successively, thus driving the employment market recovery. In consideration of the low base period and fair annual economic data performance, the economic activities were recovering and the global consumption need growing.

However, the supply chain was still affected by the epidemic; as a result, the supply recovery speed was slower than the demand recovery speed. Besides this, the Nord Stream still could not be activated under the impact posed by the political infighting between NATO and Russia, etc.. Therefore, the petrochemical energy demand tension was further intensified. The increasing energy costs result in the increasing CPI in various countries last year. Taking the United States as an example, the CPI YoY attained 7.0%. The rapid increase in inflation forced the Fed to change its previous statement indicating that the increase in inflation was only “temporary.” The US Fed Chairman, Powell, turned to act cautious to deal with the inflation issue in the middle of the year. The 2021 US bond interest rate primarily reflects the expected sluggish rise in the interest rate by the Fed in 2022. However, due to the United States Midterm Election issue at the end of 2022, and new variants continuously derived from the COVID-19 virus, the impact to economy remains uncertain. Meanwhile, whether the Fed can successfully implement the interest rate escalation is also uncertain. Therefore, the US bond interest rate would increase in 2021, but it might be revised has been amended and corrected from time to time. Therefore, the market is full of volatility. In 2021, in terms of trading, Yuanta Securities Bond Division adjusted the NTD and foreign currency bond trading positions rapidly in response to the market conditions. It continued to maintain the stable profit accordingly. In terms of offering, Yuanta Securities Bond Division continued to play the role as a leader in the domestic NTD bond market and the underwriter ranking 2nd place in the total underwriting amount by NT\$2 million. It underwrote a total of 114 cases, the first place in the market. Meanwhile, it kept innovating business in the NTD bond market. In 2021, it successfully led the offering of the TCC 110-1 unsecured corporate bonds amounted NT\$16.6 billion (15-year, amounting to NT\$6.5 billion). It led the offering of UMC 110-1 green bonds and ECOVE 110-1 green bonds, and participated multiple green bonds issued by enterprises (Chailease 110-1, Yageo 110-2, Vanguard International Semiconductor 110-1), in response to the competent authority’s policy to promote issuance of sustainability bonds. With the strengths of a bond underwriter ranking the first place and high control over enterprises and investors, Yuanta Securities played the role dedicated to matching services at the capital market platforms in order to enable more enterprises engaged in boosting environmental improvement to raise funds more successfully. Yuanta Securities also promote the government’s green finance policy to provide innovative products so that investors may have more choices and a win-win-win situation achieved accordingly. For the international bonds board, Yuanta Securities Bond Division strove to develop the market share of foreign currency bonds. The

Bond Division has participated in 30.8% of the foreign currency cases in 2021. Apparently, the Bond Division acted as a leader in both NTD and foreign currency offering markets.

Looking forward to 2022, despite the transforming virus, the new generation vaccine is also under research and development. Therefore, the impact posed to economy should be less serious than ever. The epidemic has driven innovation of related industries in the past two years. New technologies, such as Metaverse and remote meetings, have been emerging successively, in addition to the work from home. Therefore, the global economic activities have found another way for themselves. The bond market will have to deal with the challenges including termination of the QE policy in the United States, interest escalation, economic recovery and high inflation in 2022. Yuanta Securities will keep noting related issues to seek profit in transactions. The Bond Division will maintain the stable profit 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 2021, Yuanta Securities has issued a total of 11,898 stock warrants, i.e. the market share of 22%, at the issue amount of NT\$93.9 billion, i.e. the market share of 27%, 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, as the only one securities and warrant issuer insisting on "no adjustment on market volatility" in the market. It also discloses in the "No Adjustment on Market Volatility" on the 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 2021, 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 the largest 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 2022, 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 2021, Yuanta Securities remained first place in the market share of the outstanding balance of asset swap services. In 2021, TAIEX still showed a bullish trend and its index hit a new record. The overall issuance of convertible bonds has grown more than that in 2020, under the environment of continuous low interest rates and high stock prices. The overall market asset exchange turnover hit the record and attained NT\$185.4 billion yuan, and the balance thereof also hit the record, attaining NT\$114.8 billion. Looking forward to 2022, the asset swap market is still full of challenges and opportunities. Yuanta Securities continues to maintain the market position by virtue of the competitive strengths, such as brand, funding cost, business scale and APP order placement, and also pursue the growth of scale and profitability by insisting on effective control over the quality of asset risk.

In 2021, the index investment securities market became booming, and the market value grew by double and so did the transaction amount. Yuanta Securities continued to expand its product lines in 2021 and issued a total of three ETNs linked with two ESG indices (Taiwan ESG High Dividend TR ETN and TIP Customized TPEx ESG Growth Total Return Index) and Taiwan Electric Vehicles Supply Chain Representatives Total Return ETN. Until the end of 2021, Yuanta ETNs have accounted for about 58% market share. In 2022, Yuanta Securities will strive to manage the ETN operations actively. Yuanta Securities will keep offering new products and organize marketing and promotional activities and investors' seminars. Meanwhile, Yuanta Securities will provide investors with fine-quality market making services in the secondary market.

(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' subsidiaries 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 29 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 2021 (NT\$ million)

AUM	2019	2020	2021
Yuanta	39,131	47,507	46,758
KGI	18,177	21,140	26,330
Mega	10,481	11,936	13,754
Capital Securities Corp	14,200	12,981	12,124
Sino Pac Securities	18,159	24,875	29,739
Total Amount	123,293	142,742	158,466

Source of data: Trust Association of R.O.C

Statistics of the accumulated accounts opened for money trust managed by the wealth management department until the end of December 2021

Number of opened accounts	2019	2020	2021
Yuanta	136,027	250,559	391,228
Sino Pac Securities	67,289	80,199	90,701
KGI	48,509	56,024	72,414
Capital Securities Corp	45,611	48,636	51,261
Master Link	21,648	28,147	34,702
Total	387,659	562,705	783,247

Source of data: Trust Association of R.O.C

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 2021 (NT\$ million)

AUM	2019	2020	2021
KGI	10,143	13,924	10,661
Yuanta	5,004	3,826	3,094
Fubon	5,266	5,024	5,979
Mega	2,166	1,892	1,716
Entrust	1,051	288	569
Total of securities	27,053	27,897	25,934

Source of data: Trust Association of R.O.C

(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. 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 sale 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 2021	
Cathay Securities Corporation	19.20%
Sino Pac Securities	17.78%
Yuanta Securities	12.42%
Fubon Securities	11.25%
KGI Securities	9.28%

Source of data: Taiwan Securities Association

(I) Securities borrowing and lending

At the end of 2021, 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 increased substantially from TWD 283.8 billion at the end of 2020, to TWD 348.6 billion at the end of 2021, proving a solid 22.8% growth of the market. With its excellent and savvy utility, Yuanta Securities concluded its SBL market share at close to more than 30%, putting a huge gap from the other followers of the industry with a huge distance. Furthermore, in order to more efficiently utilize resources, the securities borrowing and lending services provided by Yuanta Securities in the past six years also expanded to general local customers and inter-broker

trading. This not only increased participants revenue and trading flexibility, but also enhanced Yuanta Securities's income and created remarkable synergies. At the aforementioned resources-developing side of business, Yuanta Securities has secured more than 30% market share, ranking first place among peers in the same category.

(J) International institutional business

Foreign investors accounted for 22.72% of the market turnover in 2021, and the demand from market participants become 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.

Looking forward to 2022, by the one-stop platform, Yuanta Securities can continue to enhance our FINI business in Taiwan and further extend our reach in Asia.

(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 control 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 2021 Yuanta Securities R&D applied for multiple design patents about FinTech. It launched the strategic trading platform to provide customers with diversified investment tools. It developed the sub-brokerage systematic investment services, provide customers with diversified overseas investment methods, practiced the inclusive financial services; incorporated the subsidiary, Yuanta Capital, participated in the private placement of equity fund; submitted the application for the other interest oriented trust of securities (self-benefit trust for the principal, and other interest oriented trust for the interest accruing thereon) and proactively participated in the pilot program “Trust Retirement Account” organized by the Trust Association of R.O.C. to accumulate the experience in practical operations, hoping to provide customers with more complete wealth management services and allocation of assets, and solutions for generation inheritance.

In 2022, Yuanta Securities will continue to improve “Mr. Yuanta” APP functions, and analyze the attributes of transactions conducted by various group customers to provide the optimal investment tools. With respect to high-frequency trading customers, it provides the cloud strategic order placement systems including program transaction strategy, trading via automated programs, and conditional order placement, in order to upgrade the trading turnover rate. With respect to the VIP customers’ own stock selection logic, it provides the automatic programming interface helping customers to set their own exclusive stock selection conditions and place orders, in order to achieve the delicate management of high-asset customers. Meanwhile, in order to promote the inclusive finance, “Mr. Yuanta” constructs the stock market novice village to provide the products such as intraday odd-lot trading, systematic investment plan for stocks, wealth management funds and ETF to guide newcomers how to start the investment, utilize AI stock selection combined with stimulated investment trading platform to accumulate experience in investment, and facilitate transactions through the gamification process.

In response to the digital finance era, Yuanta Securities integrates various mobile trading platforms. Meanwhile, it will start to apply for and offer 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.

In order to protect investors and in response to Yuanta FHC’s risk management policy, Yuanta Securities will strengthen the product policy review system and propose stricter risk assessment and control over high-risk wealth management products, set up the new launch mechanism, and disclose to the investor any risks over the products honestly to protect investors.

For the smart management of property protection, Yuanta Securities has implemented the TIPS, and completed Class-A certification under the TIPS at the end of 2021. It will continue to construct effective management mechanism, integrate inter-departmental R&D drives, promote innovation strength, and use the best effort to establish IPR management plans.

(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 Fin-tech 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 house 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 continues to strengthen the information security defense, and appoint the dedicated information security officer to ensure the safety of transactions and maintenance of operations.

In consideration of the financial liberalization and FinTech developed rapidly and consistently and the increasing e-trading proportions, Yuanta Securities will continue to invest the R&D in related areas. It will seize 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’ long-term and short-term business development plans are explained as follows:

A. Short-term business development plans:

- (A) It 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, solicit for new customers, activate dormant accounts and utilize data analysis to execute the digital financial business strategies and customer base management, deepen customers’ loyalty; integrate related business units to better perfect the products available on the wealth management product platform in width; promote the wealth management services drives, exert the brokerage and wealth management double engines completely, and stabilize customers’ and sales representatives’ revenue related to flow (trading) and inventory (AUM).
- (B) It continues to improve the functions of the order placement APP, Mr. Yuanta, integrate various mobile trading platforms, provide investors with better investment experience; optimize the back-office

operations, achieve the three-in-one step account opening procedure (for securities, wealth management and sub-brokerage) integrate E-counters, intellectualize customer services, upgrade online services, and enhance competitiveness among peers.

- (C) Work hard to develop onshore and offshore financial instruments actively, innovate and diversify 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.
- (D) 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.
- (E) Train the professional talents for regional investment banks in Asia; enhance the cross-border 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.
- (F) Continue to proceed with the R&D, design and sale of self-made structured notes and upgrade the asset management scale of Yuanta Securities; continue organizing various marketing campaigns aiming at raising customers' brand recognition toward Yuanta Securities to secure market leadership; promote the ETN and ELN development; expand product lines and increase market value and market share; complete the new version of the securities and warrant hedging system.
- (G) 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.
- (H) Construct Yuanta Securities (HK) to be the international trading platform center to link the markets of Taiwan, Hong Kong, Korea, Thailand, Indonesia and Vietnam; utilize the strength and characteristics of the cross-border financial trading to provide customers with more diversified investment visions and professional financial services; work with overseas subsidiaries, 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.

- (I) Promote the ESG practices, establish related dedicated taskforces to promote related operations at different levels, develop ESG-related products, and build green financing business locations in steps.
 - (J) Execute the digital identification MOU, utilize the scientific validation to help investigation on information security incidents; implement the international business continuity management standards (ISO 22301) to request a third party's certification to satisfy the internal rules, laws and regulations, and customers' needs.
- B. Long-term business development plans:
- (A) 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, and continue the relationship between Yuanta Securities and customers.
 - (B) It reserves excellent talents through recruitment and training of talents with potential and establishment of the sound promotion system, in order to achieve the goal for the talent cultivation, alternation of generation, and quality succession.
 - (C) Continue to implement the diversified marketing model integrating loaning, develop different customer structures and complement its financing activities effectively. Develop the online securities borrowing and lending platform, 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. Continue to promote overseas sub-brokerage services, add the trading markets, overseas instruments and sub-brokerage financing that comply with laws and regulations.
 - (D) 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 Taiwan Foreign Exchange Market.
 - (E) 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.
 - (F) Actively develop the investment banks' overseas market and cooperation of investment banks' cross-border platforms, and upgrade the proportion of revenue from overseas operations; refer the opportunities for business cooperation to the Group and affiliates;

continually integrate related business resources, provide customers with the Total Solution, balance the quality of cases and business development, and conduct the business by weighing quality and quantity equivalently. Incorporate the subsidiary, Yuanta Capital, and participate in the private placement of equity fund.

- (G) Continue to expand the scope of market making and extend participation in various notes and instruments listed on TWSE and TAIEX; develop the ETN operations, and develop ELN and FCN available for sale via the channels.
- (H) Adjust the investees' capital allocation and organizational framework; 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.
- (I) Construct AI information security response system, utilize AI technologies to detect potential threats; proceed with the information security offensive and defensive exercise to strengthen the defense against hackers; install the EDR at End Point to prevent the points from malicious attack.
- (J) Promote the ESG development, increase the proportion of ESG-related products; establish the "commercial office building green power model," practice the promotion of 100% green power at business locations, achieve the Group's green power target; boost the green procurement.

In conclusion, Yuanta Securities' business plans and development strategies in 2022 aim to balance domestic and overseas business development, solidify its market leadership in various business types, layout its overseas investment and connect with related business types actively. It also intends to continue promoting its regional layout in the Asian market, hoping to become the best securities service firm in the Asia.

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	2020		2021	
	Net profit	Percentage (%)	Net profit	Percentage (%)
Net interest income	12,620,747	62.28	13,068,647	61.92
Net service fee income	4,869,613	24.03	5,058,513	23.97
Income from financial assets and liabilities at fair value through profit or loss	1,085,812	5.36	744,337	3.53
Realized gain or loss on financial assets at fair value through other comprehensive income	1,597,703	7.88	2,038,565	9.66
Exclude financial asset gains and losses measured at amortized cost	341,217	1.68	19,805	0.09
Exchange gain or loss	934,910	4.61	189,999	0.90
Loss on asset impairment	(1,356,670)	(6.69)	(310,206)	(1.47)
Net profit or loss other than other interests	171,617	0.85	295,237	1.40
Total	20,264,949	100.00	21,104,897	100.00

(3) New financial products and services in development

A. Wholesale banking services:

It applies the emerging technology blockchain confirmation service to the wholesale banking services. At the very beginning, it focused on perfecting the blockchain confirmation service and then extended it to the wholesale banking and loaning operations. With the resources of external institutions (e.g. Financial Information Service Co., Ltd.) and financial association (e.g. Global Trading Shared Blockchain Platform), plan the wholesale banking trading financing and supplier financing platforms jointly, in order to mitigate the loan risk and operating costs, and improve the convenience and income of the wholesale banking operations.

B. Deposit and remittance services:

Work with Yuanta Securities to provide the one-stop account opening services. When a customer opens an online central depository account with Yuanta Securities, he/she can complete the application for a digital deposit account with Yuanta Bank at the same time. The customer doesn't need to apply for opening an account over the counter. It may also take the chance to promote the Bank's digital deposit account to the customer.

C. Wealth management services:

(A) Implement the 24H order placement platforms for ETF and overseas stocks to save customers from the time spent in the on-the-counter transaction and cut the branch's operating costs; the real-time transaction function enables customers requesting foreign investment to perceive the global market development within 24 hours to achieve zero time difference for investment.

- (B) The demand for contactless sales model is increasing drastically as a result of the epidemic. Given this, Yuanta Bank develops contactless and paperless “remote insurance enrollment” trading model in response to Yuanta FHC’s digital development and related laws and regulations. Yuanta Life will apply for providing the service on a trial basis and include Yuanta Bank into the trial subjects.
- D. Financial market services:

In order to improve the Group’s integration efficiency and increase Yuanta Bank’s financial resilience, it applies with the Central Bank for the qualification as the “Central Bond Settlement Bank” and also applies with Public Bond Clearing Bank,” and apply with TDCC for the qualification as the “Bill and Note Clearing Bank,” in order provide service to the Group’s subsidiaries and expand external customers.
- E. Digital financial services:

It offers the Line personalized service. After a customer binds his/her personal account with the official Line account of Yuanta Bank, it may provide the customer with real-time accounting notification service and help maintain the relationship with the customer.
- (4) Business plan for the year

Yuanta Bank will uphold “Expansion of Business Scale, Increase Sources of Income and Upgrade Digital Financial Competitiveness” as its primary business philosophy. Insofar as the fine asset quality is maintained, the Bank will expand various business scales step by step to increase the market competition. The primary strategic orientations are:

 - A. The loaning operations grow stably and it aims to increase the loan-to-deposit ratio adequately. With the strengths in sufficient capital and fine-quality assets, Yuanta Bank will continue to expand its scale, sprout customer bases and improve the revenue from service fees to increase the sources of profit when managing the loaning operations, and increase the bank-wide net income from interest by increasing the loan-to-deposit ratio. The loaning growth momentum aims at balanced growth of the corporate banking and consumer banking operations. For the wholesale banking, it will select the industries with better outlook subject to less impact posed by the epidemic, and also focus on development of the credit extension other than that referred to in Article 72-2 of the Banking Act. Meanwhile, it will act carefully but positively when dealing with international syndicated loans and credit extension cases in China, Hong Kong and Macau. For the retail banking, it adopts the strategy about dispersed management of customer groups and increase the balance of credit loans adequately.
 - B. Wealth management services: It continues to integrate and utilize the Group’s resources (securities investment research, investment trust fund and life insurance). It identifies Yuanta Group’s products as the focus of the marketing, and works with the wholesale banking and retail banking

services for referral and cooperation to expand the wealth management business team and AUM. In next two years, it will strengthen the management and development of high-asset customers more proactively and increase the proportion of digital transactions.

- C. For financial investment operations, it continues the investment in high-credit quality bonds in response to the potential activation of the interest rate rise cycle, and also continues to shorten the duration of bond position. In addition to the sources of income, such as fixed income, stocks and foreign exchange, it will also expand the areas of investment portfolio and develop new business types to improve the capital utilization efficiency.
- D. In addition to focus on satisfying customers' need for improvement of the operational performance, the digital financial development will also be applied to facilitation of the business development, continue to organize digital innovation competitions and RPA proposal selection, encourage employees to propose any innovation plans, drive the organizational digital transformation. Meanwhile, in order to build the financial scene, it participates in the projects including Open Banking, F-FIDO financial mobile ID, college/university campus mobile payment promotion plan, etc., and applies the FinTech to customers' daily life.

(5) Industry overview

At the beginning of the outbreak of COVID-19, various countries' central banks started to cut interest and adopt the QE policy to boost the economy; as a result the interest spread for deposits and loans in the banking industry was shortened. Fortunately, given the adequate epidemic control in Taiwan and the rapid development of emerging technologies in the world, the demand for related supply chain related to semiconductor, 5G and electric vehicles, etc., was driven. Meanwhile, the government policy continues to encourage the repatriation of capital from Taiwanese businessmen, thus driving the strong domestic economic growth performance. The increase in private investment drives the enterprises' needs for loan. The stable economic development drives the increase in loans secured by real estate.

Looking forward to 2022, given the stable domestic economic development, the demand for corporate financing and personal loans is expected to stay strong, thus continuing to promote the growth of loaning operations. Besides this, if the interest rate rise cycle is activated for USD and NTD in order, it may drive the expanding interest spread in the banking industry. For the wealth management business, given the abundant market capital, strong demand for wealth management products and FSC's permission of several banks to offer the senior wealth management 2.0 in response to repatriation of capital from Taiwanese businessmen and enhanced wealth management development niche in the financial industry, related revenue from service charges is likely to make further breakthrough. In conclusion, insofar as it is free from any systematic loan risk, the profit to be gained by the banks in Taiwan in 2022 might grow from the previous year.

In consideration of the significant global climate transformation, the ESG issue has been valued increasingly. FSC released the Green Finance Action Program 2.0 in August 2020, which guides financial institution to support the green and ESG industries by defining the contents covered by ESG and establishing integrated platforms. The green finance may practice ESG and also facilitate stable finance. It is expected that each bank will upgrade its green loan scale. Guiding enterprises and investors to value ESG will become a common development trend in the banking industry. With respect to the Green Finance Action Program 2.0, Yuanta Bank has drafted a perfect execution plan. It has executed the letter of undertaking for compliance with the Equator Principles and also established the taskforce on management of climate transformation risk to research and follow up the related issues, and promote and practice the spirit of sustainable finance proactively.

With respect to the FinTech development, the epidemic urges domestic banks to accelerate promotion and application of FinTech. Meanwhile, as people's lifestyle and habit are transformed accordingly, people are more willing to accept various digital platform services. During the critical epidemic period, the local banks provided services to customers via the digital financial platform and also adopted the alternate measures, such as using a digital financial platform to serve customers, and also adopted alternative solutions such as video counter guarantee, online order placement and mobile insurance enrollment to keep the operation and customer service uninterrupted. The mobile payment service grew rapidly under the impact posed by the epidemic. Each service provider continues to optimize its service interface, strive for the cross-industry cooperation, and expand the mobile payment scenario and penetration rate.

(6) Research and development

A. Business R&D:

- (A) Add new investment module and functions via the Fund+performance simulation module to deepen the financial management services and increase the revenue.
- (B) In response to the sustainable finance policy, continue to plan the issuance of sustainable bonds, and negotiate with customers for the FRCP.
- (C) In response to the high-frequency transaction business development, develop stocks and futures, as well as ETF arbitrage trading strategies.
- (D) Establish the equity product trading SBS system to help traders execute diversified strategies, and perfect the mid-office and back-office operating procedures with automated limit controls and access to market value.

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) The total exposure system includes the information about overseas branches' and subsidiaries' total exposure, and plans to implement the information about related parties, in order to complete the centralized risk control better.
- (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) Develop and construct the FRTB market risk analysis and capital requirement calculation system.
- (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) Establish the wealth management specialist behavior risk quantitative indicator management mechanism, and adopt differentiated management subject to the risk ranking to improve the management efficiency.
- (I) 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: The important information projects including IBM P7 host upgrading project, account management system conversion construction project, emerging technology network-based construction project, NTD core system local active-active framework construction project, foreign exchange system upgrading project, non-discretionary money trust investment in stock system construction project, mobile insurance enrollment (2nd Stage – investment-type), mobile wealth management specialist construction project, new robotic process automation (RPA) implementation procedure, financial trading system upgrading project, credit loan application scorecard (1st Stage), new wholesale banking review system construction project, corporate Internet bank optimization project, personal network bank revision project (3rd Stage), mobile banking revision project, ej_learning platform optimization project, customer behavior data analysis, electronic payment sharing platform, F-FIDO financial mobile ID, eDDA ACH and subsidiary connection construction project, interbank lead-time system local active-active framework construction project, database storage software and hardware upgrading project, enterprise application integration system upgrading project, and new generation Web system software framework construction project.
 - (B) Information security protection and information security management: The important information security projects including enhanced EDR defensive project, information security scanning, global information analysis and defensive system implementation project, blue and red teams’ offensive and defensive exercise, Security Operation Center (SOC) Implementation project, computer system information security assessment (Class 1, Class 2 and Class 3), e-payment institution information system standards and security management assessment project, and Business Continuity Management System Implementation (ISO22301).
- (7) Long and short-term business development plans
- A. Short-term business development plans:
 - (A) Improve the loaning drives and loan-to-deposit ratio and maintain the stable growth of income
 - a. When the market is entering the interest rate rise cycle, the growth of loaning operations is the key to driving of the interest income growth. It focuses on credit extension other than that referred to in Article 72-2 of the Banking Act, and increase the NIM by increasing the loan-to-deposit ratio.
 - b. The wholesale banking operations focus on expansion of the “syndicated loan,” “group enterprises” and “SME credit guarantee operations,” and are tied with the loan for working capital or self-compensatory transaction-type financing products to strengthen the

- depth of transactions.
- c. In addition to maintaining the existing fine-quality target customer bases, the retail banking operations will use the best effort to undertake the wealth management-type house loan and credit loan operations with better yield rate.
- (B) Adopt the group management of customers to improve the result of wealth management operations
- a. Set the development goals with respect to various deposit projects through the development of payroll accounts and promotion of the core deposit growth, hoping to expand the stable deposit funds and cultivate the wealth management business basis at the same time.
 - b. The wealth management business will work with wholesale banking and retail banking to develop high-asset and high-consumption customer bases, and promote the group management of customers and family membership system, tied with the icash card member grading and rebate system, in order to expand the scale of wealth management customers and AUM and upgrade the customers' contribution.
 - c. In response to the policies, promote the high-asset customer project, set forth the business development plan and expand the private wealth management scale to increase the number of high-asset customers and revenue from service charges.
- (C) Improve the digital financial platform functions and participate in external institutions' FinTech application projects
- a. On a customer-oriented basis, continue to develop the online services and availability and diversity thereof on the platforms, including mobile banking, online banking, online corporate banking, Yuanta e-counter and mobile insurance enrollment, etc..
 - b. Promote Taiwan Pay, Line Pay Money and icash Pay service to link the payment scenario in the customers' daily life and also perfect the cash flow services by integration of multiple payment tools.
 - c. Continue to develop the diversified application of FinTech, e.g. participation in Open Banking and continued cooperation with TSP service providers to expand the financial service scope, implementation of F-FIDO mobile ID standards, eDDA ACH and subsidiary connection construction project and eACH e-debit authorization service, and participation in the financial association's Global Trading Shared Blockchain Platform.
- (D) Practice the fair dealing policy and compliance with laws to maintain the bank's sound management
- a. Build the three lines of defense under 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.

- b. For compliance with AML/CTF requirements, 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, and consumer protection, 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) Establish Yuanta operating characteristics and promote the Bank's sustainability
 - a. Strictly choose fine-quality products as the marketing focus, and strengthen cross-selling to and sprout management of the existing customers through marketing activities and customer base analysis.
 - 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. In response to Yuanta FHC's policy to base its roadmap on the SDGs of the United States, the Bank includes the ESG philosophy in its enterprise culture and business strategies, and connects the green financing and Equator Principle cases with the syndicated loaning operations, in order to encourage enterprises to practice the ESG target jointly. Additionally, it also continues to promote the issuance of green/ESG bonds, credit card carbon footprint reduction, green building house loan, eco-friendly energy car loan

and responsible investment projects, and to demonstrate its determination to achieve the sustainable finance.

- (B) Strengthen the FinTech infrastructure and practical applications to support the business development
 - a. Control the market trend, and develop the customer segment marketing, establish the financial scene services, and increase the horizontal cooperation under the personalized service application scenario, in order to deepen the bond with customers and increase the frequency of active transactions with customers.
 - b. Expand the implementation of various sales units' RPA, and establish the RPA management platform to strengthen the cross-functional sharing of robotic resources and procedures.
 - c. In response to the resilient expansion of future business needs, information security management, and need for development of AI and big data application, it establishes the new generation network framework, and the cloud for software/hardware equipment to save the construction time and overhead to lay the foundation for business cloud application.
 - d. Comply with the government's digital finance policies, it works with external institutions to develop the FinTech application operations with potential.
- (C) The overseas branches develop specific business lines subject to the local environmental factors to increase their profitability step by step
 - a. Hong Kong Branch strengthens the connection with domestic branches' business, and provide customers with cross-border financing and capital management services via the horizontal cooperation between the domestic branches and Hong Kong Branch.
 - b. The subsidiary in Korea strengthens the cooperation with Yuanta Securities (Korea) and expand the wholesale banking business scope, and also evaluates the underwriting of new loan operations. For the retail banking operations, it expects to develop the cooperation with the other platforms to enhance the diversity of sales channels and achieve the balanced development of wholesale banking and retail banking operations.
 - c. The subsidiaries in the Philippines will develop the local fine-quality wholesale banking customer cases, e.g. Taiwan businessmen's investees, and enterprises listed in the Philippines, and also work with large-scale construction contractors to develop the house loan operations for the peripheral commercial areas around Manila, the Philippines, so as to enhance the scale of loaning operations.

3. Yuanta Life

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

Unit: NT\$1,000; %

Business	2020		2021	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Life Insurance	45,039,946	75.51	32,249,543	60.56
Personal Accident insurance	175,555	0.29	186,116	0.35
Health insurance	4,389,507	7.36	4,576,197	8.59
Annuity insurance	1,355	0.00	3,471	0.01
Group insurance	143,416	0.24	170,379	0.32
Premium revenue	49,749,779	83.40	37,185,706	69.83
Less: Reinsurance premium ceded	(1,022,062)	-1.71	(843,137)	-1.58
Less: Net changes of premium ceded reserve	(120,361)	-0.20	(273,593)	-0.51
Commission reinsurance allowance	110,767	0.19	138,358	0.26
Revenue from service charges	19,944	0.03	912,372	1.71
Net income from investments	10,591,477	17.76	11,385,579	21.38
Other operating revenue	54,689	0.09	48,415	0.09
Separate Account on Investment-linked Insurance Products income	260,592	0.44	4,696,905	8.82
Total	59,644,825	100.00	53,250,605	100.00

(3) New financial products and services in development

- A. In terms of products: In response to the current low-interest environment and aged society, it will continue to develop the two major product lines, the USD-denominated traditional and investment-linked products, in order to satisfy the needs for retirement planning and asset inheritance and deal with the customer risks different in attributes. Among the other things, the high-end customer base management is identified as the focus of the planning, and it also provides customized USD-denominated product series linked with exclusive services.

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 new 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' and women's/children's markets).

- B. In terms of the channels:

- (A) Focus on the management of channel customer base: Subject to the characteristics of the customer base market demand, subdivide the

attributes of channel customer bases, provide the products and services exclusive for the channel customer bases, and improve Yuanta Life's market penetration rate.

- (B) Enhancement of digital services: In response to the digital era, it continues to promote digital tools to replace traditional business models, including mobile insurance enrollment, mobile Web proposals, and remote insurance enrollment, etc.; optimization of channel service information platforms to improve the channel operating efficiency and service quality.

(4) Business plan for the year

Yuanta Life's entire business strategy in 2019:

- A. Channel strategy: Aim at the target markets, focus on customers' needs, analyze and communicate the needs of channel customer bases, promote differentiated products & services, develop the cooperative channels and customers' loyalty to upgrade the contribution, subject to the main business 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 Securities and Yuanta Bank to develop and promote investment-lined products and exert the Group's consolidated effects.
- b. Work with the Group's channels engaged in investment banking, shareholders service agency, banking and venture capital to promote the group insurance operations, develop the relationship with the Group's customers thoroughly, and combine the Group's channel credit card and house/credit loans to design the products and services exclusive for institutional customers' employees or payroll customer bases, in order to improve the Group's contribution.

- (B) Enhanced channel and customer base management:

- a. Adopt the grading management subject to attributes and scale of channels to develop the high-production capacity channels thoroughly with differentiated products and services.
- b. Focus on the target customer base market, adopt customer segment marketing model, combine the channel customer base's needs to promote customized products and services and improve the market share.
- c. Plan the channels' business quality and control policies, strengthen the channels' management and compliance, and practice the fair dealing policy.

- (C) Develop the work-site marketing:

Intervene into the customer base including enterprises' employees with the group insurance products, extend the employees' personal insurance service by exercising the work-site marketing, build the

work-site exclusive products for the employees to increase customers.

- (D) Promote digital services:
 - a. Strengthen the insurance technology application ability, guide the channel sales team to exercise digital tools to improve the overall sales performance.
 - b. Promote the channel digital services, optimize the channel service information platform, strengthen the digital technology ability, and improve the business competitiveness.
- (E) Train the core sales representatives:
 - a. Internally, promote the talent recruitment project to train young life insurance advisors with potential.
 - b. Externally, work with the Group's channels to plan the segment training certification program, solidify the sales representatives' expertise in insurance, and upgrade the channels' service value.
- 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 Group's channels and customers' needs, and provide fine-quality and omnibus product solutions:
 - (A) It plans the USD-denominated traditional products on a customer-oriented basis. Short-term products for wealth management and retirement planning. The asset transfer products for high-end customers combine the protection for the specific injured and sick patients and also VIP services to create the product differentiation for precision marketing.
 - (B) In response to the low-interest environment, it develops the investment-linked products as the first priority, and builds the custom-made product platform subject to the channels' attributes. The linked quasi-discretionary investment accounts claim the flexibility of operation without any upper limit on the ratio of stock to debt.
 - (C) In response to the segment marketing strategy, it provides customized products per the target customers' needs. In addition to the high-end US-denominated traditional products, it also launches the NTD additional optional policies applicable under the work-site marketing model and house loan life insurance exclusive for retail investors.
- (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\$1.05 trillion in 2021, an increase of 14.3% over the same period in 2020.

Statistics of insurance premium under new business in the life insurance business in 2021 (insurance premium revenue + liabilities)

Unit: million dollar

Item	2020	2021	Growth rate (%)
First Year Premium	916,790	1,048,040	14.3

Source of data: Life Insurance Association

According to the analysis of insurance premium under new business by type of insurance, it is NT\$494.7 billion for life insurance, i.e. 47.2% of the revenue from insurance premium under new business, NT\$504.9 billion for annuity insurance, i.e. 48.2% of said revenue, NT\$37.9 billion for health insurance, i.e. 3.6% of said revenue, and NT\$10.5 billion for accident insurance, i.e. 1.0% of said revenue.

The sales representatives' performance was affected due to the home quarantine and epidemic prevention policies adopted in response to COVID-19. Notwithstanding, there are two things to be clarified about Yuanta Life's sales performance in 2021:

- A. For the traditional insurance products: Given the declining government bond yield, the interest rate declared in various months of the current year is considered low or remains unchanged. The revenue from insurance premium for traditional policies declined by 18.4% from the same period of last year in November this year.
- B. For investment-linked insurance products: Benefited from the strong position of NTD against USD, the booming capital market in 1H of this year and the life insurance industry's proactive promotion, the revenue from insurance premium for investment-linked policies grew by 69.7% from the same period of last year in November this year.

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

Unit: million dollar

Insurance type		2020	2021	Growth rate (%)
Life insurance	Traditional	477,628	367,523	-23.1
	Investment-linked	98,797	127,158	28.7
	Subtotal	576,425	494,681	-14.2
Accident insurance	Traditional	11,117	10,513	-5.4
Health insurance	Traditional	42,880	37,944	-11.5
Annuity insurance	Traditional	44,965	54,606	21.4
	Investment-linked	241,404	450,296	86.5
	Subtotal	286,369	504,902	76.3
Total	Traditional	576,589	470,586	-18.4
	Investment-linked	340,201	577,454	69.7
	Total	916,790	1,048,040	14.3

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 57.5% of the insurance premium based on new business from 2021, Yuanta Life's own marketing channels 33.8% thereof, and traditional broker channel 8.7%. Individual life insurance and investment-linked insurance are primarily sold via the bank & securities Insurance channel. 57.7% of Individual life insurance and 61.7% of investment-linked insurance premium income are contributed through the bank & securities Insurance 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 2021 (insurance premium revenue + liabilities)

Unit: million dollar

By source	Life insurance	Bank broker	Traditional broker	Total
Insurance premium	354,397	602,312	91,331	1,048,040
Rate (%)	33.82	57.47	8.71	100.00
Individual life insurance	122,988	209,832	31,026	363,846
Individual annuity	17,294	35,442	1,633	54,369
Investment-linked	172,966	356,293	48,195	577,454
Personal Accident insurance/health	29,112	324	6,296	35,732

Source of data: Life Insurance Association

The declining interest rate in 2021 resulted in the declination in insurance premium for new traditional contracts and increase in that for investment-linked contracts. Looking forward to 2022, the market is expected to grow sluggishly and, therefore, might help increase the sales of traditional insurance policies. The investment-linked insurance policy continues to account for a high share. The competent authority's regulatory policy and changes in the interest rate level are the key factors to the overall life insurance industry's development. Yuanta Life will provide the policyholders with different risk appetites the investment-linked insurance policy allowing customers to call back fixed assets and grow capital stably, and interest rate sensitivity life insurance policies subject to diversified payment terms. Its sales performance is expected to keep growing this year.

(6) Research and development
A. R&D of products:

Yuanta Life Insurance Co., Ltd. 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 low-interest environment. Meanwhile, it continues to develop the insurance products

that satisfy the needs for retirement life, retirement medical treatment and retirement care.

The quasi-discretionary insurance policy launched this year has achieved remarkable results. For the USD-denominated insurance policy, the high-end traditional products and short-term wealth management insurance policy may also satisfy the needs from channels and customers. For the protection-type products, it launches the long-term care insurance, new house loan insurance, Fundrich platform products and group epidemic prevention insurance products in 2021. Among the other things, the life medical insurance program which may be maintained since the insured is only a fetus also won the National Brand Yushan Award – the Best Products.

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. Future research service technology:

Continue to optimize the diversified applications of insurance technology, in order to provide policyholders with the convenience for application of technologies. Import eDDA online stamp verification mechanism following the one-stop claims, security insurance application service, and e-insurance policy authentication and certification, in order to speed up the verification of stamp and issuance of the insurance policy. Continue to participate in research projects, provide more real-time online services, such as the advanced “medical benefit platform 2.0,” mobile insurance enrollment import proposal, increase the paperless ratio and shorten the time in application for benefits significantly, and reduce the time in data entry in the process of sale.

For new digital technologies, the AI-assisted judgment on claims and AI customer service are planned to improve the internal administrative personnel's work efficiency to help them provide more fine-quality services. Expected to make good use of the implementation of insurance technologies to enable Yuanta Life's insurance business promotion and insurance service to enter a brand-new age.

C. Business promotion:

In order to increase the penetration rate of Yuanta Life's products, it will work closely with high-quality channels to provide the products exclusive for the channel customers, such as the traditional products and work-site exclusive products for high-end customers, to create a blue ocean market, by analyzing and identifying the customer base market. Meanwhile, in response to the financial digitalization, it will continue to promote the mobile insurance enrollment, develop the mobile web proposal system and plan to apply for the remote insurance enrollment service, in order to

improve the channels' efficiency, and enhance the service quality and customers' experience. Meanwhile, it works with channels to construct the segment certification program and optimizes the channel service information platform, creates the channels' brand value, and improve the partner channels' and sales representatives' loyalty. In order to practice the fair dealing policy, it values customers' interests and rights, improves the channel service quality, and plans the channel management and control measures, including establishment of the channel quality management mechanism, enhancement of the sales representatives' code of conduct, perfect the business sales process control, and improvement of channels and sales representatives' training, so as to increase Yuanta Life's value to customers and channels.

D. Risk management:

Looking forward to the post-epidemic era, the existing (potential) risk factors to be dealt with by Yuanta Life, including the inflation, emerging markets' debt risk, climate impact, energy crisis and epidemic risk, economic and political conditions in the mainland China and geopolitical risk, and changes in the financial instruments and risk factors due to said factors. With respect to the existing (potential) risks, Yuanta Life will continue to strengthen the analysis and pre-warning on various business lines, optimize various risk mechanisms, including fulfillment of the investment trading pre-warning mechanism and stop-loss mechanism, pre-warning and management of high-risk industries and nations, pre-warning and measurement of credit default risk, foreign exchange rate risk control and hedging management, assets & liabilities management and evaluation on self-insolvency. For compliance and regulatory issues, it is still necessary to strengthen the consumer protection measures, such as the adaptability of products, under the fair dealing policy 2.0, perfect the personal data protection and information security under the development of digital banking services, such as remote insurance enrollment, seek the business continuity management mechanism certification and continue drills. Meanwhile, by organizing and promoting the internal projects, Yuanta Life will plan to implement the financial regulatory focuses including IAS, new international capital requirement standards, initial margin system for derivatives and climate change-related risk financial disclosure into the related risk management mechanism per the relevant schedule, in order to satisfy the regulatory standards successfully.

(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	2020		2021	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Revenue from Management fees	3,333,846	93.72	3,558,060	95.34
Revenue from transaction fees	15,410	0.43	54,531	1.46
Revenue from sale	184,457	5.19	101,662	2.72
Revenue from marketing reimbursement	16,636	0.47	13,178	0.35
Other operating revenue	6,662	0.19	4,733	0.13
Total	3,557,011	100.00	3,732,164	100.00

(3) New financial products and services in development

A. ESG investment and theme-based ETF:

In response to the green finance action program promoted by the competent authorities, and the booming ESG investment and sustainable investment favored by investors, the global capital has been habitually flowing into the ESG funds. Given this, Yuanta Securities Investment Trust will continue to research and develop the ESG series, ranging from stocks to bonds, domestic and overseas, and ETF to voluntary investment, construct the 2X2X2 product roadmap, and research and develop innovative products in line with the major trend.

B. Continue to optimize “Mr. Fund” APP services:

Since Mr. Fund APP was launched in October 2021, it has been well received by investors widely. In order to provide customers with more perfect service quality and enhance the customers’ loyalty, Yuanta Securities Investment Trust will continue to improve the APP optimization in line with the current trend to enhance users’ experience and reliance, and guide customers to trade primarily via “Mr. Fund” APP, thus achieving the goals for systematic investment amount and improving Yuanta Securities Investment Trust’s overall management scale.

(4) Business plan for the year

Despite the factors, such as interest rate escalation and balance sheet shrinking in the United States, this year, there is no doubt the enterprises still maintain remarkable profitability. In 2022, TAIEX will still extend its strength and opportunity. Therefore, in addition to the ETF, Yuanta Securities Investment Trust will also focus on the four major development strategies:

A. Improve the TAIEX fund scale:

TAIEX is one of the few markets in the world that offers fine-quality value, high dividends and growth potential. In terms of the market volatility and risk management, TAIEX fund are the better portfolio to the investors who wish to plan the wealth management for retirement life.

Therefore, in order to exert the existing TAIEX strengths, expand the scale of active TAIEX fund or ETF, Yuanta Securities Investment Trust will work with diversified channels including custodian banks key securities houses, banks and e-commerce platforms to promote the drives for TAIEX fund scale growth. In order to avoid the investment risk, investors invest under band operations and based on systematic investment policy to participate in the medium-term and long-term growth of TAIEX, thus driving continuous growth of Yuanta Securities Investment Trust's TAIEX funds and also the overall management scale to hit a new record again.

B. Promote the systematic investment policy and create stable cash flows:

About 70% of the new accounts are opened by the young people at the age of 20–40 years old. Apparently, young people are joining the investment proactively. In consideration of the limited funds from this investor group, their need for investment and savings, convenience of investment media and timeliness for the access to information, Yuanta Securities Investment Trust will promote the “TAIEX fund and ETF structured fund” as its first priority, by combining the “systematic investment policy” and “Mr. Fund APP,” in order to provide the young people with convenience and the channels via which they may participate in the growth of TAIEX with little capital.

Further, by virtue of the online media publicity, tied with offline communication via the real channels, it focuses on the promotion among the agency channels, Yuanta Securities Investment Trust's worker welfare committee and the Group's subsidiaries, in an attempt to transform the market volume into investors' actual subscription, provide customers with the way to accumulate wealth, and also help investors disperse the risks.

Promotion of the systematic investment policy is considered working in concert with the competent authority's policy to practice the inclusive finance concept, and may also increase stable cash flows for the fund. Therefore, as far as Yuanta Securities Investment Trust's business development goes, increasing the number of persons, amount and number of transactions under the systematic investment policy may help strengthen the customers' loyalty and stabilize the growth of scale and operating revenue.

C. Expand the quasi-discretionary insurance policy investment:

In response to the declining interest rate accruing on deposit savings, and in order to seek the products that provide retirement life planning and satisfy stable cash flows for the relatively conservative customer base, the quasi-discretionary insurance policy presents certain strengths, including low threshold, distribution of fixed dividend and professional investment institutions' operation of the product on behalf of investors and, therefore, becomes one option for the investor's retirement life planning. Yuanta Securities Investment Trust will adopt the strategy to develop business internally and externally, and work with the Group's subsidiaries internally,

so as to create the new ecological system for the quasi-discretionary insurance policy, improve the Group's consolidated effects with added value, disclose the successful experience in operation of the ESG account to the public, and expand the cooperation with other life insurance companies.

D. Promote the download volume and loyalty of Mr. Fund:

Since Mr. Fund APP was launched in October 2021, it has been well received by investors widely. In order to expand the download drives and improve the interactive communication and service with customers, Yuanta Securities Investment Trust will continue to use the best effort to promote the digital financial transformation services, and have digital advertisements televised to help Yuanta Securities Investment Trust strive for massive exposures for the APP, solicit for likes and increase the download volume, and finally guide investors to trade via APP, making "Mr. Fund" become the primary channel for e-trading and create the third own channel for Yuanta Securities Investment Trust.

(5) Industry overview

In 2021, despite COVID-19 spreading all over the world, the epidemic was under good control in Taiwan. Besides this, the strong overseas demand drove the strong profit earned by enterprises listed in TWSE, and the total profit earned by the enterprises hit a new record again, thus driving TAIEX grow significantly by 20% for three consecutive years. The strong TAIEX funds also boosted the investment heat in the domestic fund market. At the end of December 2021, the domestic public fund scale amounted to NT\$4.95 trillion, i.e. the YOY 9.55%, a new record again. Benefiting from the repatriation of overseas capital and excellent operational performance of multiple funds, the scale of TAIEX active fund increased by 51.28%, i.e. NT\$415.574 billion. The TAIEX ETF became very popular among the market-value, high-dividend and theme-based ETFs. The scale thereof increased by 88.24%, i.e. NT\$492.483 billion, playing the double headed arrow driving the growth of domestic publicly offered fund scale. Meanwhile, the TAIEX ETF structured funds designed for different channel groups also grew by 145.07% annually.

In response to the global stock markets, which keep hitting new records, and the emerging materials derived from technological innovation and application, driving the drastic growth of transnational stock ETF scale by 120.33%, i.e. NT\$153.102 billion in 2021. Further, subject to the disadvantageous factors, such as the interest rate of government bonds bottoming up, the performance of fixed-income products is not considered satisfactory. The transnational investment in bond ETF only increased by 3.72%. The transnational investment in ordinary bond fund even declined by 11.51%.

Yuanta Securities Investment Trust will keep noting the interest rate escalation schedule of the US Fed, 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 development 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. Upgrading of active fund performance:

Under the high inflation arising all over the world, Fed's meeting disclosed that it would speed up the interest escalation and shrink the balance sheet. Its policy is expected to cause more volatility in the financial market. Notwithstanding, as the technology industry appears to be growing and the traditional industry's sales is expected to be driven by the demand for replenishment of inventory. Therefore, the assessment result shows that there still a room for enterprises to seek profit. The investment research team will adopt two policies for attack and defense at the same time, in order to deal with the potential volatility trend. Meanwhile, it discusses the industrial development and earnings momentum for suppliers, and aims to optimize the fund performance. Meanwhile, given the interest rate rise environment and ESG paradigm, it focuses more on enhancing fund characteristics and controlling over changes in the market, hoping to upgrade and stabilize the fund performance further under the bottom-up management strategy.

B. Improve stewardship and sustainable & responsible investment:

As an asset manager, Yuanta Securities Investment Trust is engaged in assisting customers in managing their funds for investment and other purposes, in order to seek the overall profit for the fund providers (including customers, beneficiaries and Yuanta Securities Investment Trust's shareholders). Yuanta Securities Investment Trust has set forth its "Stewardship Policy" in accordance with TWSE's "Stewardship Principles for Institutional Investors." Yuanta Securities Investment Trust cares the investees' overview of business and ESG risk and performance, and communicates with investees by attending shareholders' meetings or exercising voting rights, in order to participate in the investees' corporate governance operations. This year, Yuanta Securities Investment Trust will strengthen the implementation of the stewardship policy, and evaluate the motions proposed at any investee's shareholders' meeting carefully. When dealing with any corporate governance issue or other material matters of the investee, Yuanta Securities Investment Trust will keep upholding its principles of impartiality and deepen the stewardship in order to practice the ESG goals.

Meanwhile, it has procured and imported RepRisk ESG database, activated the active stock and bond fund ESG investment procedure, and also planned to evaluate the other related ESG databases and carbon emission data coverage rate, and import the databases related to climate changes, such as GHG emission (e.g. Enterprise's GHG emission volume and carbon emission strength) as the basis for enactment of its carbon

emission standards, in order to practice the standards in the investment procedure and improve the sustainable & responsible investment, in response to the global net zero emission investment philosophy.

C. Continue to practice the ESG operations:

(A) Green action:

Yuanta Securities Investment Trust adopts ISO 14046 water footprint inspection standards as its guide to calculate and report water footprint requirements, 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.

(B) Green supply chain management:

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" to achieve the green supply chain management.

(C) GHG emission and energy management:

It establishes and maintains the GHG management procedure based on ISO 14046-1 and ISO 50001, in order to manage the energy effectively and improve the GHG emission. Meanwhile, 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.

(7) Long and short-term business development plans

A. Short-term plans:

(A) Practice the inclusive finance and green products

The competent authority always works hard to promote and popularize financial knowledge by communicating to investors the correct concept about investment and wealth management, hoping to fulfill the target upheld by the inclusive finance policy. The systematic investment plan provided by Yuanta Securities Investment Trust is identified as the best representative product dedicated to practicing inclusive finance, under which the general investors may accumulate assets with the low-threshold investment fund, and provide earlier deployment services to retail investors to help them make their dream come true or practice their retirement planning, thus satisfying the spirit upheld by the “inclusive finance” physically.

Further, the green financial products promoted by the competent authority are also identified as the focus of Yuanta Securities Investment Trust’s product development. In addition to investing in the existing ESG investment portfolio, importing the ESG procedure investment, and improving the funds receiving MorningStar 4 Star rating or above, Yuanta Securities Investment Trust also plans to include the carbon emission data into the investment procedure, and ultimately hopes to practice its influence over investment and urge the investees to move forward toward the ESG areas. Meanwhile, its product planning also focuses on the theme-based products, such as ESG and green & carbon reduction, as it hopes to provide innovative and diversified solutions based on its lean asset management experience and insight for the national investment needs, in order to feed back to society, strive for remarkable investment performance, and achieve a win-win situation.

(B) Promote the digital financial transformation

Yuanta Securities Investment Trust devotes itself to the digital transformation, connects the online and offline services completely, makes good use of the “meaningful” digital financial services, and improve the efficiency and quality to expand the financial drives and ratios at same time.

a. Expected subscription for eIPO

Yuanta Securities Investment Trust uses the best effort to upgrade customers’ willingness to participate in the offering of new funds and prevents the subscription procedure from any uncontrollable external factors. Yuanta Securities Investment Trust plans the expected subscription procedure before offering of the new fund via the e-trading platform, so that customers may subscribe for the funds online during the pre-subscription period before the official offering and complete the subscription after debit on the first day of the offering collectively.

b. ETF e-statement

In response to the digital financial trend, Yuanta Securities Investment Trust upgrades the digital channel services and encourages ETF beneficiaries to utilize electronic operations. Yuanta Securities Investment Trust also establishes the “ETF e-statement” mechanism to provide the beneficiaries with the access to application for e-statement and offering confirmation notice via digital channels, in order to reduce the carbon footprint effectively, provide beneficiaries with convenient digital services, and set a good ESG role model in the industry domestically.

c. E-payment business partnership

The “e-payment” is the core of digital transformation. Yuanta Securities Investment Trust will strive to negotiate with e-payment service suppliers for partnership. Insofar as it is permitted by laws, Yuanta Securities Investment Trust expects to cooperate with them to increase the number of banks accepting online account opening applications and customer bases, accelerate the popularization of the “digital financial” service and lay the foundation for the future inclusive financial development.

B. Long-term and mid-term business development plans:

(A) Sprout the development of cooperation with the Group’s subsidiaries to develop business jointly

It integrates the Group’s resources, works with the subsidiaries including Yuanta Securities, Yuanta Bank and Yuanta Life to draft the cooperative plan, and insofar as it is permitted by laws, urges the exchange of human resources, improves business performance and expand the scope of integration of front, middle and back-office operations, and strengthen the business cooperation with subsidiaries in depth and width. It is dedicated to “Yuantalize” products, services and information to achieve the “Yuanta-style” wealth management, share resources to build a multiple-win situation, and create the consolidated business effects.

(B) International layout

Yuanta Securities Investment Trust initially planned to develop the international business simultaneously with the Group. As impacted by COVID-19, it delayed the related business development. Notwithstanding, Yuanta Securities Investment Trust still upholds the philosophy for “based in Taiwan and aiming at the international markets” as its future business development orientation. It will plan the related business after the impact posed by the epidemic is relieved.

(C) Talent training and personnel’s moral hazard

At the same time of business growth, Yuanta Securities Investment Trust also values talent training. Meanwhile, it hopes to break through conventional standing when working on the target of talent training. Prevention and promotion of the employment risk are also identified

as one of the important concerns, and is expected to mitigate the possibility of moral hazard. 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	2020		2021	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Brokerage revenue	3,717,441	95.87	3,743,909	96.28
Proprietary trading revenue	157,934	4.07	125,458	3.23
Counseling service revenue	13,487	0.35	16,142	0.41
Other revenue	(11,237)	(0.29)	3,182	0.08
Total	3,877,625	100.00	3,888,691	100.00

(3) New financial products and services in development

A. Digital transformation of internal procedures:

The epidemic accelerates traders' demand for digital services and experience. In response to the future business development, Yuanta Futures plans to import digital and automated tools to guide the front-office and back-office units' business procedures to be standardized, in order to reduce the working hours and risk, optimize the back-office operations and improve the efficiency and quality of customers' experience in digital services.

B. Implement leverage transaction merchant trading system:

Promote leveraged traders' diversified contracts for difference, evaluate the issuance of new leveraged trading products, and organize the leveraged trading business team to expand sales channels, research program trading aided tools, establish the differentiation in the same trade, satisfy customers' multi-dimensional needs for products, and expand the leveraged trading market.

C. Expand international market operations:

Construct overseas cross-border business locations; build the cross-market international trading platform dedicated to offering the product lines issued by the global exchanges in America, Europe, and Asia; sprout the overseas brokerage operations; build the global futures exchanges clearance centers; develop B2B business internationally; serve the entity economy proactively; and, provide traders with asset allocation service and satisfy their need for hedging in the territories of Taiwan and Asia.

(4) Business plan for the year

Looking forward to 2022, Yuanta Futures Co., Ltd. upholds “Optimization of Sustainability and Cross-Border Innovation” as its business target, expands the trading capacity to satisfy the needs for uninterrupted services, optimizes the core accounting system and hardware equipment upgrading, strengthens the efficiency of front-office and back-office operations, expands the technologies, such as big data and AI, and develops customer services and experience thoroughly. In order to develop internationally, it achieves the integration of cross-border and cross-industry services in Asia-Pacific area, expands its overseas business locations, develops overseas clearing operations, and combines overseas brokerage operations of Yuanta Financial Holding Co., Ltd. Further, in response to the business development, it expands the recruitment and training of the “Cross-Border International Futures Digital Finance Talents,” values retention, training and employment of talents, and establish multi-dimensional successors group, in order to become an international large-sized futures firm.

The business plan to be boosted by Yuanta Futures in 2022 is highlighted as follows:

A. “Continue to improve the core profit-seeking momentum, speed up the development of customers to create a niche”

Improve the brokerage channels’ business momentum, maximize the channels’ value, combine excellent software/hardware equipment and ability of innovation, and provide differentiated services; for the trading strategies or promotion of products, provide diversified products and work with the futures consulting service team to improve the strategic marketing activities, use the best effort to promote foreign futures and options, strive to make all of its markets ranking the first place, and increase the brokerage market share and gross margin.

B. “Optimization of brokerage service charge quality and structure”

It optimizes the structure of futures and option brokerage service charges from domestic natural persons, institutional investors and foreign institutional investors, provides differentiated value-added services, proactively develops new fine-quality customers, and exerts the channels’ strengths and creates consolidated effects, in order to improve the brokerage service market share and customers’ deposit AUM, and solidify the main profit-seeking engine’s growth momentum.

C. “Expand the leveraged trading momentum and create diversified income

sources”

Expand the leveraged trading business team, research and develop the leveraged trading aided tools, ensure the customers’ trading risk control and stability, evaluate the issuance of products satisfying customers’ needs for financial hedging and trading, and expand the business channels to improve traders’ engagement and expand the business opportunities in the market.

- D. “Expand the Group’s international business strategies, exert the consolidated effects of overseas domain strategies”

In response to the international layout of Yuanta Financial Holding Co., Ltd., it proactively expands the cross-border business scale, develops the overseas business locations of Yuanta Futures Co., Ltd. as the global product trading platform, improves the B2B operations, continues to cooperate with the overseas subsidiaries of Yuanta Securities Co, Ltd. to establish the brokerage service order placing channel to help the Group’s investees, develop new market futures operations and improve the business diversification.

- E. “Develop core trading strategies, improve proprietary trading performance”

Its development is oriented toward adjustment on trading strategies and optimization of trading systems. Meanwhile, it develops the global futures product strategies and establishes the modules, proactively develops the sources to improve proprietary trading performance, strictly controls the trading strategic risk, and continues to recruit fine-quality talents, stabilizes the proprietary trading organization and improves the operating performance.

- F. “Practice ESG action target, and fulfill corporate ESG”

Establish the corporate governance culture, practice corporate social responsibility, and fulfill the vision and commitments for ESG. Continue to sprout the development of corporate governance, environmental policy, social responsibility, ethical management and fair dealing; value ethical management and practice the fair dealing policy to provide customers with warm services. For the ESG practices, use the best efforts to research and develop green products, promote green research report, and have the corporate governance aim to have customers rest assured, make shareholders feel relieved and enable employees to enjoy working, thus becoming a role model for ESG practices among domestic futures houses.

(5) Industry overview

The changeable epidemic continued to bother the financial market in 2021. The global market volatility persisted accordingly. The overall market only focused on the epidemic and bailout policies, shortage of workers and materials in the supply chain, the economic imbalance in China, green energy, the US debt ceiling, inflation and balance sheet shrinking. As a result, traders needed to deal with more variables, and the volatility of various product types in the futures market became intensified, and the global futures and options market

was booming. The trading volume of futures and options broke through 56.44 billion lots in 2021, growing by 33.8% from last year.

In terms of the overview of global futures and options trading, the multiple uncertain factors caused by the epidemic resulted in the drastic market volatility. According to the FIA's statistics available for 2021, as far as the product types are concerned, the first three major trading product types were the stock price index (44.93%), individual stocks (21.95 %) and foreign exchange rates (8.88%). Due to the impact posed by the growth of trading volume in multiple economies' stock market all over the world, the global demand for derivatives and hedging trading increased relatively. The trading volume for index futures and options grew by 50.90%. The trading volume for stock futures and options grew by 38.10%. The foreign exchange rate futures also grew by 22.90% from last year. This resulted from the different monetary policies adopted by various countries' central banks, strong rising of USD, and weak currencies other than USD. Regionally, the trading volume in the Asia-Pacific region grew the most in 2021, by 51.6% from last year.

Domestically, in 2021, TAIEX hit a new record, and so did the total trading volume of TAIEX. The total trading volume of TAIEX amounted to 392 million lots, growing by 15% from 341 million lots last year. However, in 2021, the night trading volume amounted to 75.99 million lots, decreasing by 11% from 85.4 million lots last year. The hot trading products were concentrated on FITX, MTX, stock futures and TXO. Among the other things, the turnover of MTX amounted to 71.79 million lots in 2021, growing by 20% significantly from 2020. The trading volume of stock futures amounted to 75.73 million lots, growing by 183% significantly from last year, both double growth rates. In the futures market, the trading volume proportion for natural persons and institutional investors tends to be 1:1. Apparently, the foreign institutional investors' trading volume has grown significantly, by 20%, 26% and 31.5%, in the most recent three years. In 2021, the number of futures accounts opened was 65,000. Among the other things, the number of new accounts opened by the investors at the age of 20–30 years old increased significantly, by 28%.

(6) Research and development

- A. Given the increasingly improving information technology, the futures market has entered an era of competition in milliseconds. In order to achieve a stable and fine-quality trading environment, Yuanta Futures Co., Ltd. Completed the core accounting system and hardware equipment upgrading to improve more application services and also the system capacity in 2021. In order to improve the front-office and back-office operational efficiency, it will construct the digital warehousing system, complete the paperless operations, automated data import, and integrate the cross-department data to facilitate the future data analysis and application, and to develop customized value-added services, in 2022.
- B. Yuanta Futures Research Dept. will continue to perfect its research report, improve the accessibility to and diversification of the reports. It will also

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, the Research Dept. will use the best effort to combine the futures and industrial trends, customize the project presentation for industrial institutional investors, provide strategic hedging and forward-looking analysis, in order to expand the futures service to the entity economy service for industrial institutional investors.

- C. Yuanta Futures Digital Banking Dept. plans to integrate the existing e-platform functions, combines AI and big data technologies based on the business units' needs, and works with the IT Dept. to research and develop the exclusive system functions jointly, optimize the trading platforms and provide customers with more convenient and rapid order placement functions. Meanwhile, it will improve Yuanta Futures' information security and personal data protection mechanism comprehensively to protect customers' interest and right in trading.
- (7) Long and short-term business development plans
- A. Short-term business development plans:
 - (A) Improve domestic/foreign futures & options market share and gross margin: Deepen the brokerage business and IB channels, expand the business team's momentum, continue to solidify the main profit-seeking engine, development the securities and futures in one policy and industrial institutional investor operations, strive to have its markets ranking 1st place domestically and overseas, and enlarge the competitive gap between the others in the same trade.
 - (B) Optimize the brokerage service charge quality: Combine the software and hardware equipment upgrading and cross-department resources, provide the differentiated services including research reports, strategic AI consulting service and digital platforms, and also value customers' risk management and extend care for customers, and improve the brokerage-related service value based on the fine-quality and heartwarming service quality.
 - (C) Combine the Group's consolidated effects and expand business cooperation: Integrate the resources of the Group's subsidiaries, utilize the strength in the Group's complementary services, cooperate to develop the entity economy customers, provide customers with omnibus financial services, exert the consolidated effects of Yuanta Financial Holding Co., Ltd. and expand the business domain.
 - (D) Build the Asian trading platform, expand overseas domain: Base Hong Kong to develop business in Asia, solidify the futures economic position in the Asia-Pacific region, build the international trading hub, develop toward an international futures house, and satisfy the cross-border traders' needs.
 - (E) Expand operating revenue form leveraged trading: It constructs the

business team's drives, continues to develop diversified contracts for difference, respond to the new laws and regulations promulgated by the competent authority, enhance the width of leverage products, satisfy customers' needs for diversified operations and hedges, and create diversified sources of income.

- (F) Improve proprietary trading performance: enhance the proprietary trading performance, maximize earnings within the controllable risk, and increase the source of proprietary trading revenue and operating stability by means of the operations, such as spreads, high frequency and market making.

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 social responsibility into Yuanta Futures's 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	2020		2021	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Equity in investee income recognized under the equity method	18,442	5.80	374,140	31.74
Net gain or loss on financial assets at fair value through profit or loss	275,099	86.55	780,924	66.27
Dividends revenue	24,325	7.65	23,484	1.99
Total	317,866	100.00	1,178,548	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 2022 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 consideration of the significant impact to the market and industry by COVID-19 in 2021, and the overall market assessment that it is impossible to confirm that the epidemic would become sluggish in 2022, Yuanta Venture Capital's investment strategies in 2022 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	2022 Percentage	2023 Percentage	2024 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	<u>Internal</u> Electronic industry (software and hardware), manufacturing, IC design, traditional manufacturing, ship and aviation industry, automotive industry, chain store industry (e.g	65%	60%	50%

Investment strategy	Selection strategy	Selected industry	2022 Percentage	2023 Percentage	2024 Percentage
	and the team	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			
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%	50%

- C. In line with the major changes in the industry, take the local business opportunities:

Given the Biden era, the launch of vaccines, and new changes in the global economic, trading and consumption activities, Yuanta Venture Capital Co., Ltd. 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		2022(F) (Add)	2023(F) (Add)	2024(F) (Add)
Internal	Taiwan	90%	85%	85%
Oversea	Mainland China	0%	0%	0%
	Korea	0%	6%	5%
	South East Asia / others	10%	9%	10%
Total		100%	100%	100%
Projected total investment amount		NT\$500 million	NT\$550 million	NT\$600 million

(4) Industry overview

According to the 2020 questionnaire survey performed by Taiwan Venture Capital Association on the venture capitals in 2021, 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, 21 new venture capitals were founded in 2020, with the total capital amounted to NT\$4.266 billion. The number of new venture capitals increased by 9 from 12 in 2019, and the total capital also increased by NT\$2.032 billion from NT\$2.234 billion in 2019.

B. Investment status:

In terms of investment status, there were a total of 415 investment projects by venture capital in Taiwan in 2020, decreasing by 84 cases from 331 cases in the previous year (2019). The total investment capital was NT\$61.87 billion in 2020, decreasing by NT\$51.76 billion from the total investment capital, NT\$10.16 billion, in the previous year (2019). As a whole, the number of investment projects and total investment capital in 2020 both increased from 2019.

C. Invested industry:

According to the statistics, in 2020, the total invested value in the bio-tech including new drug and medical device (NT\$32.528 billion) became the largest, and followed by the service industry (NT\$11.01 billion), IT industry (NT\$9.18 billion), green energy and environmental protection (NT\$6.065 billion), manufacturing industry (NT\$1.974 billion), venture capital industry (NT\$332 million), culture and creative industry (NT\$207 million), and national defense/aerospace industry (NT\$88 million).

Compared with the invested industries in 2020 and 2019, the investment capital in the IT industry increased by NT\$6.318 billion (NT\$2.862 billion in 2019). The investment capital in the manufacturing

industry decreased by NT\$327 million (NT\$2.301 billion in 2019). The investment capital in the biotech industry, including new drugs and medical devices, increased as NT\$32.528 billion from NT\$1.712 billion in 2019. The investment capital in the green energy and environmental protection industry increased as NT\$6.065 billion in 2020 from NT\$539 million in 2019. The investment capital in the service industry also increased as NT\$11.01 billion (NT\$1.606 billion in 2019). The investment capital in the national defense/aerospace industry was NT\$88 million (NT\$238 million in 2019).

D. Investment stage:

In terms of the number of cases at various investment stages, in 2020, the proportion of investment by the venture capital business in Taiwan at the following various stages is stated as follows: Expansion (56.87%), Maturity (20.00%), Foundation (14.22%), Seed (8.67%), and Reorganization (0.24%). The proportion of investment amount at the following various stages is stated as follows: Foundation (67.60%), Expansion (18.42%), Maturity (4.19%), Seed (9.76%) and Reorganization (0.03%). 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 2020, 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 2020 showed that the domestic investment was still the first priority, accounting for about 79.04%, increasing by 3.81% from the proportion of investment in domestic business, 75.23%, in 2019. For the territories outside Taiwan, the other territories (e.g. Middle East and Africa) ranked the second place, i.e. 6.99%, increasing by 1.55% from 5.44% in 2019; the territories of Europe increased from 2020 and became 0.96% (0.30% in 2019); The Silicon Valley region of the United States dropped from 2.11% in 2019 to 1.45% in 2020, a decrease of 0.66%.

(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 position, 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 10%.

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. Other relevant operations approved by the competent authority

(2) Revenue breakdown:

Unit: NT\$1,000; %

Item \ Year	2020		2021	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Disposition of NPL	274,178	77.33	268,546	70.06
Disposition and lease of real property	34,838	9.83	44,167	11.52
Real estate management and maintenance	45,517	12.84	70,616	18.42
Total	354,533	100.00	383,329	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 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 reconstruction Real estate with high willingness and investment property to evaluate, and the cases 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' 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	2020		2021	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
Consulting fees revenues	203,384	100.00	238,477	100.00
Periodical revenue	7	0.00	0	0.00
Total	203,391	100.00	238,477	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 strives to ensure that its industry and company research meets international standards. It provides domestic & foreign clients with 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 more comprehensive basis for assessment. In response to important global events, it will also provide analysis reports on special events in order to make services promptly available to domestic/foreign customers.

Meanwhile, Yuanta Securities Investment Consulting has built an asset allocation model to actively strengthen new researchers' analytical skills, in order to meet demand from various clients. It also makes regular adjustments to the format and content of research reports to attain the goal of business expansion set for every division in the Yuanta Group. Yuanta Securities Investment Consulting also helps the Group to avoid risky targets for loans/securities lending, in order to improve credit quality.

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 2021, Yuanta Securities Investment Consulting was awarded the second place for Best Regional Economists, Best Regional Quantitative/Technical Analysts, and Best Regional Analysts for Technology Hardware & Equipment in Asia by the internationally renowned financial and economics magazine, Asiamoney, and once again was awarded No. 1 for the Best Overall Research in Taiwan, winning 16 research analyst awards in Taiwan. This is evidence Yuanta Securities Investment Consulting's research team has achieved high recognition. The team's high-class research reports and quality have been well appreciated by all related parties.

We hope to maintain such 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 now allows customers to sign contracts in electronic form to speed up the contract-signing process, providing customers with a more convenient option.

(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 2021. Among them, 78 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 15 investment consulting enterprises engaged in the general agency of offshore funds, and 19 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.

Looking forward to 2022, 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. Until the end of 2021, it has set up the banking counters at 105 subsidiaries of Yuanta Securities. The cross-selling via the Group's own marketing channels accounted for 93.5% of Yuanta Life's insurance premium at the beginning of 2021.

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

Given the growing COVID-19 vaccination rate, the global economy is expected to continue recovering. However, given the haze posed by the variant virus, persistent short supply chain, increasingly intensified inflation, increasing conflicts between the United States and China, stricter regulatory policies adopted by China and Ukraine–Russian conflict, the global economy is still full of multiple uncertain factors that are critical to performance of the global stock, exchange and bond markets. The economy in Taiwan is expected to grow stably in 2022, as benefited from the booming exports, plus sluggish epidemic development and recovery of consumers' purchasing power. Nonetheless, affected by the higher base period, it is expected that the economic growth rate might be lower than that in the previous year.

Regarding the supply and demand in the financial market, the mid-term and long-term outlook of TAIEX is expected to be optimistic, as the increasingly better economic data and the support from the fundamental economic dimensions, which might drive the brokerage service revenue growth. Notwithstanding, the value and volume of TAIEX are

still considered inseparable from the monetary policies adopted by various countries' central banks and also the geopolitical conditions. Therefore, the relevant service providers need to keep noting the situation and respond to it with care. Meanwhile, the increasing volatility in the market will increase the difficulty in managing any other risk-linked operations and thereby affect the contribution to the entire earnings. Therefore, upgrading the diversity of business structures is of the essence. In the recent years, the wealth management operation has become an important factor driving the profit sought by the securities houses. 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.

Meanwhile, for the banking industry, outbound Taiwanese entrepreneurs' continued movement of investment back to Taiwan driving the increase in the loan scale. The interest escalation is also expected to help the recovery of interest spread and improve the contribution by net interest revenue. Notwithstanding, the real property financing control policy adopted by the government in order to suppress the rising house price is likely to affect the real property-related loaning growth momentum. 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 somewhat benefited from the interest escalation. However, the capital gain growth is limited due to the high base period. The geopolitical risk also increased the difficulty in operating investments 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 30% 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 three 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.
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 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) Given the abundant capital, low interest spread for deposits and loans and competition among peer companies, the profit growth of the banking business in Taiwan is limited. Furthermore, the remaining effect posed by COVID-19 to the economy domestically and overseas brings multiple uncertainty factors for the economy, which are likely to increase the credit cost for the banking business. Yuanta Bank will continue to practice the cautious and stable loan policy 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) As affected by COVID-19, trade conflicts between China and the USA, and the QE policy adopted in various countries that increases financial vulnerability, the uncertainty in the global economy is upgraded 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, 2022

Year		2020	2021	Ending January 31, 2022
Number of employees	Yuanta FHC	157	175	173
	Yuanta Securities	4,860	4,945	4,949
	Yuanta Bank	4,398	4,386	4,386
	Yuanta Life	701	715	717
	Yuanta Futures	412	412	415
	Yuanta Securities Investment Trust	295	276	275
	Yuanta Securities Investment Consulting	72	71	71
	Yuanta Asset Management	35	44	43
	Yuanta Venture Capital	14	16	16
	Total	10,944	11,040	11,045
Average age (Note 1)		42.41	41.55	41.73
Average years of service (Note 1)		8.27	7.89	8.03
Academic background (Note 1)	Doctorate	1.91%	1.71%	1.73%
	Master degree	55.41%	56.00%	54.91%
	University/college	37.58%	38.29%	39.31%
	Senior high school	4.47%	4.00%	4.05%
	Less than senior high school	0.63%	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
	BS 10012 Personal Information Management System Constructor	1	1	1
	Certified Anti-Money Laundering Specialist (CAMS)	10	5	5
	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)	2	1	1
	Chartered Financial Analyst (CFA1)	1	1	1
	Chartered Financial Analyst (CFA2)	1	-	-
	Certified Global Sanctions Specialist (CGSS)	1	1	1
	Certified Internal Auditor (CIA)	4	4	4
	Certified Information System Auditor (CISA)	3	3	3

Year		2020	2021	Ending January 31, 2022
Professional certificate and license held by employees (Note 1)	Certified Information Security Manager (CISM)	1	1	1
	Certified Information Systems Security Professional (CISSP)	1	1	1
	Planner of Enterprise Resource Planning	1	-	-
	Fellow, Life Management Institute (FLMI 1)	4	4	4
	Fellow, Life Management Institute (FLMI)	1	2	2
	Financial Risk Manager (FRM)	7	4	4
	ISO 27001 Information Security Management Systems Auditor/ Lead Auditor	8	9	9
	ISO 29100 Privacy Framework Leading Auditor	1	1	1
	ISO 9001 Lead Auditor for Quality Management System	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
	Project Management Professional (PMP)	2	3	3
	Retirement Financial Advisor (RFA)	-	1	1
	Securities exchange	-	1	1
	Life insurance representative	39	39	39
	Life insurance representative's sale of foreign currency non-investment-oriented insurance products	4	5	5
	Life insurance underwriter	-	1	1
	Estate Agent	-	1	1
	Internal Auditor	3	2	2
	Corporate internal controller	1	2	2
	Foreign exchange dealer	1	-	-
	Sales representatives of securities borrowing and lending (SBL)	-	1	-
	Sales representative of margin trading and short sale for the trading of securities	1	2	1
	Investment-linked insurance products	1	1	1
	Investment-linked insurance representative	8	8	8
	Staff dedicated to anti-money laundering/countering of terrorism financing	7	3	3
	Basic proficiency test for international banking personnel	7	6	6
	Basic proficiency test for banking lending personnel	13	13	13

Year		2020	2021	Ending January 31, 2022
Professional certificate and license held by employees (Note 1)	Compliance officers	8	8	7
	Stock affairs personnel	1	3	3
	Financial Auditor	1	1	1
	Trust operations personnel	45	49	48
	Trust management personnel	4	3	3
	Trust supervising personnel	1	-	-
	First aid personnel	4	1	1
	Financial derivatives sales personnel	3	4	4
	Financial Risk Manager (FRM)	1	1	1
	Property Insurance Representative	15	14	14
	Property Insurance Agent	-	1	1
	Sales representatives of wealth management	3	4	4
	Domestic attorney-at-law	6	4	4
	Domestic accountant	2	3	3
	Foreign attorney-at-law	2	1	1
	Financial planner	11	11	11
	Bill finance specialist	2	1	1
	Futures Trading Analyst	1	1	1
	Futures specialist	38	36	35
	Sales representative of structured notes	3	3	2
	Bond specialist	2	3	3
	Bank internal controller	16	16	16
	Bank internal controller and internal auditor	19	23	23
	Auditor	5	4	4
	Audit officer	1	1	1
	Level B technician for computer software application	1	-	-
	Securities investment trust and consulting professional	24	26	25
	Securities investment analyst	3	1	1
	Securities clerk	1	2	2
	Senior securities specialist	44	49	47
	Securities specialist	21	26	27

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, 2022

Certificate Name	Persons	
	Financial Accounting	Auditing
Certified Anti-Money Laundering Specialist (CAMS)	-	2
Certified Internal Auditor (CIA)	1	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	5
Life insurance representative's sale of foreign currency non-investment-oriented insurance products	1	1
Internal Auditor	1	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	-	1
Basic proficiency test for international banking personnel	-	2
Basic proficiency test for banking lending personnel	1	4
Compliance officers	-	1
Financial Auditor	-	1
Trust operations personnel	5	6
Trust management personnel	-	2
Financial derivatives sales personnel	-	2
Property Insurance Representative	2	3
Sales representatives of wealth management	1	-
Domestic accountant	1	-
Financial planner	1	4
Futures specialist	4	5
Bank internal controller	-	5
Bank internal controller and internal auditor	2	-
Auditor	-	2
Audit officer	-	1
Securities investment trust and consulting professional	4	4
Senior securities specialist	5	6
Securities specialist	3	1

V. Corporate Social Responsibilities and Ethics

Yuanta Foundation (hereinafter referred to as “Yuanta Foundation”) was involved in organizing 650 events in 2021, including 219 self-organized events, 328 co-organized events and 103 sponsored events, and honored the “Social Education Contribution Awards” and “Enterprise-Aided Charity and Education Business Crystal Prize” by Ministry of Education, and “Silver Award of Annual Arts & Business Awards” by Ministry of Culture. A total of 1,930 volunteers participated in the events and the events benefited near 600,000 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 worked with each public welfare partners to upgrade the disadvantaged group’s education, community escort, healthcare and other public welfare and education activities in depth and width. Meanwhile, it called on the enterprise’s volunteers to join the action, combined its expertise in finance, and actively engaged in the education to make its public welfare operations more active.

Since Yuanta Foundation was founded 19 years ago, it has insisted on the philosophy for “the public welfare should refer to continuous contribution.” Without fearing the critical epidemic it integrated resources from multiple sectors, broke through the restrictions, and devoted itself to the public welfare to help others make their dream come true, transform life, find the truth about happiness, and expand the effect posed by the belief in “cycles of good” to the society through the Group and volunteers’ engagement. “Education” creates hope, “hope” inspires dreams, and “dream” turns one’s life. Yuanta Foundation insists that only continuous contribution of love and care enables the power of support to transform into greater momentum.

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, break through the restrictions posed by epidemic prevention, 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. In response to the epidemic this year, it streamlined the large-scale event into a small event attended by no more than 100 guests. It is engaged in communicating the knowledge about epidemic prevention and healthcare, and continue to visit remote areas in Taiwan to send the tailor-made “Happiness Gift Bag” to children. Since it was started in 2012, it has organized more than 30 charity events inviting more than 6,000 schoolchildren to engage in such educational entertainment activities. Also, it called on 1,705 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. Since 2018, by combining the public welfare and its expertise in finance, 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.

Aiming to “embrace changes and move on strongly,” on the road to public welfare, Yuanta Foundation proactively promotes the recruitment of like-minded volunteer partners to work with it. 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 folding balloons, drumming, 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, it built its dream step by step. Through the past five years, it has worked with 30 groups and 3,480 volunteers to realize the dream. A total of 57,882 persons were benefited therefor.

2. Yuanta Public Welfare Platform

(1) Charity Reading

Yuanta FHC and Yuanta Foundation are both always concerned about the educational issues in rural areas and using the best efforts to engage in the popularization of educational resources to each corner throughout Taiwan in order to offer any child student short of resources the chance to be educated. In 2020, the book, “Chinese Etymology Game Book,” written by the media celebrity, Yu Mei-Jen, was selected as the charity book donated to fourth grade elementary school students and above. Eventually, a total of 9 schools/educational institutions have received the donated book. In 2021, it invited Teacher Yu Mei-Jen to guide the schoolchildren of Ming Dao Elementary School into a world full of words by explaining complicated words in simple terms. By interacting with these children via the tangible teaching, she helped improve the children’s learning performance, expand more diversified visions, and enrich the children’s life with the power of reading.

(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 “Turning Happiness and Sustainable Health” campaign. A thanksgiving and results

presentation was held at the Activity Center of Daan Elementary School 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. 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 supposed to be organized once per year at the very beginning. Later, it was expanded and organized in North, Middle and South Taiwan, respectively, once per year. Despite the impact posed by the epidemic in the most recent two years, Yuanta Foundation’s enthusiasm in extending blessings is never diminished accordingly, but streamlines the event or adopts the interaction via video. In the past one decade, it has organized a total of 32 educational entertainment activities to help expand the schoolchildren’s vision. It has called on 1,705 volunteers to provide the escorting service, and sent the tailor-made-concept “Happiness Gift Bag” to 6,135 schoolchildren, which contained brand new sportswear, pants and shoes, in order to provide the children with the happiness exclusive for them.

As impacted by COVID-19, in response to the government’s epidemic prevention policy, it further streamlined the event supposed to be organized in North, Middle and South Taiwan once per year and usually attended by four or five hundred persons, into a small-size event attended by no more than 100 persons. It plans the characteristics activities to provide the children with correct knowledge about epidemic prevention and a dinner party. For example, it invites the children to choose their exclusive Happiness Gift Bag in a specialty store for sport clothes, and arrange sport games and epidemic prevention courses for them, in order to enable the children to experience the new lifestyle for epidemic prevention through such educational entertainment activity, so as to protect the health of their own and their family. In 2021, it has organized a total of five “Yuanta Happiness Day” events. Yuanta volunteers directed to the school campus to learn with the schoolchildren together, hoping to enable these children to pursue their dreams bravely after receiving the heartwarming experience on the “Yuanta Happiness Day.”

(2) TFCF Outstanding Children Annual Award Ceremony

Taiwan Fund for Children and Families organized the “2021 TFCF Outstanding Children Annual Award Ceremony”, and selected 23 strong, obedient, industrious and excellent children 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 them 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 250 children from economically disadvantaged families in Taitung and provide diversified learning services. Yuanta Foundation has sponsored “Kids’ Bookhouse” in Taitung for 11 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 11st 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 Crystal Prize” in 2021. A total of 19,261 students were 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 219 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 2020 and the first semester of the school year 2021. The students came from 10 schools, including Taoyuan Municipal JieShou Junior High School, New Taipei Municipal Qinxian Junior High School, New Taipei Municipal Jian-shan Junior High School, Tzuchi Da-Ai Village, Shan-Lin District, Kaohsiung City, Chiayi Municipal Fu Jen Catholic High School, Keelung Fu Jen Sacred Heart Senior High School, National Jhuo-Lan Experimental Senior High School, Taoyuan Municipal Xin Wu Senior High School, Zhudong Station of Rerum Novarum Center, and Hualien Yuli Book House. Until 2021, the “Yuanta Dreams Take Flight” Program has trained 117 excellent undergraduates and 6 graduate students. A total of 1,652 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 2021, as impacted by the epidemic, the award ceremony and interactive learning activities were organized online or by steps instead, in order to keep the distanceless care extended from

the schoolteachers and students, Yuanta and Fu Jen Catholic University.

(2) Summer and Winter High School Class in the rural area and Project Kangaroo

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 2021 a total of 12,756 trainees have attended the High School Class in the rural area.

(3) Digital Buddy

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. In 2021, a total of 355 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 six years, "Yuanta Excellent Talents Scholarship" has been awarded to 349 students from poor family who outperform in character and academic achievement. The Scholarship has disbursed more than NT\$60 million in total to train young students to transform their life through education. The subjects selected by "Yuanta Excellent Talents Scholarship" include senior high school students, and undergraduates and students of master programs majored in business and laws. The Scholarship is one of the few scholarships that offer the quota of senior high school students and master program students at the same time. The fund provided by the Scholarship is comparable to that offered by the "President Educational Award," NT\$200,000, in order to help the students study happily and without any worry.

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 help them add and store value of their "social account book" in advance and also construct the sound basic foundations for their future brilliant life. It encourages the students to keep learning and pursuing their dream bravely. A lot of them have learned the real intent of contribution and feedback to society, and would participate in public welfare activities voluntarily 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 four years, it has organized 14 wealth management volunteer activities to share with 500 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 823 elementary schools in 16 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, prepare Yuanta's exclusive wealth management teaching materials, design two wealth management board games and courses combining the current issues to enable the students to access wealth management information easily through the games. The official educational system adopted by the schools doesn't specially provide the course about "wealth management." In order to train the schoolchildren to learn self-discipline from childhood, it shares the basic information with these children through the easy games and under Yuanta volunteers' guidance for "learning by doing," in order to teach the children to learn how to manage their finance and be the master of their own in the future.

2. Corporate Governance Summit Forum

The "17th Term Corporate Governance International Summit Forum" sponsored by Yuanta Foundation and organized by Taiwan Corporate Governance Association was held at the GIS NTU Convention Center in 2021, which invited domestic and foreign experts and scholars to share their experiences for reference by the corporate governance in Taiwan. The Forum chose the topic "Practice ESG and Sustainability" for the discussion, and focused on the corporate governance and ESG issues, in order to explore how corporate governance deals with the future environmental transformation and changes. Among the other things, Yuanta FHC and its subsidiaries were recognized by domestic/foreign renowned organizations in their corporate governance and information transparency. Yuanta Group's independent directors were also invited to participate in it to share the importance of corporate governance.

Yuanta Financial Holding Co., Ltd. has set forth the "Sustainable Finance Guidelines" since 2019. It continues to include the sustainability into its core business strategies. This year, it has been selected by the Dow Jones Sustainability Index (DJSI) for the third time, and also selected by the "DJSI World Index" and "DJSI Emerging Markets Index" at the same time, winning the first place for the Comprehensive Financial Service globally. Yuanta FHC ranked as a global benchmarking enterprise in the performance of sustainability operations including promotion of environment, society and corporate governance. In order to practice the

best corporate governance model and pursue the business target for pursuing the maximum value for long-term shareholders, Taiwan Corporate Governance Association also provided the member companies with the professional database and continuing education courses about corporate governance to help companies oversee and manage their finance, internal control, compliance and potential risk controls.

(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 2021, the Group has contributed 21,567 bags of blood, and has been honored by Taipei Blood Center, TBSF as a “Blood Donation Excellent Enterprise” for the sixth year consecutively. This year, impacted by the epidemic, the blood donation centers throughout Taiwan had difficulty in raising the blood. In order to relieve the pressure of the medical personnel working in the front line, under the circumstance that it has implemented the epidemic prevention policy strictly, Yuanta changed the blood donation activity and carried out it by “one car per day, multiple locations and in batches,” in order to continue helping society and saving more precious lives.

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 16 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 780 persons were benefited from the event organized by Yuanta Foundation and Mennonite in 2021.

(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 2021, 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 307 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 after-care service for more than ten years in order to help rehabilitate offenders and their family members who need support from society eagerly. In 2021, Yuanta was honored by the Ministry of Justice as the “Outstanding Organization Assisting in Promotion of After-Care Service” to commend Yuanta FHC' devoted engagement in the after-care service. 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 and, therefore, uses the best effort to deliver the educational resources to each corner throughout Taiwan. Notwithstanding, many children from the rural areas or children who cannot afford to buy books lack 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 then gave the books to the rural areas and disadvantaged areas with insufficient resources, as a diversified reading resources, hoping to enrich the life of children with the power of knowledge received from reading.

The “Love Book Fun” has raised near 9,000 books since it was initiated, and provided the abundant reading resources to 25 different entities. In 2021, it specially planned the theme-based activity, “FUN Happy Storytelling Train.” In addition to designing the exclusive activity bookmark, it also invited professional story tellers to organize the training activity, and organize 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, inspire the children’s interest in reading voluntarily, and communicate the concept about resource sharing to move love more complete.

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	2021	2020	Difference from the previous year (%)
Full-time non-managerial employees			
Number of full-time non-managerial employees (person)	9,216	9,130	0.94
Average salary (NT\$:1,000)	1,612	1,276	26.33
Median salary (NT\$:1,000)	1,346	1,057	27.34

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, Action Golden Spirit, Strategic Platform, Clear Winner, Trading Network, IVR system, sub-brokerage overseas stock trading , official website, performance bonus, wealth management, GETS proprietary stock trading, 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, brokerage channels, diversified 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) and Windows x86.

(II) Development and procurement projects in 2022

1. Yuanta Group

- (1) Endpoint detection and response enhancements (EDR)

2. Yuanta Securities

- (1) Continue Low-Latency trading system for foreign institutional investors
- (2) Continue Custodial Banking System for foreign institutional investors
- (3) Cooperate with TWSE FIX new protocol (Lending Auction, Auction, Reverse Auction)
- (4) Cooperate with TWSE market data new protocol (Snapshot information of warrant auction trading, Available balance for SBL)
- (5) New core system for TWSE brokerage and trading
- (6) Customer T+0 loans
- (7) Centralized branch operations
- (8) Customers' strategic trading platform and conditional order
- (9) Mr. Yuanta APP – conditional order
- (10) Taiwan Securities Association OPEN API pilot project
- (11) Proprietary trading bills management system
- (12) OTC derivatives centralized clearing system – IRS centralized clearing
- (13) OTC product APP-ASO price negotiation and e-trading model
- (14) Wealth management quantitative system
- (15) Endpoint Detection and Response (EDR)
- (16) GCB management system
- (17) Mobile APP basic information security test
- (18) Mobile APP obfuscation protection
- (19) Endpoint detection and response enhancements (EDR)
- (20) Security Vulnerability Management System
- (21) AI information security response automatical system
- (22) Blue and red teams' offensive and defensive exercise

3. Yuanta Bank

- (1) IBM P7 Host Upgrading Project
- (2) Emerging Technology Network-based Construction Project
- (3) NTD core system local active-active framework construction project
- (4) Foreign Exchange System Upgrading Project
- (5) Non-discretionary money trust investment in stock system construction project

(1st Stage)

- (6) Mobile wealth management project (1st Stage)
 - (7) Financial Trading System Upgrading
 - (8) New wholesale banking review system construction project
 - (9) Mobile Banking Revision
 - (10) F FIDO and subsidiaries mutual certification construction project
 - (11) Interbank lead-time system local active-active framework construction project
 - (12) Enterprise application integration system upgrading project
 - (13) New generation Web system software framework construction project
 - (14) Endpoint detection and response enhancements (EDR)
 - (15) Computer System and E-payment Platform Security Assessment
 - (16) Business Continuity Management System Implementation (ISO22301)
 - (17) Global information analysis and defensive system implementation
 - (18) Blue and red teams' offensive and defensive exercise
 - (19) Security Operation Center (SOC) Implementation
4. Yuanta Life
- (1) Core network switch update
 - (2) BCM backup framework construction
 - (3) Website APP firewall and invasion detection system update
 - (4) Continue IFRS 17 System Platform Environment Construction
 - (5) IBM AIX Host Upgrading
 - (6) Remote insurance enrollment equipment construction
 - (7) AI customer service equipment construction
 - (8) eDDA&eACH licensing and debit equipment construction
 - (9) Invasion protection system replacement and upgrading
 - (10) R6 host hardware replacement
 - (11) Construct the Business Continuity Management (BCM) system environment
 - (12) Continue to construct the security information and event management (SIEM) system
5. Yuanta Securities Investment Trust
- (1) Remote Computer Facilities and Network HA Framework Construction Project
 - (2) Load balance replacement
 - (3) Storage space expansion
 - (4) Security information and event management (SIEM) system
 - (5) Server Configuration Change Management System
 - (6) Endpoint detection and response (EDR)
6. Yuanta Futures
- (1) SYSCOM domestic core accounting back-office clearing and proprietary trading system replacement project
 - (2) TAIFEX 2022 IT Project
 - (3) Continued the new generation AI trading platform optimization
 - (4) Office automation and digital system construction
 - (5) Construct Security Information and Event Management (SIEM) project
 - (6) Construct Endpoint detection and response (EDR) system

- (7) Host security protection system
- (8) Risk-based vulnerability management system
- (9) Information Security Diagnostic and Risk Evaluation Project

(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. Security protection: Establish the multi-layer defensive architecture, install systems including network firewall, web application firewall, intrusion detection system, anti-spam filtering, mail APT, employee Internet management, USB device control, anti-virus and network management, and perform vulnerability scanning, penetration testing social engineering and DDoS drill periodically to ensure the security of the information systems.

(IV) Information security

1. Information security management mechanism

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’ 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 upgrade Yuanta FHC’ ability to make decisions on the information security issues, enhance information security supervision, consolidate the promotion and coordination of information security policies and allocate resources, the articles of association were passed by the Yuanta FHC Board meeting in December 2020 to add the independent and dedicated information security unit, “Information Security Dept.,” and CISO, which are appointed to take charge of the information security governance, planning and supervision throughout Yuanta FHC, boost the execution of information security management operations, and report the information security practices to the Board of Directors periodically.

Meanwhile, in line with the Financial Information Security Action Plan, Yuanta Securities, Yuanta Bank, Yuanta Securities Investment Trust and Yuanta Futures have appointed their chief information security officers, respectively, in November and December 2021 to supervise and promote the information security management operations, and report the information security operations to the Board of Directors periodically each year. They also established the unit responsible for information security to take charge of planning, supervising and executing the information security management operations, and report the information security execution status to their own boards of directors to strengthen the information security regulation.

2. Information security organizational framework

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 and research the information security management operations and information security matters, in order to enhance the overall information security protection capability.

3. Implementation of international security management standards and acquisition of related 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 Financial Holdings, Yuanta Securities, Yuanta Bank, Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures also implemented the ISO 27001 ISMS standard and passed the certification by BSI. Thereafter, they were required to complete the annual review and the recertification every three years 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 to practice international standards.

4. Information security protection and inspection

In consideration of the increasing information security threats and the network threats and changeable risks caused by the technological development, and in response to unpredictable external attacks, the information security management shall fulfill the information governance and compliance, while the risk control shall focus on the information security protection, including internal self-check, external proactive detection, disaster response drill and enhancement of management. 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 strict separation and filtration mechanism.

5. Information security intelligence and joint defense mechanism

In addition to said information security protection policy, Yuanta FHC and its major 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 response to said periodic information security matter analysis mechanism, in order to improve the analysis ability, Yuanta Bank and Yuanta Securities has 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. Meanwhile, Yuanta FHC and Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures have planned to implement the same system to ensure the validity of the information security defense and control.

6. Security information and event management

Yuanta FHC and its major subsidiaries have expressly defined the information security event reporting and resolution procedure, and would report and resolve according to the level of the event. The information unit needs to eliminate and resolve the event within the prescribed time limit, and proceed with analysis upon resolution of the event to prevent recurrence.

7. The important information security business executed in 2021 is outlined as following:

(1) Compliance with information security with international standards:

Yuanta FHC, Yuanta Bank, Yuanta Life, Yuanta Futures, and Yuanta Securities Investment Trust all passed the annual review by ISO 27001 ISMS and also the certification by BSI for the validity of their certificates. The Certificate is valid from December 2020 until December 2023.

(2) Information security protection and inspection:

Execute the information security assessment and inspections via an independent third party, with a view to confirm the validity of the existing controls.

(3) Information security education and training:

In 2021, 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 upgrade their ability to maintain information security. Also, the companies organized the email social engineering from time to time each year in order to raise the whole staff's awareness towards information security.

(4) Yuanta Securities Co., Ltd. was attacked in November 2021. Few customers suffered from the orders placed in their names falsely. Upon analysis on the root causes, Yuanta Securities Co., Ltd. has already improved the customers' login certification mechanism and information security control policy. This attack

caused the loss of transactions of about NT\$19.5 million, which is borne by Yuanta Securities Co., Ltd. independently. Therefore, no impairment was caused to the customers' interests and rights.

- (5) The report on information security management of Yuanta FHC has been submitted at the 39th meeting of the 8th Board of Directors on March 15, 2022.

VIII.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, grants, 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 Financial Holdings 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, accidental injury insurance, critical illness insurance, cancer health insurance and hospital medical insurance, etc. In response to the recent COVID-19 epidemic remaining critical persistently, 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 and overseas emergency disease medical 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' 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 Financial Holdings established an employee shareholders' association in August 2003. When employees set aside a certain amount of money each month for stock purchases, Yuanta Financial Holdings will match the employees' contributions, encouraging employees and to be shareholders of Yuanta Financial Holdings. Employee shareholding not only helps safeguard employees' lives after retirement or leaving Yuanta Financial Holdings, but also boosts solidarity between Yuanta Financial Holdings and employees, thereby enhancing their work participation and sense of value to share Yuanta Financial Holdings' operating results. According to the statistics gathered by Yuanta Financial Holdings and each of its subsidiaries in 2021, the number of employees participating in the employee shareholders' association was 10,415 persons, representing 275,806 thousand shares, The number of shares purchased by employees increased by 9,378 thousand shares, or 3.52% from 266,428 thousand shares in 2020.

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 2020, Yuanta FHC' pension fund has accumulated until NT\$6,337 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 2021, Yuanta FHC contributed a total of NT\$8,012 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	Department of Labor, Taipei City Government	2021/04/07	Taipei City -Lao-Dong-Zi No. 11060562711	Paragraph 2, Article 34 of the Labor Standards Act	The employer failed to provide the workers under the work shift system with adequate break time and, therefore, was fined NT\$20,000.
Yuanta Bank	Department of Labor, Taoyuan Taipei City Government	2021/08/26	110 Fu-Lao-Jian-Zi No. 1100212542	Paragraph 1, Article 24 of the Labor Standards Act	It was fined NT\$50,000 since it failed to pay the overtime hours pursuant to the relevant requirements. Yuanta Bank has filed an appeal.
Yuanta Bank	Labor Affairs Bureau of Taichung City Government	2021/11/29	Fu-Shou-Lao-Dong-Zi No. 1100308043	Article 24 of the Labor Standards Act	It was fined NT\$50,000 since it failed to pay the workers' overtime hours pursuant to laws. Yuanta Bank has filed an appeal.
Yuanta Securities Investment Trust	Department of Labor, Taipei City Government	2021/09/27	Taipei City -Lao-Dong-Zi No. 11060253811	Paragraph 2, Article 32 of the Labor Standards Act; Paragraph 1, Article 24 of the Labor Standards Act	Overtime work beyond the scope prescribed by laws; no pay for the overtime hours; fined NT\$100,000

(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-, medium- and long-term plans for employees and management, and takes practical actions to promote gender balance. In 2021, the average proportion of female employees reached 64.18%, and the average proportion of female supervisors was up to 53.32%; 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 Financial Holdings Co., Ltd. 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, arrange nighttime and shift workers to take specific health checkup, and conduct health checkup for all employees once per two years, and after the health checkup, report and inquire about employees' health condition, care the employees' health condition voluntarily, and notify the employees with abnormal results to complete a follow-up visit at the hospital.

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, Yuanta Securities Investment Trust, and Yuanta Futures 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 Life 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. In April 2020, Yuanta Securities Co., Ltd. and Yuanta Commercial Bank Co., Ltd. passed the international standard certification by ISO 45001 occupational safety and health management system and awarded the certificates.
8. Yuanta FHC and its subsidiaries such as Yuanta Life, Yuanta Securities Investment Trust and Yuanta Futures implemented the IOS45001 occupational safety and health management system in 2020 and passed the certification.
9. 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 trans-disciplinary 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 2021 education and training:

Disclosure \ Year	2021
Total Cost of education & training	NT\$45.15 million
Total Number of education & training courses	3,332 courses
Total hours of education & training	519,285 hours
Number of education & training trainees	326,648 attendances

The main training programs in 2021 were determined based on Yuanta FHC’ business development strategy, which planned to promote the transformation and diversified functional training programs for the Group’s personnel, including financial certificate and license training, financial product training, and product sale training, et al., accounting for 31.2% of the total training hours. In response to the competent authority’s regulatory policies, Yuanta FHC continued to enhance the

promotion of anti-money laundering, compliance and internal audit/internal control-related training, accounting for 18.1% of the total training hours. In response to the ESG trend, Yuanta FHC promoted corporate social responsibility, fair dealing, peaceful workplace, human rights and laborers' interests and rights training, accounting for 12.3% of the total training hours. Meanwhile, in response to the digital financial environment's transformation, Yuanta FHC continued to enhance personal data protection, social engineering and information security training, accounting for 9.8% of the total training hours.

In line with the financial industry's development trend, Yuanta FHC provided management training and professional training, guided its employees to improve their expertise to keep their competitive strengths in the workplace. Yuanta FHC also upheld the ESG spirit and corporate social responsibility, organized a life school course series, combined Yuanta FHC's club activities, helped employees manage the lifestyle balanced physically and mentally, and practiced care for employees. In 2021, the life school launched health promotion courses and activities, including health seminars, sports seminars, physical fitness programs, healthy weight management classes, and health consulting services of medicine specialists by contract on site. Yuanta Financial Holdings Co., Ltd. and its five subsidiaries including Yuanta Commercial Bank Co., Ltd., Yuanta Life Insurance Co., Ltd., Yuanta Futures Co., Ltd. and Yuanta Securities Investment Trust Co., Ltd., were already awarded the Sports Enterprise Certification by the Sports Administration, Ministry of Education. Yuanta Financial Holdings Co., Ltd. and its eight subsidiaries were awarded the Health Workplace Certification Mark by the Ministry of Health and Welfare. By upholding the corporate sustainability spirit, Yuanta Financial Holding Co., Ltd. uses the best effort to train employees' diversified expertise and competitiveness in workplace, care employees' physical and mental health and build an excellent workplace desired by the employees. In 2020 and 2021, Yuanta Group was invited to participate in the ratings organized by HR Asia and won the honor of "HR Asia Best Companies to Work For in Asia" for two consecutive years.

IX. Important Contracts

(I) Yuanta FHC

As of January 31, 2022

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, 2022

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Securities investment consultant appointment	Yuanta Securities Yuanta Securities Investment Consulting	Effective from January 1, 2021 to December 31, 2021	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 Yuanta Securities Investment Consulting	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
Endorsement/guarantee contract	Yuanta Securities 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 Yuanta Securities (Thailand)	The contract was signed on July 25, 2017 and indefinite (until Yuanta Securities (Thailand) clears all debts, as secured, owed to ANZ Bank (Thai) Public Company Limited and all contracts are terminated).	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from ANZ Bank (Thai) Public Company Limited within the limit of the principal, USD10 million.	

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	The contract was signed on August 14, 2018 and indefinite (until Yuanta Securities (Thailand) clears all debts owed to CITI Bank, N.A. Bangkok Branch and all contracts are terminated).	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from CITI Bank, N.A. Bangkok Branch within the limit of the principal, USD5 million.	None
Endorsement/guarantee contract	Yuanta Securities Yuanta International Investment (Hong Kong)	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
Loan Agreement	Yuanta Securities Yuanta Securities Asia Financial Services	November 9, 2021 ~ November 8, 2022	Yuanta Securities Co., Ltd. and Yuanta Securities Asia Financial Services Private Ltd. executed the Loan Agreement providing the facility of US\$100 million, in order to cover the working capital probably needed by Yuanta Securities Asia Financial Services Private Ltd. during its relocation and name change.	
Hardware purchase contract	Tatung System Technologies Inc.	March 31, 2021 ~	Mr. Yuanta e-trading platform system capacity equipment procurement project (rack mount server)	None
Hardware purchase contract	High Performance Information Co. Ltd.	September 15, 2021 ~	e-Trading platform database host replacement and procurement project (rack mount server)	None
Hardware purchase contract	Tatung System Technologies Inc.	September 16, 2021 ~	IDC virtualized platform host and network equipment expansion procurement project (blade server)	None
Software purchase contract	SYSTEX Corporation	October 25, 2021 ~ October 24, 2022	AI urgent response system procurement project (software license)	None
Hardware purchase contract	Tatung System Technologies Inc. Wen Wei Technology Co., Ltd.	December 13, 2021 ~ December 17, 2021 ~	Construction of remote stagger host for Banqiao data center of Mr. Yuanta (rack mount server and optical switch)	None

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Software purchase contract	Wen Wei Technology Co., Ltd.	December 17, 2021 ~	Storage equipment performance analysis software and optical switch optimization service procurement project	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 software license agreement	SYSTEX Software	January 1, 2021 ~ December 31, 2023	2021–2023 Microsoft software license procurement project (Microsoft EA)	None
Real estate lease contract	Yuanta Securities Yuanta Securities Finance	From November 11, 2019 to November 10, 2022	12F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 272.24 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta FHC	From November 11, 2019 to November 10, 2022	10F, 12F & 13F, No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 842.31 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Bank	From September 15, 2019 to September 14, 2022	12F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 192.71 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Venture Capital	From November 11, 2019 to November 10, 2022	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 113.27 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Bank	From December 16, 2021 to December 15, 2024	2-1F., No. 232, Zhonghe Rd., Zhonghe Dist., New Taipei City, occupying an area of about 66.46 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Bank	From July 1, 2021 to June 30 2024	1F, No. 69, Baoqing Rd., Taipei City, occupying an area of about 85.19 <i>ping</i> , and 2F occupying an area of about 104.02 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Bank	From July 1, 2021 to June 30 2022	5F, No. 69, Baoqing Rd., Taipei City, occupying an area of about 98.46 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Life	From September 1, 2021 to August 31, 2023	7-1F, 7-2F & 7-3F, No. 55, Zhongzhen 3rd Rd., Xinxing Dist., Kaohsiung City, occupying an area of about 431.12 <i>ping</i> (landlord)	
Real estate lease contract	Yuanta Securities Yuanta FHC	From October 16, 2021 to November 10, 2022	10F., No. 66, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City, occupying an area of about 37.61 <i>ping</i> (landlord).	

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Real estate lease contract	Yuanta Securities Yuanta Bank	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 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Bank	From February 16, 2020 to February 15, 2023	3-1F., No. 300, Sec. 4, Zhongxiao E. Rd., Taipei City, occupying an area of about 102.94 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Securities Investment Trust	From September 1, 2020 to August 31, 2025	B1, No. 67 & B1, No. 69, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 401.92 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta-Polaris Research Institute	From September 1, 2020 to August 31, 2025	10F., No. 65, Sec. 2, Dunhua S. Rd., Taipei City, occupying an area of about 42.05 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Securities Investment Consulting	From September 1, 2020 to August 31, 2025	10F., No. 65, Sec. 2, Dunhua S. Rd., Taipei City, occupying an area of about 130.37 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Bank	From October 16, 2020 to October 15, 2023	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 274.20 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta International Leasing	From March 1, 2021 to February 28 2022	5F, No. 69, Baoqing Rd., Taipei City, occupying an area of about 3 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta FHC	From December 1, 2020 to November 10, 2022	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City, occupying an area of about 82.74 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Bank	From January 1, 2021 to December 31, 2023	2-1F, No. 210, Sec. 3, Chengde Rd., Taipei City, occupying an area of about 136.06 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Bank	From March 1, 2020 to February 28, 2023	B2, No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City, occupying an area of about 41.58 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Foundation	From April 16, 2021 to April 15, 2026	10F., No. 66, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City, occupying an area of about 2 <i>ping</i> (landlord).	
Real estate lease contract	Yuanta Securities Yuanta Life	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 <i>ping</i> (tenant).	

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Real estate trading contract	Yuanta Securities Chia Chen Wu	February 19, 2021 (date of execution)	3F., No. 14, Ln. 83, Sec. 1, Guangfu Rd., Sanchong Dist., New Taipei City (sale)	
Real estate trading contract	Yuanta Securities Chih Wen Chang	May 12, 2021 (date of execution)	No. 37, Ln. 75, Wanfu Rd., Shengkeng Dist., New Taipei City (sale)	
Real estate trading contract	Yuanta Securities Qingye Construction Co., Ltd.	August 2, 2021 (date of execution)	7F. and 7F.-1, No. 100, Sec. 1, Zhongqing Rd., North Dist., Taichung City (sale)	
Real estate trading contract	Yuanta Securities Heng Hou Industrial Co., Ltd.	August 2, 2021 (date of execution)	3F.-1, 3F.-2, 4F., 6F, and 7F., No. 147, Kaiyuan Rd., North Dist., Tainan City (sale)	
Real estate trading contract	Yuanta Securities HSIANG LU WANG CO., LTD.	January 5, 2022 (date of execution)	4F.-1 and -2, No. 40, Wenhua Rd., Beigang Township, Yunlin County (sale)	
Addendum to tenancy agreement	Yuanta Securities Yuanta Securities Investment Consulting	October 30, 2020 (date of execution)	Adjustment of the rented areas in part.	
Addendum to tenancy agreement	Yuanta Securities Yuanta-Polaris Research Institute	October 30, 2020 (date of execution)	Adjustment of the rented areas in part.	
Addendum to tenancy agreement	Yuanta Securities Yuanta Life	March 9, 2021 (date of execution)	Adjustment of the lease period.	
Addendum to tenancy agreement	Yuanta Securities Yuanta FHC	May 21, 2021 (date of execution)	Adjustment of the rented areas in part.	
Addendum to tenancy agreement	Yuanta Securities Yuanta FHC	July 16, 2021 (date of execution)	Adjustment of the rented areas in part.	
Addendum to tenancy agreement	Yuanta Securities Yuanta FHC	October 14, 2021 (date of execution)	Adjustment of the rented areas in part.	

(III) Yuanta Bank

As of January 31, 2022

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Equipment room lease service contract	Corporate Services Office, Chunghwa Telecom Co., Ltd.	From December 1, 2021 to November 30 2022 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
Mandate Contract	NIKKEN Sekkei Ltd	Effective from February 27, 2019 until the construction contract is awarded successfully.	Architecture planning & 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.
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.

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
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.

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
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.
Mandate Contract	Lian Jay Interior Design Ltd.	From December 15, 2021 until completion of the detailed indoor design and planning and completion of shop drawings for the contract, 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, 2022

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	Not yet signed	<ol style="list-style-type: none"> 1. The Company 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. The construction period for the north foundation commences from December 30, 2021. The occupation permit is expected to be received on February 29, 2024. 3. The application for the building license for the south foundation is pending. The occupation permit is expected to be received within the construction period, namely 35.5 months from the day following receipt of the license. 	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	Hannover Reinsurance Company	January 1, 2012 ~	Life reinsurance, health reinsurance, accident reinsurance and catastrophe 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, 2022

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Hardware purchase contract	Omni System Integration, Inc.	From June 19, 2018 to September 5, 2023	Network equipment replacement and Banqiao data center relocation project.	None
Decoration Contract	L & L INTERIORS INC.	From November 30, 2020 to January 2, 2023	Project for the general construction & maintenance engineering and office equipment of Yuntai Building	None
Real estate lease agreement (Lessee)	Yuanta Life	From November 10, 2020 to November 9, 2025	A part of 2F, and 3F, 4F and 5F of Yuntai Plaza (tenant)	None

(VI) Yuanta Asset Management

As of January 31, 2022

Contract type	Counterpart	Contract beginning and ending date	Chief contents	Restrictive terms
Document management service agreement	Iron Mountain Taiwan LTD. (Former name: Recall Taiwan Ltd.)	From December 29, 2017 to December 31, 2022	Contracted to compile, tally, maintain and access related documents.	General legal principles.

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 01/31/2022
	2017	2018	2019	2020	2021	
Cash and cash equivalents, due from the Central Bank and placement to other banks	118,398,520	113,752,123	115,294,258	131,870,754	161,078,978	(Note 2)
Financial assets at fair value through profit or loss - net	432,636,863	473,939,209	504,031,079	586,592,639	529,242,141	
Available-for-sale financial assets - net	395,516,795	-	-	-	-	
Net financial assets at fair value through other comprehensive income	-	215,135,236	229,489,904	278,391,203	338,490,662	
Investment in debt instruments measured at amortized cost - net	-	352,906,087	386,452,415	430,349,520	508,638,932	
Investment in RS bills and bonds	34,827,960	33,465,734	47,603,371	58,336,318	46,454,964	
Receivable - net	175,314,970	143,272,794	174,240,497	242,476,446	263,703,360	
Income tax assets - current period	1,330,623	1,485,363	1,224,071	733,890	48,001	
Available-for-sale assets - net	-	868,288	533,632	203,730	194,563	
Discount and loan - net	762,319,040	770,905,662	773,480,918	793,812,907	884,291,862	
Re-insurance contract assets - net	435,887	580,130	903,608	1,099,457	1,329,521	
Financial assets held to maturity	143,810,470	-	-	-	-	
Investments under equity method - net	1,675,124	2,048,491	2,403,248	2,755,402	3,115,594	
Restricted assets - net	2,722,678	2,622,711	2,562,586	2,961,020	2,472,029	
Other financial assets - net	93,469,307	62,025,243	65,378,346	79,034,763	110,953,592	
Investment real estate - net	6,173,646	4,916,691	4,915,972	11,558,284	10,693,522	
Real property and equipment - net	22,630,593	21,871,922	22,242,669	23,930,017	24,468,584	
Right-of-use assets - net	-	-	13,343,880	13,181,478	12,443,951	
Intangible assets - net	35,935,777	33,669,889	33,197,460	31,498,648	31,046,281	
Deferred income tax assets - net	5,642,845	5,899,187	5,976,615	7,095,091	7,484,946	
Other assets - net	40,804,112	47,769,165	31,044,577	61,843,636	86,867,819	
Total Assets	2,273,645,210	2,287,133,925	2,414,319,106	2,757,725,203	3,023,019,302	
Deposits by the Central Bank and Interbank, Financing by Central Bank and Interbank	13,520,162	22,047,274	13,107,028	16,087,299	26,463,824	
Financial liabilities at fair value through profit or loss - net	120,119,516	111,982,799	123,340,228	163,457,505	158,685,739	
Derivative Financial Liabilities for Hedging	-	-	-	-	-	
RP bill and bond liabilities	197,101,189	218,570,425	198,665,918	216,621,187	183,865,849	
Payable commercial paper -net	44,704,087	36,269,123	38,621,728	27,417,489	49,983,502	
Accounts payable	168,705,371	147,690,035	161,327,046	246,833,686	214,482,994	
Income tax liabilities - current period	5,667,788	5,327,403	6,221,759	6,616,387	7,892,094	
Deposit and remittance	1,056,024,289	1,020,615,296	1,095,506,271	1,211,020,394	1,375,002,383	
Bonds payable	65,890,879	66,756,009	68,849,634	78,790,127	82,539,085	
Other loans payable	71,754,771	64,019,801	60,847,992	57,796,061	59,998,200	
Special stock liabilities	-	-	-	-	-	
Reserve for liabilities	195,038,820	232,223,123	273,860,901	313,071,935	336,342,258	

Year Item		Financial data (Note 1)					Financial information of current year ending 01/31/2022
		2017	2018	2019	2020	2021	
Other financial liabilities		70,098,914	79,276,919	76,069,420	88,713,584	126,619,428	(Note 2)
Lease liability		-	-	5,527,660	6,368,836	5,720,785	
Deferred income tax liabilities		3,518,474	3,705,743	3,883,527	4,878,682	3,825,466	
Other liabilities		33,403,394	41,806,215	38,283,614	46,434,585	102,517,990	
Total Liabilities	Before distribution	2,045,547,654	2,050,290,165	2,164,112,726	2,484,107,757	2,733,939,597	
	After distribution	2,052,040,190	2,060,793,715	2,171,698,623	2,498,672,680	(Note 3)	
Total equity attributable to the owner of parent company		211,195,754	218,985,562	232,201,133	253,336,589	269,035,461	
Capital stock	Before distribution	118,891,975	116,862,325	116,706,115	121,374,360	121,374,360	
	After distribution	118,891,975	116,862,325	121,374,360	121,374,360	(Note 3)	
Additional paid-in capital		37,960,694	37,200,416	37,402,480	37,885,949	37,885,949	
Retained earnings	Before distribution	50,925,653	60,114,343	69,703,509	81,516,757	101,364,961	
	After distribution	44,433,117	49,610,793	57,449,367	66,951,834	(Note 3)	
Other equities		4,554,385	5,006,084	8,389,029	12,559,523	8,410,191	
Treasury stock		(1,136,953)	(197,606)	-	-	-	
Uncontrolled equity		16,901,802	17,858,198	18,005,247	20,280,857	20,044,244	
Total equity	Before distribution	228,097,556	236,843,760	250,206,380	273,617,446	289,079,705	
	After distribution	221,605,020	226,340,210	242,620,483	259,052,523	(Note 3)	

Note 1: Data from 2017 to 2021 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 2021 had not yet been resolved by the 2022 shareholders' meeting up to the date of publication of this annual report.

(II) Summary Balance Sheet of Individual Entity

Unit: NT\$1,000

<div><div></div><div>Year</div></div> <div>Item</div>		Financial data (Note 1)					Financial information of current year ending 01/31/2022
		2017	2018	2019	2020	2021	
Cash and cash equivalents		2,366,899	6,536,303	7,499,264	881,767	841,258	(Note 2)
Financial assets at fair value through profit or loss		-	-	-	-	-	
Available-for-sale financial assets - net		19,266	-	-	-	-	
Financial assets at fair value through other comprehensive income		-	22,178	24,490	28,483	45,653	
Investment in RS bills and bonds		-	393,782	4,640,737	892,672	-	
Receivable - net		2,692,388	1,931,398	3,230,724	3,110,877	4,344,257	
Income tax assets - current period		327,604	808,780	319,823	196,336	-	
Investments under equity method - net		239,302,171	244,642,213	251,488,755	283,824,795	301,303,505	
Real property and equipment - net		26,516	21,586	24,623	36,224	47,060	
Right-of-use assets - net		-	-	103,917	104,957	54,468	
Intangible assets - net		4,453	7,249	4,898	6,156	14,504	
Deferred income tax assets - net		25,043	34,125	41,833	47,253	50,332	
Other assets - net		5,874	6,464	6,420	11,897	12,007	
Total Assets		244,770,214	254,404,078	267,385,484	289,141,417	306,713,044	
Payable commercial paper - net		5,092,029	-	-	999,866	2,788,125	
Accounts payable		4,833,787	5,468,073	6,225,431	5,668,801	3,232,641	
Income tax liabilities - current period		3,851,645	3,150,049	3,916,397	4,088,398	5,657,148	
Bonds payable - net		19,750,000	26,750,000	24,900,000	24,900,000	25,900,000	
Other loans payable		-	-	-	-	-	
Special stock liabilities		-	-	-	-	-	
Reserve for liabilities		38,203	39,608	36,116	36,903	37,629	
Lease liabilities		-	-	104,393	106,690	56,625	
Other liabilities		8,796	10,786	2,014	4,170	5,415	
Total Liabilities	Before distribution	33,574,460	35,418,516	35,184,351	35,804,828	37,677,583	
	After distribution	40,066,996	45,922,066	42,770,248	50,369,751	(Note 3)	
Capital stock	Before distribution	118,891,975	116,862,325	116,706,115	121,374,360	121,374,360	
	After distribution	118,891,975	116,862,325	121,374,360	121,374,360	(Note 3)	
Additional paid-in capital		37,960,694	37,200,416	37,402,480	37,885,949	37,885,949	
Retained earnings	Before distribution	50,925,653	60,114,343	69,703,509	81,516,757	101,364,961	
	After distribution	44,433,117	49,610,793	57,449,367	66,951,834	(Note 3)	
Other equities		4,554,385	5,006,084	8,389,029	12,559,523	8,410,191	
Treasury stock		(1,136,953)	(197,606)	-	-	-	
Total equity	Before distribution	211,195,754	218,985,562	232,201,133	253,336,589	269,035,461	
	After distribution	204,703,218	208,482,012	224,615,236	238,771,666	(Note 3)	

Note 1: Data from 2017 to 2021 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 2021 had not yet been resolved by the 2022 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 01/31/2022
	2017	2018	2019	2020	2021	
Interest revenue	35,373,386	40,192,428	41,006,443	36,369,194	36,986,068	(Note 2)
Less: Interest expenses	12,315,107	14,256,266	14,873,524	9,450,242	7,012,317	
Net interest income	23,058,279	25,936,162	26,132,919	26,918,952	29,973,751	
Net non-interest income	70,726,639	75,343,411	81,475,158	88,709,914	89,266,752	
Net profit	93,784,918	101,279,573	107,608,077	115,628,866	119,240,503	
Bad debt expenses, commitments and guarantee liability provisions	746,771	856,563	1,352,694	2,152,052	534,256	
Net changes of reserve for insurance liabilities	33,895,878	36,611,780	42,443,850	39,928,431	21,301,277	
Operating expenses	38,726,825	39,611,658	38,270,636	42,782,105	53,263,626	
Continuing departments net profit and loss before tax	20,415,444	24,199,572	25,540,897	30,766,278	44,141,344	
Income tax expense	2,559,332	3,701,334	3,399,314	4,789,234	6,950,633	
Profit or loss of discontinued operations (after tax)	(352,057)	-	-	-	-	
Net profit (net loss) - current period	17,504,055	20,498,238	22,141,583	25,977,044	37,190,711	
Other consolidated income (net after tax) - current period	177,608	(1,970,215)	2,335,038	4,638,864	(6,141,800)	
Total consolidated income – current period	17,681,663	18,528,023	24,476,621	30,615,908	31,048,911	
Net profit for the current period are attributable to the owner of parent	16,204,948	18,679,208	20,445,508	24,104,576	34,865,957	
Net profit for the current period are attributable to uncontrolled equity	1,299,107	1,819,030	1,696,075	1,872,468	2,324,754	
Net profit from total consolidated income for the current period are attributable to the owner of parent	15,879,969	16,973,756	23,571,510	28,237,885	30,263,795	
Total consolidated income for the current period are attributable to uncontrolled equity	1,801,694	1,554,267	905,111	2,378,023	785,116	
EPS	1.37	1.59	1.68	1.99	2.87	

Note 1: Data from 2017 to 2021 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 01/31/2022
	2017	2018	2019	2020	2021	
Share of the income from affiliates and joint ventures of subsidiaries recognized under equity method	17,800,029	19,979,027	21,974,067	25,658,736	36,575,675	(Note 2)
Realized gain on available-for-sale financial assets	439	-	-	-	-	
Net income (loss) from financial assets and liabilities at fair value through profit or loss	(190)	-	-	-	-	
Realized gains at fair value through other comprehensive income	-	974	1,076	1,103	1,453	
Other revenue	51,315	150,747	138,724	40,201	19,817	
Operating expenses	613,416	751,302	836,662	941,174	1,350,334	
Other expenses and losses	664,948	227,426	300,438	336,651	282,217	
Continuing departments net income before tax	16,573,229	19,152,020	20,976,767	24,422,215	34,964,394	
Income tax expense	368,281	472,812	531,259	317,639	98,437	
Net profit - current period	16,204,948	18,679,208	20,445,508	24,104,576	34,865,957	
Other consolidated income (net after tax) - current period	(324,979)	(1,705,452)	3,126,002	4,133,309	(4,602,162)	
Total consolidated income – current period	15,879,969	16,973,756	23,571,510	28,237,885	30,263,795	
EPS	1.37	1.59	1.68	1.99	2.87	

Note 1: Data from 2017 to 2021 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. 2017: Puo-Ju Kuo, CPA, Ming-Hui Chang, CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2017 financial statements.
2. 2018: Puo-Ju Kuo, CPA, Hsien-I Chen, CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2018 financial statements.
3. 2019: Chien-Hung Chou, CPA, Hsien-I Chen CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2019 financial statements.
4. 2020: Chien-Hung Chou, CPA, Hsien-I Chen CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2020 financial statements.
5. 2021: Chien-Hung Chou, CPA, Chiao Sen Lo CPA.
The independent auditors issued an audit report containing unqualified opinions in the 2021 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 01/31/2022 (Note 3)
			2017	2018	2019	2020	2021	
Operational ability	Total asset turnover (times)		0.04	0.04	0.04	0.04	0.04	Not applicable
	Deposit to loan ratio of subsidiary bank (%)	Yuanta Bank	66.44	69.55	66.51	62.55	59.36	
		Ta Chong Bank	69.44	-	-	-	-	
	NPL ratio of subsidiary bank (%)	Yuanta Bank	0.23	0.23	0.16	0.14	0.10	
		Ta Chong Bank	0.27	-	-	-	-	
	Average revenues per employee (NT\$1,000)		6,408	7,169	7,601	8,100	8,257	
	Average earnings per employee (NT\$1,000)		1,196	1,451	1,564	1,820	2,575	
Profitability	Return on assets (%)		1.25	1.40	1.45	1.30	1.48	
	Return on shareholders' equity (%)		7.83	8.83	9.09	9.92	13.22	
	Profit margin (%)		18.66	20.24	20.58	22.47	31.19	
	Earnings per share (NT\$)		1.37	1.59	1.68	1.99	2.87	
Financial structure	Ratio of liabilities to assets (%)		89.97	89.64	89.64	90.08	90.44	
	Ratio of liabilities to net value (%)		896.79	865.67	864.93	907.88	945.74	
	Double leverage ratio of financial holding companies (%)		113.32	111.73	108.32	112.05	112.01	
Leverage	Operating leverage		4.67	4.19	4.21	3.76	2.70	
	Financial leverage of financial holding companies		1.03	1.01	1.01	1.01	1.01	
Growth rate	Asset growth rate (%)		5.15	0.59	5.56	14.29	9.62	
	Profit growth rate (%)		19.57	18.54	5.54	20.46	43.47	
Cash flow	Cash flow ratio (%)		(Note 4)	1.60	7.87	3.50	5.49	
	Cash flow adequacy ratio (%)		(Note 4)	(Note 4)	(Note 4)	(Note 4)	9.91	
	Cash flow satisfaction ratio (%)		(Note 5)	113.82	3,093.60	357.96	2,212.25	
Operating scale	Asset market share (%)		4.33	4.11	4.01	4.19	4.29	
	Net-worth market share (%)		6.14	6.42	5.58	5.58	5.51	
	Deposit market share of bank subsidiary (%)	Yuanta Bank	1.87	2.50	2.64	2.65	2.90	
		Ta Chong Bank	0.94	-	-	-	-	
	Loan market share of bank subsidiary (%)	Yuanta Bank	1.61	2.32	2.32	2.31	2.41	
		Ta Chong Bank	0.91	-	-	-	-	

Year (Note 1) Analysis Item (Note 2)			Financial analysis					Financial information of current year ending 01/31/2022 (Note 3)
			2017	2018	2019	2020	2021	
Capital adequacy	Capital adequacy of subsidiaries calculated according to capital adequacy regulations for the industry in question (%)	Yuanta Securities	300.54	344.09	330.39	319.18	414.07	Not applicable
		Yuanta Bank	14.45	15.39	15.57	16.98	15.41	
		Ta Chong Bank	16.23	-	-	-	-	
		Yuanta Securities Finance	980.87	874.32	-	-	-	
		Yuanta Life	313.27	366.96	300.45	597.29	560.53	
	Authorized capital of each subsidiary (NT\$1,000)	Yuanta Securities	42,147,413	44,738,399	52,673,959	64,396,654	86,322,796	
		Yuanta Bank	81,546,814	131,000,585	133,957,094	135,484,353	134,478,132	
		Ta Chong Bank	45,291,675	-	-	-	-	
		Yuanta Securities Finance	10,136,339	9,669,905	-	-	-	
		Yuanta Life	9,253,636	11,534,747	11,628,575	27,988,739	28,304,178	
	Authorized net capital of group (NT\$1,000)		155,244,193	168,043,480	178,231,116	199,573,780	221,452,769	
	Statutory capital requirements of each subsidiary (NT\$1,000)	Yuanta Securities	21,035,810	19,502,984	23,914,482	30,263,028	31,271,253	
		Yuanta Bank	52,183,505	84,066,025	90,332,625	83,760,534	91,635,561	
		Ta Chong Bank	25,811,954	-	-	-	-	
		Yuanta Securities Finance	1,550,103	1,658,990	-	-	-	
		Yuanta Life	5,907,844	6,286,674	7,740,748	9,371,832	10,099,034	
	Group's regulatory capital requirement (NT\$1,000)		116,559,976	121,153,812	133,907,284	136,691,245	148,912,046	
	Group's capital adequacy ratio (%)		133.19	138.70	133.10	146.00	148.71	
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.			797,373,000	865,705,000	1,018,067,000	1,409,804,000	1,582,101,000	
Please explain the reasons for changes in each financial ratio during the most recent two years. (Analysis is not required if the magnitude of increase or decrease is less than 20%).								
1. The difference between the two periods of NPL ratio was due to the increase in the total amount in the NPL with the previous year of the subsidiary bank.								
2. The difference between the two periods of average profit of employees, rate of return on shareholders' equity, net profit rate and earnings per share was primarily due to the increase in net profit after tax compared with the previous year.								
3. The difference between the two periods of operating leverage was primarily due to the increase in pre-tax profit and loss compared with the previous year.								
4. The difference between the two periods of profit growth was primarily due to the increase in pre-tax profit and loss compared with the previous year.								
5. The difference between the two periods of cash flow ratio and cash flow satisfaction ratio was primarily a result of the increase in net cash flow from operating activities.								

Note 1: Data from 2017 to 2021 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 \times (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 \times 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 \times 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 2021, 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, Chien-Hung Chou and Chiao Sen Lo, 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:

2022 General Shareholders' Meeting of Yuanta Financial Holding Co., Ltd.

Audit Committee of Yuanta Financial Holding Co., Ltd.

Convener: Ming Ling Hsueh

Dated: March 15, 2022

- 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	December 31, 2021	December 31, 2020	Increase/Decrease	
	Amount	Amount	Amount	(%)
Cash and cash equivalents	80,735,621	77,497,198	3,238,423	4
Deposits with central banks and inter-bank lending	80,343,357	54,373,556	25,969,801	48
Financial assets	1,487,325,327	1,374,368,125	112,957,202	8
Investment in RS bills and bonds	46,454,964	58,336,318	(11,881,354)	(20)
Receivable - net	263,703,360	242,476,446	21,226,914	9
Discount and loan - net	884,291,862	793,812,907	90,478,955	11
Investments under equity method - net	3,115,594	2,755,402	360,192	13
Investment real estate - net	10,693,522	11,558,284	(864,762)	(7)
Real property and equipment - net	24,468,584	23,930,017	538,567	2
Right-of-use assets - net	12,443,951	13,181,478	(737,527)	(6)
Intangible assets - net	31,046,281	31,498,648	(452,367)	(1)
Other assets - net	98,396,879	73,936,824	24,460,055	33
Total assets	3,023,019,302	2,757,725,203	265,294,099	10
Deposits by the Central Bank and other banks	26,463,824	16,087,299	10,376,525	65
Financial liabilities	285,305,167	252,171,089	33,134,078	13
RP bill and bond liabilities	183,865,849	216,621,187	(32,755,338)	(15)
Payable commercial paper - net	49,983,502	27,417,489	22,566,013	82
Accounts payable	214,482,994	246,833,686	(32,350,692)	(13)
Deposit and remittance	1,375,002,383	1,211,020,394	163,981,989	14
Bonds payable	82,539,085	78,790,127	3,748,958	5
Other loans payable	59,998,200	57,796,061	2,202,139	4
Reserve for liabilities	336,342,258	313,071,935	23,270,323	7
Lease liability	5,720,785	6,368,836	(648,051)	(10)
Other liabilities	114,235,550	57,929,654	56,305,896	97
Total liabilities	2,733,939,597	2,484,107,757	249,831,840	10
Capital stock	121,374,360	121,374,360	-	-
Additional paid-in capital	37,885,949	37,885,949	-	-
Retained earnings	101,364,961	81,516,757	19,848,204	24
Other equities	8,410,191	12,559,523	(4,149,332)	(33)
Uncontrolled equity	20,044,244	20,280,857	(236,613)	(1)
Total equity	289,079,705	273,617,446	15,462,259	6

Explanation of significant changes:

- Analysis on changes in Deposits with central banks and inter-bank lending
Increased from the previous period was primarily a result of the increase in deposits with the central bank, deposits with the central bank, and interbank lending.
- Analysis on changes in Investment in RS bills and bonds
Reduced from the previous period was primarily a result of the reduced investment positions in coupons and bonds.

3. Analysis on changes in Other assets - net
Increased from the previous period was primarily a result of the increase in Increased deposit and lending margin.
4. Analysis on changes in Deposits by the Central Bank and other banks
Increased from the previous perio was primarily a result of the increase in interbank lending.
5. Analysis of changes in Payable commercial paper - net
Increased from the previous perio was primarily a result of the increase in the issuance of commercial promissory notes.
6. Analysis on changes in Other liabilitie
Increased from the previous perio was primarily a result of the increase in deposit of securities borrowing margin and collection and underwriting of shares.
7. Analysis of change in Retained earnings
Increased from the previous perio was primarily a result of the increase in the net profit.
8. Analysis on changes in Other equities
Reduced from the previous perio was primarily a result of the decrease in the exchange differences on the translation of the financial statements of foreign operating agencies and other comprehensive gains and losses reclassified using the overlay method.

(II) Balance Sheet of Individual Entity

Unit: NT\$1,000

Item \ Year	December 31, 2021	December 31, 2020	Increase/Decrease	
	Amount	Amount	Amount	(%)
Cash and cash equivalents	841,258	881,767	(40,509)	(5)
Financial assets at fair value through other comprehensive income	45,653	28,483	17,170	60
Investment in RS bills and bonds	-	892,672	(892,672)	(100)
Receivable - net	4,344,257	3,110,877	1,233,380	40
Income tax assets - current period	-	196,336	(196,336)	(100)
Investments under equity method - net	301,303,505	283,824,795	17,478,710	6
Real property and equipment - net	47,060	36,224	10,836	30
Right-of-use assets - net	54,468	104,957	(50,489)	(48)
Intangible assets - net	14,504	6,156	8,348	136
Deferred income tax assets - net	50,332	47,253	3,079	7
Other assets - net	12,007	11,897	110	1
Total Assets	306,713,044	289,141,417	17,571,627	6
Commercial Promissory Notes Payable-Net	2,788,125	999,866	1,788,259	179
Accounts payable	3,232,641	5,668,801	(2,436,160)	(43)
Income tax liabilities - current period	5,657,148	4,088,398	1,568,750	38
Bonds payable - net	25,900,000	24,900,000	1,000,000	4
Reserve for liabilities	37,629	36,903	726	2
Lease liability	56,625	106,690	(50,065)	(47)
Other liabilities	5,415	4,170	1,245	30
Total Liabilities	37,677,583	35,804,828	1,872,755	5
Capital stock	121,374,360	121,374,360	-	-
Additional paid-in capital	37,885,949	37,885,949	-	-
Retained earnings	101,364,961	81,516,757	19,848,204	24
Other equities	8,410,191	12,559,523	(4,149,332)	(33)
Total equity	269,035,461	253,336,589	15,698,872	6

Explanation of significant changes:

1. Analysis on changes in Financial assets at fair value through other comprehensive income
Increased from the previous period was primarily a result of the increase in other comprehensive profit or loss from the evaluation of financial assets at fair value.
2. Analysis on changes in Investment in RS bills and bonds
Reduced from the previous period was primarily a result of the reduced investment positions in coupons and bonds.
3. Analysis on changes in Receivable - net
Increased from the previous period was primarily a result of the increase in the taxable income of the linked tax system in the current year.
4. Analysis on changes in Income tax assets - current period
Reduced from the previous period was primarily a result of the successive closure of business tax cases in previous years.
5. Analysis of changes in Real property and equipment - net
Increased from the previous perio was primarily a result of improvement and increase of the main leasehold interest.
6. Analysis on changes in Right-of-use assets – net and Lease liability
Reduced from the previous perio was primarily a result of the early termination of the lease of office space.
7. Analysis of change in Intangible assets - net
Increased from the previous perio was primarily a result of the increase in the purchases more computer software.
8. Analysis on changes in Commercial Promissory Notes Payable-Net
Increased from the previous perio was primarily a result of the increase in the issuance of commercial promissory notes.
9. Analysis on changes in Accounts payable
Reduced from the previous perio was primarily a result of the reduction of the linked tax system payable due to the closing of the business tax case in the previous year.
10. Analysis of change in Income tax liabilities - current period
Increased from the previous perio was primarily a result of the increase in income tax payable in the current period.
11. Analysis on changes in Other liabilities
Increased from the previous perio was primarily a result of the increase in the retirement refund payable.
12. Analysis of change in Retained earnings
Increased from the previous perio was primarily a result of the increase in the net profit of the current period.
13. Analysis on changes in Other equities
Reduced from the previous perio was primarily a result of the decrease in the exchange difference due to the translation of the financial statements of foreign operating agencies.

II. Analysis of Financial Performance

(I) Consolidated income statement of Yuanta FHC and its subsidiaries

Unit: NT\$1,000

Item \ Year	2021	2020	Increase/Decrease	
	Amount	Amount	Amount	(%)
Net interest income	29,973,751	26,918,952	3,054,799	11
Net non-interest income	89,266,752	88,709,914	556,838	1
Net profit	119,240,503	115,628,866	3,611,637	3
Bad debt expenses, commitments and guarantee liability provisions	534,256	2,152,052	(1,617,796)	(75)
Net changes of reserve for insurance liabilities	21,301,277	39,928,431	(18,627,154)	(47)
Operating expenses	53,263,626	42,782,105	10,481,521	24
Continuing departments net profit and loss before tax	44,141,344	30,766,278	13,375,066	43
Income tax expense	6,950,633	4,789,234	2,161,399	45
Net profit - current period	37,190,711	25,977,044	11,213,667	43
Other consolidated income (net after tax) - current period	(6,141,800)	4,638,864	(10,780,664)	(232)
Total consolidated income - current period	31,048,911	30,615,908	433,003	1

Explanation of significant changes:

1. Analysis on changes in Bad debt expenses, commitments and guarantee liability provisions
Reduced from the previous period was primarily a result of the decrease of bad debt expenses and the increase of bad debt recovery.
2. Analysis on changes in Investment in Net changes of reserve for insurance liabilities
Reduced from the previous period was primarily a result of the the number of liability reserves for the main series decreased.
3. Analysis on changes in Operating expenses
Increased from the previous period was primarily a result of the increase in employee welfare expenses.
4. Analysis on changes in Income tax expense
Increased from the previous period was primarily a result of the increase in income tax arising from the current income.
5. Analysis of changes in Other consolidated income (net after tax) - current period
Reduced from the previous period was primarily a result of the decrease in the exchange difference on the translation of the financial statements of foreign operating institutions, and the decrease in the profit or loss from the evaluation of debt instruments measured at fair value through other comprehensive gains and losses.

(II) Entity income statement of Yuanta FHC

Unit: NT\$1,000

Item \ Year	2021	2020	Increase/Decrease	
	Amount	Amount	Amount	(%)
Revenue				
Share of the income from affiliates and joint ventures of subsidiaries recognized under equity method	36,575,675	25,658,736	10,916,939	43
Realized gains at fair value through other comprehensive income	1,453	1,103	350	32
Other revenue	19,817	40,201	(20,384)	(51)
Subtotal	36,596,945	25,700,040	10,896,905	42
Expenses and losses				

Item \ Year	2021	2020	Increase/Decrease	
	Amount	Amount	Amount	(%)
Operating expenses	1,350,334	941,174	409,160	43
Other expenses and losses	282,217	336,651	(54,434)	(16)
Subtotal	1,632,551	1,277,825	354,726	28
Continuing departments net profit before tax	34,964,394	24,422,215	10,542,179	43
Income tax expense	98,437	317,639	(219,202)	(69)
Net profit - current period	34,865,957	24,104,576	10,761,381	45
Other consolidated income (net after tax) - current period	(4,602,162)	4,133,309	(8,735,471)	(211)
Total consolidated income - current period	30,263,795	28,237,885	2,025,910	7

Explanation of significant changes:

1. Analysis on changes in Share of the income from affiliates and joint ventures of subsidiaries recognized under equity method
Increased from the previous period was primarily a result of the increase in the profit of the subsidiary.
2. Analysis on changes in Realized gains at fair value through other comprehensive income
Increased from the previous period was primarily a result of the increase in dividend income.
3. Analysis on changes in Other revenue
Increased from the previous period was primarily a result of the decrease in interest income.
4. Analysis on changes in Operating expenses
Increased from the previous period was primarily a result of the increase in employee welfare expenses.
5. Analysis of changes in Income tax expense
Reduced from the previous period was primarily a result of the temporary difference reversal.
6. Analysis of changes in Other consolidated income (net after tax) - current period
Reduced from the previous period was primarily a result of the decrease in the exchange difference on the translation of the financial statements of foreign operating institutions, and the decrease in the profit or loss from the evaluation of debt instruments measured at fair value through other comprehensive profit and loss

III. Analysis of Cash Flow

(I) Analysis of liquidity in the previous two years

1. Yuanta FHC and its subsidiaries

Item \ Year	2021	2020	Increase/decrease %
Cash flow ratio (%)	5.49	3.50	56.86
Cash flow adequacy (%)	9.91	(31.06)	(131.91)
Cash reinvestment ratio (%)	3.16	2.85	10.88

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 ratio was primarily a result of the increase in (net cash flow from operating activities in the latest 5 years).

2. Yuanta FHC

Item \ Year	2021	2020	Increase/decrease %
Cash flow ratio (%)	74.9	80.19	(6.60)
Cash flow adequacy (%)	123.67	186.99	(33.86)
Cash reinvestment ratio (%)	(1.25)	1.55	(180.65)
Explanation of ratio changes:			
1. The difference between the two periods of Cash flow adequacy was a result of the increase in the last five years (capital expenditure + cash dividend).			
2. 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)			

(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
167,631,719	3,911,372	(38,127,763)	133,415,328	-	-

(1) Analysis of cash flow in the coming year:

- A. Operating activities: 3,911,372
- B. Investment activities: (17,310,346)
- C. Financing activities: (20,817,417)

(2) Analysis of liquidity and corrective measures against projected insufficient cash position: Not applicable.

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
841,258	21,991,649	(21,984,565)	848,342	-	-

(1) Analysis of cash flow in the coming year:

- A. Operating activities: 21,991,649
- B. Investment activities: (4,484,262)
- C. Financing activities: (17,500,303)

(2) Analysis of liquidity and corrective measures against projected insufficient cash position: Not applicable.

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

The Company's entire risk management structure primarily consists of the Board of Directors, the Audit Committee, Risk Management Committee, management, Chief Risk Officer, Risk Management Department, Compliance Affairs Department, Legal Affairs Department, Information Technology Department and other business departments, etc.

The Board of Directors shall be supreme decision-making body for Yuanta FHC's risk management, whose functions include authorization of Yuanta FHC's risk management policy and important risk management system, authorization of the annual risk limit and supervision of 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 review of Yuanta

FHC's risk management policy and important risk management system, review of annual risk limit and assistance in Board of Directors' supervision of any existing or potential risk.

The Risk Management Committee shall help the Audit Committee and Board of Directors; its functions include determination of the annual risk limit and control of indicator threshold, review of risk management report, assistance in supervision of the execution of risk management system, integration and coordination of common risk management issues among subsidiaries, and promotion and communication of important risk management affairs.

The 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.

The Risk Management Department, under the leadership of the Chief Risk Officer (CRO), supports Risk Management Committee to perform the role of risk oversight, framework development, policy and methodology formulation, and independent monitoring and reporting of key risks issues..

The Compliance Affairs Department shall execute compliance risk control to ensure that various operations and management regulations are promptly updated in response to applicable laws & regulations, guide various units' compliance officers to implement, establish and practice related internal regulations, and help assess the compliance risk of various business lines.

The Legal Affairs Department shall execute legal risk control and help assess the legal risks potentially pertaining to various business lines, legal instruments, and contracts.

The information technology department shall primarily execute the information security risk controls to help prevent information assets from outside hackers, or any unfair use, disclosure, tampering or destruction internally, that might result in the information security risk damaging the related information system's normal operation.

The Business Department's risk management functions include thorough reviewing of the management regulations governing various risks prior to carrying out various business lines, and compliance with the regulations governing various risks.

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 policy

Yuanta FHC has established the risk management policy as the guidelines governing risk management.

The main risks that Yuanta FHC has identified in its operations are market risk, credit risk, market liquidity risk, asset and liability matching risk (including capital liquidity risk and interest risk), large exposures, insurance risk, operational risk, legal & compliance risk, other risks related to operations, and environment risks(including

climate risk). Each subsidiary shall establish its risk management system which meets its business portfolio, business and capital scale according to the above-mentioned policy and local competent authority's regulations, in order to manage 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 follows:

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:

Asset and liability matching risk includes funding liquidity risk and interest rate risk. The funding liquidity risk means the risk arising from the inability to acquire sufficient fund by virtue of sale of assets or applying for loan with another banks and failure to repay the matured debt. The interest rate risk means the risk arising from the adverse changes of net interest income between assets and liabilities with interest caused by the fluctuation of market interest rate.

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.

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. 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.

G. 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.

H. 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.

I. 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.

J. 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

K. 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.

L. 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.

M. ML/TF risk:

The ML/TF risk refers to that caused by abuse of the business operations in ML or TF activities.

N. 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.

O. Environmental risk:

The environmental risk refers to that caused by the issues about GHG emission, carbon right management and energy management derived from responses to climate transformation and natural calamity, and by compliance with international and local environmental protection laws & regulations, e.g. environmental emission management or environmental impact assessment requirements

- (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

	2021/12/31	Average	Highest	Lowest
Capital adequacy ratio	148.71%	144.70%	151.27%	137.13%

B. Value at risk over trading position

Unit: NT\$1,000

Risk category	2021			
	2021/12/31	Average	Highest	Lowest
Interest rate risk	138,304	150,662	213,911	115,904
Equity risk	448,977	485,050	1,639,063	344,096
Foreign exchange risk	229,480	241,610	281,167	202,399
Commodity risk	37,073	36,216	70,775	13,555
Less: Diversification benefit	(242,948)	(290,624)	-	-
Total VaR	610,886	622,914	1,802,244	494,300

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

	2021/12/31	Average	Highest	Lowest
Capital adequacy ratio	414%	352%	414%	289%

B. Ratio of equivalent risk amount

As of December 31, 2021

Item	Ratio of equivalent risk amount
Market Risk	58.98%
Credit Risk	23.17%
Operational risk	17.85%
Total	100.00%

(3) Yuanta Bank

A. Capital adequacy ratio

	2021/12/31	Average	Highest	Lowest
Capital adequacy ratio	15.41%	15.90%	16.73%	15.40%

B. Exposure and accrued capital charge upon risk reduction under credit risk standardized approach

As of December 31, 2021

Unit: NT\$1,000

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Accrued capital charge
Sovereigns	368,716,412	0
Non Central-Government Public Sector Entities	1,501,040	24,018
Banks (Including multilateral development banks and centralized settlement counterparties)	97,503,463	2,727,099
Corporates (Securities firms and insurance companies included)	328,985,101	21,550,576
Retailed credit	82,232,404	4,857,563
Residential Property	610,195,712	28,784,026
Equity-securities investment	11,758,385	940,671
Equity securities investment in funds and venture capital businesses	0	0
Other assets	38,852,982	2,456,466
Total	1,539,745,499	61,340,419

Note: The required capital refers to the exposure upon mitigation of risk multiplied by the statutory minimum capital adequacy ratio.

C. Market risk – accrual capital charge and risk weighted assets of market risk

As of December 31, 2021

Unit: NT\$1,000

Type of Risk	Accrued capital charge	Risk weighted assets (Note)
Interest rate risk	4,555,018	56,937,725
Equity risk	217,851	2,723,138
Foreign exchange risk	589,772	7,372,150
Commodity risk	0	0
Total	5,362,641	67,033,013

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, 2021

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	401,277,903	113,262,211	95,730,461	137,619,905	763,618,016	1,511,508,496
Primary funds outflow upon maturity	130,262,864	188,841,520	223,590,580	323,592,530	879,315,939	1,745,603,433
Gap	271,015,039	(75,579,309)	(127,860,119)	(185,972,625)	(115,697,923)	(234,094,937)

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, 2021

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	1,409,964	419,331	190,148	232,803	3,866,055	6,118,301
Primary funds outflow upon maturity	1,662,546	992,608	970,649	1,374,691	1,974,660	6,975,154
Gap	(252,582)	(573,277)	(780,501)	(1,141,888)	1,891,395	(856,853)

(4) Yuanta Life

A. Capital adequacy ratio

	2021 first half of the year	2021
Capital adequacy ratio	444.95%	560.53%

(5) Yuanta Futures

A. Alternative net capital (ANC)

	2021/12/31	Average	Highest	Lowest
Alternative net capital (ANC)	64.7%	49.1%	64.7%	40.5%

(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.

(IV) Impact on the Company's financial standing due to technological (including communication security risk) or industrial changes, and corresponding countermeasures:

Considering that the three major policies, namely Internet-only bank, open banking and financial cloud, will be implemented in 2020, the ability to control and innovate the Fintech, such as AI and big data analysis, becomes more and more important. In order to maintain the confidentiality, integrity and availability of information operation and to prevent the information security issues, such as disclosure of information and hackers' invasion from injuring the Company's finance and goodwill and customers' interest and right, Yuanta FHC continues to strengthen the information security control mechanisms.

Yuanta FHC and its key subsidiaries, Yuanta Securities, Yuanta Bank and Yuanta Life, have implemented ISO 27001 ISMS and also passed the certification by BSI. Thereafter, they would complete the continuing review once per year and the re-examination once per three years. Meanwhile, they also keep strengthening the information security management and control via the PDCA cycle to maintain Yuanta FHC's important information assets. Further, in order to deal with the changes of technology, Yuanta FHC keeps researching the introduction of new technologies and new products, in order to mitigate the effect produced by the information security risk to Yuanta FHC as possible as it can.

(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, 2022

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
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\$952,511,840	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 initially claimed NT\$574,000,000 for compensation (of which NT\$572,350,000 was claimed on a joint liability basis). On January 17, 2018, the claim was raised to NT\$952,511,840 (of which NT\$950,861,840 was claimed on a joint liability or joint payment basis). The Taiwan Taipei District Court held that the mediation was not reached. The plaintiff then initiated a separate action for the same case on July 11, 2018 with the same claimed amount. The Taiwan Taipei District Court ruled to dismiss all of the plaintiffs' claims on January 27, 2022 (i.e., Yuanta Securities and the other defendant won the case).	Upon evaluation, no material effect would be produced to Yuanta Securities' operation or shareholders' equity.
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 entities in an arbitration proceeding.	About KRW\$131,801 million	June 2017	Yuanta Securities (Korea) and the other four entities 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.	The arbitration tribunal rendered the arbitral award on August 24, 2020, holding that the five entities 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 plus interests. Afterwards, Anbang petitioned with the Seoul Central District Court for recognition and execution of the arbitral award. Yuanta Securities (Korea) received the Court's judgment recognizing the arbitral award on December 17, 2021.. Accordingly, Anbang is permitted 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.

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 (Hong Kong) 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 (Hong Kong) 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 (Hong Kong)'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 joint liability to pay the compensation.	About THB\$301 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 defendant and the plaintiffs filed an appeal to the judgment.	Upon evaluation, no material effect would be produced to Yuanta Securities (Thailand)'s operation or shareholders' equity.
Due to the dispute arising from the foreign exchange financial derivatives transactions between Sino United International Co., Ltd. and Plosa International Co., Ltd. on the one side, and Ta Chong Bank, an extinguishing company, on the other side, the two companies filed a civil action claiming damages with the court.	Priority claim by SINO and PLOSA: US\$3,123,399.47 plus interest Alternative claim by SINO and PLOSA: US\$1,445,000 plus interest	June 2016	Plaintiff: Sino United International Co., Ltd. and Plosa International Co., Ltd. Defendant: Ta Chong Bank (Ta Chong Bank was merged with Yuanta Bank on January 1, 2018. Yuanta Bank subsequently assumed this litigation)	1. SINO and PLOSA dieputed losses arising from settling the foreign exchange financial derivatives transactions with Ta Chong Bank and thus filed a legal action with the Taiwan Taipei District Court, claiming that Ta Chong Bank should compensate for such losses. 2. The Taiwan Taipei District Court rendered the judgment in favor of Yuanta Bank in the first instance on January 26, 2018. Then, the Taiwan High Court also rendered the judgment in favor of Yuanta Bank in the second instance on March 12, 2019. SINO and PLOSA filed an appeal with the Supreme Court for review of the third instance. The appeal filed by PLOSA was dismissed by the court as PLOSA failed to pay the court fees pursuant to laws, and the judgment became final with respect to PLOSA. For the appeal filed by SINO, the Supreme Court rendered a judgment in favor of Yuanta Bank in the third instance on June 24, 2021. Thus, the above judgments in favor of Yuanta Bank became final and conclusive.	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
<p>Pentagon City argued 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 version) of the Republic of Korea and, therefore, filed the legal action claiming a refund of the unjustified enrichment with respect to the amount received by Yuanta Savings Bank Korea Co., Ltd. in the capital reduction of Pentagon City that is attributable to consideration for shares in excess of the 10% threshold (KRW\$19,599,160 thousand).</p>	KRW\$19,599,160 thousand	September 2018	<p>Plaintiff: Pentagon City</p> <p>Defendant: Yuanta Savings Bank Korea Co., Ltd.</p>	<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 November 18, 2020. The case is still pending trial in Korean Supreme Court.</p>	<p>Upon evaluation, no material effect would be produced to Yuanta Bank's operation or shareholders' equity.</p>

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 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 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 that manager Chu and Yuanta Securities Investment Trust should bear a joint and several liability for compensations, on January 28, 2014.	NT\$71,574,700 (for the damages) and NT\$500,000 (partial claim of the punitive damages in an amount equivalent to 3 times the damages), plus interests.	January 28, 2014	Plaintiff (the first instance) and Appellant (the second instance): Bureau of Labor Funds, Ministry of Labor (formerly known as the Labor Pension Fund Supervisory Committee) Defendant (the first instance) and Appellant (the second instance): Yuanta Securities Investment Trust and manager Chu	1. The Taiwan Taipei District Court as the court of the first instance and the Taiwan High Court as the court of the second instance ruled to dismiss the Bureau's claims on May 15, 2020 and December 8, 2021, respectively. 2. The Bureau file an appeal for a third-instance trial.	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 a customer of Yuanta Futures, Mr. Li, was below 25%. The account suffered excessive losses from the settlement. Yuanta Futures reported the customer's breach of contract. Notwithstanding, the customer has not yet repaid the debt. Therefore, a civil action was initiated against the customer.	1st instance: NT\$42,435,140	July 13, 2018	Plaintiff: Yuanta Futures Defendants: Customer Mr. Li, and his agent, Mr. Kuo	1. A provisional attachment has been obtained and executed. 2. The Taiwan Ciatou District Court rendered the judgment in favor of Yuanta Futures in the first instance. 3. The defendants filed an appeal, which is pending trial by the Taiwan High Court, Kaohsiung Branch in the second instance.	Upon evaluation, no material effect would be produced to Yuanta Futures' 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
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: Mr. Tseng	Taiwan Tainan District Court rendered the judgment partially in favor of Yuanta Futures. Yuanta Futures has filed an appeal.	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	IMF forecast that developed countries' government debts will attain 125% of GDP in 2021, more than that (124%) at the end of World War II, and also 80% for the Great Depression and 89% for the financial crisis. Even in emerging countries, government debts have also hit unprecedented new records. The relevant fiscal policy might not stop expanding until the concern about COVID-19 is mitigated. The economic depression caused by lockdowns resulted in the decrease in tax revenue. Given this, the fiscal revenue and expenditure might get worse at the same time.	1. Already create a name list of investable countries and country grading standards, and also set the limit of concentration by nation; 2. Monitor and control the data about changes of CDS, economic growth and fiscal deficit of trading countries periodically, and continue following up and feeding back the information about the industries and countries more significantly affected by the epidemic; 3. Monitor and control the investees' capital liquidity indicators to ensure that the Company and its subsidiaries may keep the capital liquidity safe.
Wealth management/consumer protection	In order to deal with the increasing sanctions against bank internal fraud cases and the rapidly increasing amount involved in recent years, the FSC ordered banks to establish and practice an anti-corruption control mechanism covering human resource management, internal control and internal	1. Each subsidiary has established the relevant mechanism pursuant to the laws, including KYC and KYP, and the pricing and risk disclosure mechanism about

Risk factor	Cause	Response measure
	audit, and implement the “senior managers’ accountability system” under the “Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers” (for new wealth management business) in 2020. Prevention of financial crimes will be a regulatory focus in the future, in order to improve the compliance and risk management mechanism and reduce occurrence of related incidents.	complex and high risk products; 2.Continue to train the wealth management personnel, and improve the control over the KYE and wealth management personnel; 3.Build complaint and communication channels for customers, and extend the care for any abnormalities detected by the mechanism via phone interview; 4.Check the practice of fair dealing periodically.
Non-interrupted operations, and backup plans	Considering that various enterprises’ business models were affected by the COVID-19 epidemic, the competent authority demanded that financial institutions review and establish the business continuity mechanism (BCM), and the business continuity plan (BCP) in response to various environmental impacts, in order to enable the enterprises to restore their business models to a specific extent as shortly as possible, under the impact posed by the epidemic.	1.Each subsidiary has established the urgent response plan, while continuing to optimize the related assessment mechanism; 2.Each subsidiary shall verify feasibility of the plan by exercising the same, improve personnel awareness and knowledge about the plan, and review the drill results in a timely manner, in order to ensure the capabilities required by the business continuity plan.

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.
2. Basic information on affiliates

Units: \$1,000 (including NT\$, US\$, HK\$, CNY\$, KRW\$, PHP\$, IDR\$, THB\$, VND\$)
As of January 31, 2021

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
Yuanta Securities	1996.06.26	11F., No. 219, Sec. 3, Nanjing E. Rd., Taipei City	59,820,321	See Yuanta Securities business scope in "Five. Overview of Operations".
Yuanta Bank	1992.01.14	1F.-10F. & 13F., No. 66 and 1F., 2F., 2F.-1, 7F. and 9F., No. 68, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City	73,940,390	See Yuanta Bank business scope in "Five. Overview of Operations".
Yuanta Life	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	1992.08.14	18F., B1F., No. 67, and 2F., No. 77, Sec. 2, Dunhua S. Rd., Taipei City	2,269,235	See Yuanta Securities Investment Trust business scope in "Four. Overview of Operations".
Yuanta Futures	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	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	2003.04.16	13F., No. 77, Sec. 2, Nanjing E. Rd., Taipei City	3,220,649	See Yuanta Asset Management business scope in "Five. Overview of Operations".
Yuanta Securities Investment Consulting	1988.02.11	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	1996.06.11	7 Temasek Boulevard, #32-01, Suntec Tower 1, Singapore 038987	US\$290,909	Investment holdings
Yuanta International Insurance Brokers	2001.07.05	2F., No. 79, Sec. 2, Nanjing E. Rd., Taipei City	5,000	Insurance broker
Yuanta Securities Finance	1980.03.10	12F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City	4,000,000	Securities finance services
Yuanta International Leasing	2012.11.15	5F., No. 69, Baoqing Rd., Zhongzheng Dist., Taipei City	100,000	Leasing services
Yuanta Savings Bank (Philippines)	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

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
Yuanta Savings Bank (Korea)	1988.06.20	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	KRW\$67,580,120	Deposit and loan
Yuanta Futures (Hong Kong)	2010.12.02	Unit 1304, 13th/F, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	US\$34,000	Securities exchange, futures contract trading, advice on securities, advice on futures contract, asset management
SYF Information	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	2002.12.19	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei City	850,000	Venture capital services
Yuanta Securities (HK)	1992.10.22	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	HK\$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)	1993.07.08	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	HK\$293,892	Securities exchange, asset management
Yuanta Hong Kong Holdings (Cayman)	1996.11.05	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US\$74	Investment holdings
Yuanta Investment Consulting (Beijing)	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)	1962.06.04	Yuanta Securities Bldg, #76, Euljiro, Jung-gu, Seoul, Korea	KRW1,062,543,940	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
Yuanta Securities Vietnam	1999.12.28	Level 4, Saigon Centre Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	VND2,000,000,000	Brokerage, proprietary trading, underwriting, securities investment consulting business, and financial derivatives
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.)

Company name	Date of establishment	Address	Paid-in capital	Scope of business/production
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)	2014.12.31	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, HK	HK\$50,000	Credit loan business
Yuanta International Investment (Hong Kong)	2015.01.12	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, HK	HK\$50,000	Offering of financial instruments, proprietary trading
Yuanta Investment Management (Cayman)	1994.01.14	P.O.Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands	US\$12,500	Investment management
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
PT Yuanta Asset Management (in liquidation)	2011.02.02	Equity Tower 10th Floor Unit B, SCBD Lot 9, Jl. Jendral Sudirman Kav 52-53 Jakarta 12190, Indonesia	IDR\$51,200,000	Investment management
Yuanta Investment	1989.04.22	12F, Yuanta Securities Bldg #76 Euljiro, Jung-gu, Seoul, Korea	KRW32,003,805	Investment business
Yuanta Financial (Hong Kong)	2009.04.29	Suite 22D, 24/F., Block D, Mai Luen Industrial Bldg., Kwai Chung, Hong Kong	HK\$189,540	Investment holdings
Yuanta Securities (Cambodia)	2010.02.24	4th Floor, Emerald Building, No. 64 (corner St. 178), Preah Norodom Blvd, Sangkat Chey Chumneah, Khan Daun Penh, Phnom Penh, Cambodia	US\$12,500	Guidance to underwriting, financial consulting, securities brokerage and proprietary trading, investment advisor

3. Information on shareholders presumed to have a controlling and dependent relationship: None.

4. 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	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 Bank	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 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 Securities Investment Consulting provides securities investment research and analysis reports and information services to Yuanta Life. 6. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta FHC. 7. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities. 8. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Bank. 9. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Finance. 10. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Investment Trust. 11. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Securities Investment Consulting. 12. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Futures. 13. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Venture Capital. 14. Yuanta Life refers to the insurance company engaged in providing group insurance products and group annuity products for Yuanta Asset Management. 15. Yuanta Life refers to the insurance company engaged in providing group insurance products for Yuanta International Insurance Brokers.

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
Yuanta Securities Investment Trust	Securities investment trust services	Yes	1. Yuanta Securities is the fund sales agent and securities firm of fund transactions and fund trader for Yuanta Securities Investment Trust.
			2. Yuanta Bank is the fund sales agent and fund trader for Yuanta Securities Investment Trust.
			3. Yuanta Futures is the fund exchange futures firm and futures trust fund sales agent for Yuanta Securities Investment Trust.
			4. Yuanta Securities Investment Consulting provides research analysis reports and consulting services to Yuanta Securities Investment Trust.
			5. Yuanta Life provides the policyholders with fund & wealth management services for Yuanta Securities Investment Trust.
Yuanta Futures	Futures services	Yes	1. Yuanta Futures is appointed by Yuanta Securities to act the futures introducing broker of Yuanta Securities. 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	Venture capital services	Yes	Yuanta Venture Capital is a subsidiary wholly owned by the Company, which is develop, evaluate, invest and dispose of investment cases.
Yuanta Asset Management	Financial services	None	None
Yuanta Securities Investment Consulting	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	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	Insurance broker services	Yes	1. Yuanta Securities is an insurance services sales channel for Yuanta International Insurance Brokers. 2. Yuanta International Insurance Brokers helps sell the insurance products of Yuanta Life.
	Property insurance broker services		
Yuanta Securities Finance	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.
Yuanta International Leasing	Leasing services	None	None
Yuanta Savings Bank (Philippines)	Banking services	None	None
Yuanta Savings Bank (Korea)	Banking services	None	None

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
Yuanta Futures (HK)	Financial services	Yes	Futures contract trading, futures contract consultation
SYF Information	Computer & IT management	None	None
Yuanta I Venture Capital	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 (HK)	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 (HK)	Securities services	None	None
Yuanta HK Holdings (Cayman)	Holdings	Yes	To develop its international business, invested in Yuanta HK Holdings (Cayman) to execute its overseas investments.
Yuanta Investment Consulting (Beijing)	Investment advisory services	None	None
Yuanta Securities (Korea)	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 (UK) (in liquidation)	Brokerage services for institutional investors	Yes	Help develop the brokerage services for institutional investors of Yuanta Securities (HK)
Yuanta Securities (Thailand)	Securities services	Yes	Yuanta Securities (Thailand) is the securities firm appointed by the Yuanta Securities (HK).
Yuanta Securities Vietnam	Securities services	None	None
SYF Information (Shanghai) (in liquidation)	Software development, wholesale of computer, software and auxiliary equipment, wholesale of metal and metal	None	None

Name of affiliated enterprise	Business scope	Business relationship	Description of business relationship (division of labor)
	minerals, wholesale of other chemical engineering products, trading agents, and other unspecified wholesale products		
GC Investment Consultant (Shanghai) (in Liquidation)	Investment advisory services	None	None
Yuanta Finance (HK)	Financial services	None	None
Yuanta International Investment (HK)	Financial services	None	None
Yuanta Investment Management (Cayman)	Financial services	None	None
PT Yuanta Sekuritas Indonesia	Securities exchange and 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).
PT Yuanta Asset Management (in liquidation)	Investment management	Yes	None
Yuanta Investment	Financial services	None	None
Yuanta Financial (HK)	Securities services	None	None
Yuanta Securities (Cambodia)	Securities services	None	None

5. Information on directors, supervisors and presidents of the company's affiliates

Units: 1,000 shares; %

As of January 31, 2022

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		Representative of Yuanta Financial Holding Co., Ltd.:	5,982,032	100%	-	-
	Chairman	Hsiu Wei Chen (Vincent)				
	Director	Wei Cheng Huang (Bobby)				
	Director	Ting Chien Shen (Tony)				
	Director	Victor Ma				
	Director	Ming Hong Ho				
	Director	Ku Pin Huang				
	Director	Hsien Tao Chiu				
	Director	Yueh Tsang Lee				
	Director	Yu Chih Huang				
	Director	Lung Fan Lin				
	Director	Rui Chen Ma				
Yuanta Bank	Independent Director	Ching Shan Hung			-	-
	Independent Director	Yu Chun Wu			-	-
	Independent Director	Tu Mu Kuo			-	-
	Independent Director	Kun Hong Lai			-	-
	Independent Director	Hsing Yi Chow			-	-
	President	Wei Cheng Huang (Bobby)			-	-
		Representative of Yuanta Financial Holding Co., Ltd.:	7,394,039	100%	-	-
	Chairman	Chien Weng				
	Vice Chairman	Tsai Yu Chang				
	Director	Song Erh Chang				
	Director	Wei Chen Ma (Michael)				
	Director	Jin Long Fang				
	Director	Jin Sheng Duann				
	Director	Chung Yuan Chen				
	Director	Yu Feng Ko				
	Director	Daniel Y.M. Song				
	Director	Kuo Yuan Liang				
	Director	Da Jing Li				
	Director	Fan-Sheng Pu				
Yuanta Bank	Independent Director	Ming Ling Hsueh			-	-
	Independent Director	Yin Hua Yeh			-	-
	Independent Director	Ching Shan Hung			-	-
	Independent Director	Kuang Si Shiu			-	-
	Independent Director	Chuan Li Chang			-	-
	President	Fan-Sheng Pu			-	-

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		Representative of Yuanta Financial Holding Co., Ltd.:	2,373,570	100%	-	-
	Chairman	Chao Kuo Chiang				
	Director	Hsiao Chih Yuan				
	Director	Wei Chen Ma (Michael)				
	Director	Daniel Y.M. Song				
	Director	Chieh Wu				
	Director	Wen Ching Chiu				
	Director	Hsu Shu Mai				
Yuanta Securities Investment Trust	Director	Ming Lang Liu				
	Director	Chun Cheng Cheng				
	Independent Director	Yin Hua Yeh			-	-
	Independent Director	Tu Mu Kuo			-	-
	Independent Director	Hsiao Wen Yang			-	-
	President	Hsiao Chih Yuan			-	-
		Representative of Yuanta Financial Holding Co., Ltd.:	169,538	74.71%	-	-
	Chairman	Tsung Sheng Liu			3	0%
Yuanta Futures	Vice Chairman	Yu Lan Cheng			0	0%
	Director	Tsung Chi Cheng			0	0%
	Director	Pei Yu Chen			0	0%
	Director	Hung Chuan Huang			0	0%
	Director	Nian Cih He			0	0%
	Supervisor	Yi Ju Wei			0	0%
	Supervisor	Yi Ching Huang			0	0%
	President	Tsung Chi Cheng			0	0%
Yuanta Venture Capital		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			0	0%
	Director	Yueh Tsang Lee			0	0%
	Director	Guo Cun Hsu			0	0%
	Director	Mei Ling Kuo			0	0%
	Independent Director	Yu Chun Wu			0	0%
Yuanta Venture Capital	Independent Director	Nai Kuan Huang			0	0%
	Independent Director	Huei Er Yuan			0	0%
	President	Guo Cun Hsu			0	0%
		Representative of Yuanta Financial Holding Co., Ltd.:	271,522	100%	-	-
	Chairman	Chi Chang Chen				
	Director	Victor Ma				
	Director	Hsiao Ling Chou				
	Director	Chieh Wu				
Yuanta Venture Capital	Director	Yu Chang				
	Supervisor	Yung Chu Su				
	President	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 Asset Management	Chairman	Representative of Yuanta Financial Holding Co., Ltd.: Daniel Y.M. Song	322,065	100%	-	-
	Director	Robert C.S. Yang				
	Director	Sheng Hung Wang				
	Supervisor	Hsu Shu Mai				
	President	Sheng Hung Wang			-	-
Yuanta Securities Investment Consulting .	Chairman	Representative of Yuanta Financial Holding Co., Ltd.: Ting Hsien Huang	10,000	100%	-	-
	Director	Guan Huo Lin				
	Director	Fu Jung Tu				
	Supervisor	Hsuan Min Kuo				
	President	Guan Huo Lin			-	-
Yuanta Securities Asia Financial Services	Chairman	Representative of Yuanta Securities Co., Ltd.: Tien Yi Huang	290,909	100%	-	-
	Director	Pei Shan Chen				
	Director	Hsiu Wei Chen (Vincent)				
	Director	Wei Cheng Huang (Bobby)				
	Director	Ai Khim Tay				
	President	Pei Shan Chen			-	-
Yuanta International Insurance Brokers	Chairman	Representative of Yuanta Securities Co., Ltd.: Shih Ya Chang	500	100%	-	-
	Director	Yuan Shan Lin				
	Director	Lieh Hsiung Chen				
	Supervisor	Ching Jen Chen				
	President	Shih Che Chen			-	-
Yuanta Securities Finance	Chairman	Representative of Yuanta Securities Co., Ltd.: Shao Sing Gong	400,000	100%	-	-
	Director	Fang Ming Lo				
	Director	Li Hua Yang				
	Director	Ming Lang Liu				
	Director	Mei Ling Kuo				
	Supervisor	Yung Chu Su				
	Supervisor	Hsu Shu Mai				
	President	Li Hua Yang			-	-
Yuanta International Leasing	Chairman	Representative of Yuanta Commercial Bank Co., Ltd.: Hui Kuo Chien	10,000	100%	-	-
	Director	Li Yun Chen				
	Director	Pei Wen Yang				
	Supervisor	Wei Ning Chang				
	President	Pei Wen 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 Savings Bank (Philippines)		Representative of Yuanta Commercial Bank Co., Ltd.:	2,400,000	100%	-	-
	Chairman	Allen Wu				
	Director	Regina V. Saga				
	Independent Director	ARTURO E. MANUEL, JR.			-	-
	Independent Director	CELIA MOJICA ESCAREAL-SANDEJAS			-	-
Yuanta Savings Bank (Korea)	Independent Director	SENEN L. MATOTO			-	-
	President	Regina V. Saga			-	-
		Representative of Yuanta Commercial Bank Co., Ltd.:	13,516	100%	-	-
	Chairman of Board	Yu Chun Lin				
	Representative director	JUNG, YOUNG-SEOK			-	-
Yuanta Futures (Hong Kong)	External director	PARK, CHANG-GYUN			-	-
	President	JUNG, YOUNG-SEOK			-	-
	Director	Chun Chieh Wang			-	-
	Director	Chun Hsing Jen				
	Director	Chun Hao Chang				
SYF Information	President	Chun Hsing Jen			-	-
	Chief Operating Officer (COO)	Fu Chi Hsieh				
		Representative of Yuanta Futures Co., Ltd.:	35,000	100%	-	-
	Chairman	Chun Chieh Wang				
	Director	Hsiao Ling Chou				
Yuanta I Venture Capital	Director	Hsin Hsien Li				
	Director	Chien Wan Lai				
	Supervisor					
		Representative of Yuanta Venture Capital Co., Ltd.:	85,000	100%	-	-
	Chairman	Chi Chang Chen				
Yuanta Securities (HK)	Director	Victor Ma				
	Director	Hsiao Ling Chou				
	Director	Chieh Wu				
	Director	Yu Chang				
	Supervisor	Yung Chu Su				
Yuanta Securities (HK)	President	Yu Chang			-	-
		Representative of Yuanta Securities Asia Financial Services Private Ltd.:	2,268,133	100%	-	-
	Chairman	Yi Ming Wang				
	Director	Miao Ju Chen				
	Director	Tsung Hsien Wen				
Yuanta Securities (HK)	Director	Wei Cheng Huang (Bobby)				
	Director	Feng Hsiang Ku				
	Director	Wen Ching Hsu				
	Director	Yung Chu Su				
	Director	Pei Shan Chen				
Yuanta Securities (HK)	President	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)		Representative of Yuanta Securities Asia Financial Services Private Ltd.:	293,892	100%	-	-
	Director	Yi Ming Wang				
	Director	Miao Ju Chen				
	Director	Hsiao Tsui Yu				
	Director	Wei Cheng Huang (Bobby)				
	Director	Shih Chiang Li				
	Director	Yu Chang				
	President	Hsiao Tsui Yu				
Yuanta Hong Kong Holdings (Cayman)		Representative of Yuanta Securities Asia Financial Services Private Ltd.:	74	100%	-	-
	Director	Yi Ming Wang				
	Director	Tai Yuan Tai				
Yuanta Investment Consulting (Beijing)		Representative of Yuanta Securities Asia Financial Services Private Ltd.:	(Note 1)	-	-	-
	Executive Director	Wen Ping Shih				
	Supervisor	Ming Jen Ku				
	President	Wen Ping Shih			-	-
Yuanta Securities (Korea)		Representative of Yuanta Securities Asia Financial Services Private Ltd.:	114,558	57.39%	-	-
	Director	Frank Kuo				
	Non-executive Director	Wei Cheng Huang (Bobby)			0	0%
					79	0.04%
	Independent Director	Seung Hoon LEE			0	0%
	Independent Director	Jung Jin LEE			0	0%
	Independent Director	Duk Yi KIM			0	0%
	President	Frank Kuo			0	0%
Yuanta Securities (Thailand)		Representative of Yuanta Securities Asia Financial Services Private Ltd.:	450,000	99.999999%	-	-
	Director	Chamsak Thanataecha				
	Director	Tien Yi Huang				
	Director	Pei Shan Chen				
	Director	Ai Khim Tay				
	Director	Wei Cheng Huang (Bobby)				
	Director	Chao Ching Wang				
	Director	Feng Hsiang Ku				
	Director	Boonporn Boriboonsongsilp				
	Director	Padermpob Songkroh				
	Director	Wei Ching Chien				
	Director	I Wen Lai				
	CEO	Boonporn Boriboonsongsilp			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 Securities Vietnam		Representative of Yuanta Securities (Hong Kong) Co., Ltd. , Yuanta Securities Asia Financial Services Private Ltd.:			-	-
	Chairman	Jen Kai Chao			0	0%
	Authorized representative	Tien Yi Huang			0	0%
	Authorized representative	Le Minh Tam			0	0%
	Authorized representative	Pei Shan Chen			0	0%
	Authorized representative	Feng Hsiang Ku			0	0%
	Authorized representative	Wei Ching Chien			0	0%
	Authorized representative	Jen Kai Chao			0	0%
	Authorized representative	Wei Cheng Huang (Bobby)			0	0%
	Authorized representative	Yi Ming Wang			0	0%
	Authorized representative	Nguyen Thanh Tung			0	0%
	Controller	Ong Cheow Kheng			0	0%
	Controller	Mai Thi Ngoc Duyen			0	0%
	Controller	Mac Huu Danh			0	0%
	CEO	Nguyen Thanh Tung			0	0%
SYF Information (Shanghai) (in liquidation)		Representative of SYF Information Co., Ltd.:	-	100%	-	-
	Chairman	Chun Hsing Jen				
	Director	Hsiao Ling Chou				
	Director	Chun Chieh Wang				
Yuanta Finance (Hong Kong)		Representative of Yuanta Securities (Hong Kong) Co., Ltd.:	50,000	100%	-	-
	Director	Miao Ju Chen				
	Director	Tsung Hsien Wen				
	Director	Kuei Ling Pan				
	President	Tsung Hsien Wen				
Yuanta International Investment (Hong Kong)		Representative of Yuanta Securities (Hong Kong) Co., Ltd.:	50,000	100%	-	-
	Director	Miao Ju Chen				
	Director	Che Jung Kuo				
	Director	Wu Kuang Yang				
Yuanta Investment Management (Cayman)		Representative of Yuanta Securities (Hong Kong) Co., Ltd.:	12,500	100%	-	-
	Director	Yi Ming Wang				
	Director	Miao Ju Chen				
	Director	Tai Yuan Tai				

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
PT Yuanta Sekuritas Indonesia		Representative of Yuanta Securities (Hong Kong) Co., Ltd.:	474	99%	-	-
	Director	Surya Widjaja			4	1%
	Director	Luki Suryanto			0	0%
	Director	Helda Gunawan			0	0%
	Director	Setiawan Darmawidjaja			0	0%
	Commissioner	Tien Yi Huang			0	0%
	Independent Commissioner	Mohamad Fiscana, Se, Mh			0	0%
	Commissioner	Tung Tai Yu			0	0%
	CEO	Surya Widjaja			4	1%
	President Director	Surya Widjaja			4	1%
PT Yuanta Asset Management (in liquidation)		Representative of PT Yuanta Sekuritas Indonesia, Yuanta Securities (Hong Kong) Co., Ltd.:	51	100%	-	-
	Director	Lily Haryati				
	Director	Prima Yulianto				
	Commissioner	Ai Khim Tay				
	Commissioner	Tsung Sheng Liu				
	CEO	Lily Haryati			-	-
	President Director	Lily Haryati			-	-
Yuanta Investment		Representative of Yuanta Securities (Korea) Co., Ltd.:	6,401	100%	-	-
	Director	Ki Suk YANG				
	Director	Choong Hoon KIM				
	Non-executive Director	Guen Woo LEE				
	Supervisor	Ho Young Park			-	-
	President	Ki Suk YANG			-	-
Yuanta Financial (Hong Kong)	Director	Representative of Yuanta Securities (Korea) Co., Ltd.: Sang Eun LEE	18,954	100%	-	-
Yuanta Securities (Cambodia)		Representative of Yuanta Financial (Hong Kong):	12,500	100%	-	-
	Director	Kyung Tae HAN				
	Director	Yeo Cheol Yoon				
	Director	Guen Woo LEE				
	Director	Sim Dara				
	President	Kyung Tae HAN			-	-
GC Investment Consultant (Shanghai) (in Liquidation)	Executive Director	Representative of Yuanta Hong Kong Holdings (Cayman): Ku Pin Huang	(Note 1)		-	-

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

Operating profile of affiliated companies

Unit: NT\$1,000
As of December 31, 2021

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	59,820,321	539,006,241	410,352,672	128,653,569	46,504,238	20,803,371	23,293,080	3.89
Yuanta Bank	73,940,390	1,651,478,911	1,528,454,733	123,024,178	20,737,496 (Note 1)	9,174,527 (Note 1)	8,021,862	1.08
Yuanta Life	23,735,695	390,529,091	361,294,225	29,234,866	53,250,605	1,967,198	2,074,289	0.87
Yuanta Securities Investment Trust	2,269,235	6,934,264	1,047,950	5,886,314	3,732,164	2,241,587	1,918,960	8.46
Yuanta Futures	2,899,763	95,652,955	83,303,057	12,349,898	3,782,309	516,415	860,282	2.97
Yuanta Venture Capital	2,715,221	3,946,044	186,775	3,759,269	1,178,548	954,270	939,305	3.46
Yuanta Asset Management	3,220,649	4,023,338	142,302	3,881,036	383,329	160,887	139,433	0.43
Yuanta Securities Investment Consulting	100,000	299,984	158,927	141,057	238,477	291	1,085	0.11
Yuanta I Venture Capital	850,000	1,240,966	13,950	1,227,016	388,666	388,308	374,140	4.40
Yuanta International Leasing	100,000	106,159	954	105,205	960	687	696	0.07
Yuanta Savings Bank (Korea)	1,574,076	15,894,846	12,446,048	3,448,798	401,371 (Note 1)	133,634 (Note 1)	122,010	9.03
Yuanta Savings Bank (Philippines)	1,302,000	1,656,260	521,484	1,134,776	52,737 (Note 1)	(24,375) (Note 1)	(35,031)	(0.01)
Yuanta Futures (HK)	943,081	3,882,613	3,027,359	855,254	115,261	(52,374)	(38,209)	(1.12)
SYF Information	350,000	287,302	775	286,527	-	(1,529)	5,127	0.15
SYF Information (Shanghai) (in Liquidation)	143,763	113,698	-	113,698	-	(858)	(356)	-
Yuanta Securities Asia Financial Services	8,055,274	40,091,416	4,466,018	35,625,398	121,576	(53,414)	3,324,405	11.43
Yuanta International Insurance Brokers	5,000	514,142	148,840	365,302	1,269,019	443,818	354,729	709.46
Yuanta Securities Finance	4,000,000	43,580,875	29,474,440	14,106,435	1,056,056	423,846	644,365	1.61
Yuanta Securities (HK)	8,053,458	40,573,890	32,906,238	7,667,652	1,495,204	314,868	363,148	0.16
Yuanta Asia Investment (HK)	1,043,521	1,179,964	15,918	1,164,046	164,207	130,624	147,564	0.50
Yuanta Investment Consulting (Beijing)	80,088	13,866	1,973	11,893	(301)	(6,830)	(6,822)	-
Yuanta HK Holdings (Cayman)	2,037	37,685	1,152	36,533	(21)	(585)	(301)	(4.09)
Yuanta Securities (Thailand)	3,735,000	28,001,638	23,254,215	4,747,423	2,858,438	814,015	661,250	1.47

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 Vietnam	2,430,000	6,379,082	3,635,333	2,743,749	706,252	194,898	167,674	-
Yuanta Securities (Korea)	24,748,773	342,697,112	307,175,556	35,521,556	20,951,650	7,912,287	3,690,850	17.61
Yuanta Investment	745,433	2,121,118	104,803	2,016,315	181,498	(4,450)	258,326	40.36
Yuanta Financial (HK)	673,000	405,797	94	405,703	767	(503)	(503)	(0.03)
Yuanta International Investment (HK)	177,535	811,511	585,728	225,783	11,012	5,700	6,087	0.12
Yuanta Finance (HK)	177,535	205,540	1,147	204,393	15,509	10,859	11,071	0.22
Yuanta Investment Management (Cayman)	346,125	317,810	-	317,810	3,293	5,952	(5,770)	(0.46)
PT Yuanta Sekuritas Indonesia	929,861	2,270,586	1,864,611	405,975	290,052	47,496	41,921	87.55
GC Investment Consultant (Shanghai) (in Liquidation)	17,982	25,144	832	24,312	-	193	193	-
PT Yuanta Asset Management (in Liquidation)	99,430	3,834	31	3,803	272	(1,601)	(2,547)	(49.74)
Yuanta Securities (Cambodia)	346,125	337,616	11,475	326,141	18,949	(7,443)	(7,284)	(0.58)

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, 2021

	(P Rate) January~December	End of December
HKD-->TWD	3.605995	3.550700
SGD-->TWD	20.861431	20.464900
USD-->TWD	28.027097	27.69000
CNY-->TWD	4.344209	4.345900
KRW-->TWD	0.024503	0.023292
PHP-->TWD	0.569277	0.542500
IDR-->TWD	0.001962	0.001942
GBP-->TWD	38.556895	37.304000
VND-->TWD	0.001223	0.001215
THB-->TWD	0.878009	0.830000

(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 2021 (from January 1, 2021 to December 31, 2021) 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, 2022

Independent Auditors' Review of the Affiliation Report

(110Zi-Hui-Zong-Zi No. 21017684

To: Yuanta Financial Holding Co., Ltd.

You declare that the Affiliation Report for 2021 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 2021 and found that there were no significant inconsistencies in said declaration.

Pricewaterhouse Coopers Certified Public Accountants

Chien Hung Chou

CPA

Chiao Sen Lo

Approval Letter No. (88) Tai-Cai-Zheng (6) No. 95577 from the Securities and Futures Commission (formerly named) of the Ministry of Finance

Approval Letter No. Financial-Supervisory-Securities-Auditing-1070323061 from the Financial Supervisory Commission, Executive Yuan

Date: March 15, 2022

PricewaterhouseCoopers Taiwan

27F, No.333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan

T: +886(2)2729 6666, F: +886(2)2729 6686, www.pwc.tw

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		2017	2018	2019	2020	2021
Item						
Capital adequacy	Group's net authorized capital	155,244,193	168,043,480	178,231,116	199,573,780	221,452,769
	Group's regulatory capital requirement	116,559,976	121,153,812	133,907,284	136,691,245	148,912,046
	Group's capital adequacy ratio (%)	133.19	138.70	133.10	146.00	148.71
Double leverage ratio (%)		115.45	113.32	111.73	108.32	112.05

(II) Financial information

1. Division (Business Unit):

2021

Unit: NT\$1,000

Business Unit	Banking services	Securities services	Futures services	Insurance services	Other service	Consolidated total
Item						
Net interest income (loss)	13,213,964	7,757,704	257,929	9,038,451	(294,297)	29,973,751
Net non-interest income	7,089,296	56,894,760	2,209,879	17,732,723	5,340,094	89,266,752
Net profit	20,303,260	64,652,464	2,467,808	26,771,174	5,045,797	119,240,503
Bad debt expenses and guarantee liability reversals	(532,883)	47,923	3,755	151	(53,202)	(534,256)
Net changes of reserve for insurance liabilities	-	-	-	(21,301,277)	-	(21,301,277)
Operating expenses	(11,056,540)	(36,173,503)	(1,293,524)	(1,543,849)	(3,196,210)	(53,263,626)
Continuing departments net income before tax	8,713,837	28,526,884	1,178,039	3,926,199	1,796,385	44,141,344
Income tax gains (expenses)	(1,174,945)	(5,096,156)	(188,678)	110,601	(601,455)	(6,950,633)
Consolidated net profit (loss) after tax	7,538,892	23,430,728	989,361	4,036,800	1,194,930	37,190,711

(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 2021, net receivables stood at approximately NT\$4,344,257 thousand primarily to the Group's use of linked filing of business income tax returns, which generated approximately NT\$4,108,360 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, 2021.

(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 615 to 616, and page 521 to 531.

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: None.

**Appendix. The Latest Consolidated Financial Statement
Audited and Certified by CPAs**

Yuanta FHC and Its Subsidiaries
Consolidated Financial Report and Auditing Report
2021 and 2020
(Stock Code 2885)

Address: 6F., 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 SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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

PWCR21000281

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 subsidiaries (collectively “Yuanta Group”) as at December 31, 2021 and 2020, 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, 2021 and 2020, 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 Companies, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of Yuanta Group in accordance with the Norm of Professional Ethics for Certified Public Accountants 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, 2021 were NTD 875,442,970 thousand and NTD 12,320,067 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 categorized into one of the following three stages based on whether there has been significant increase in credit risk since initial recognition: no significant increase in credit risk or low credit risk at balance sheet date, significant increase in credit risk and credit-impaired and considered relevant laws and regulations of the allowance for credit losses. Because the amount of bills discounted and loans is material with respect to the total consolidated assets and impairment evaluation involves management's professional judgment and is highly uncertain, we have thus included the impairment evaluation of bills discounted and loans as one of the key audit matters.

How our audit addressed the matter

We obtained and gained an understanding of Yuanta Commercial Bank Co., Ltd.'s policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans and performed sample tests. We conducted the following procedures on the impairment evaluation of bills discounted and loans as at December 31, 2021: 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, 2021 was NTD 26,750,364 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 understood 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 specialist 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 specialist 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, 2021 was NTD 28,596,635 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 specialists 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 specialist 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.

Reserves 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, 2021 was NTD 318,623,335 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, which is made by management's professional judgment. 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 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 specialists 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 specialist to assist in assessing the adequacy of insurance liabilities, comparing whether there were significant differences between the current period and the previous period for the 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 specialist 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 Companies, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management

determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Yuanta 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yuanta 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

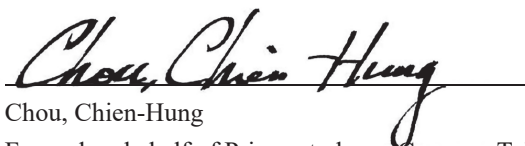
disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Yuanta Group to cease to continue as a going concern.

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.



Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2022



Lo, Chiao-Sen

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, 2021		(Reclassified) December 31, 2020	
			AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	\$ 80,735,621	3	\$ 77,497,198	3
11500	Due from Central Bank and call loans	6(2),8				
	to other banks		80,343,357	3	54,373,556	2
12000	Financial assets at fair value through	6(3),7,8				
	profit or loss		529,242,141	17	586,592,639	21
12150	Financial assets at fair value through	6(4),8				
	other comprehensive income		338,490,662	11	278,391,203	10
12200	Investments in debt instruments at	6(5),8				
	amortised cost		508,638,932	17	430,349,520	16
12500	Investments in bills and bonds under	6(6)				
	resale agreements		46,454,964	2	58,336,318	2
13000	Receivables – net	6(7),7	263,703,360	9	242,476,446	9
13200	Current income tax assets		48,001	-	733,890	-
13300	Assets held for sale – net	6(8)	194,563	-	203,730	-
13500	Bills discounted and loans – net	6(9),7	884,291,862	29	793,812,907	29
13700	Reinsurance contract assets – net	6(10)	1,329,521	-	1,099,457	-
15000	Equity investments accounted for under	6(11)				
	the equity method – net		3,115,594	-	2,755,402	-
15100	Restricted assets – net	8	2,472,029	-	2,961,020	-
15500	Other financial assets – net	6(12)	110,953,592	4	79,034,763	3
18000	Investment property – net	6(13),8	10,693,522	-	11,558,284	-
18500	Property and equipment – net	6(14),8	24,468,584	1	23,930,017	1
18600	Right-of-use assets – net	6(15)	12,443,951	-	13,181,478	1
19000	Intangible assets – net	6(17)	31,046,281	1	31,498,648	1
19300	Deferred income tax assets	6(45)	7,484,946	-	7,095,091	-
19500	Other assets – net	6(18),7,8	86,867,819	3	61,843,636	2
	TOTAL ASSETS		\$ 3,023,019,302	100	\$ 2,757,725,203	100

(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, 2021		(Reclassified) December 31, 2020	
			AMOUNT	%	AMOUNT	%
21000	Deposits from Central Bank and other banks	6(20)	\$ 25,624,124	1	\$ 15,412,299	1
21500	Due to Central Bank and other banks		839,700	-	675,000	-
22000	Financial liabilities at fair value through profit or loss	6(3)(38)	158,685,739	5	163,457,505	6
22500	Bills and bonds payable under repurchase agreements	6(6)(47),7	183,865,849	6	216,621,187	8
22600	Commercial paper payable – net	6(21)(47)	49,983,502	2	27,417,489	1
23000	Payables	6(22),7	214,482,994	7	246,833,686	9
23200	Current income tax liabilities		7,892,094	-	6,616,387	-
23500	Deposits and remittances	6(23),7	1,375,002,383	46	1,211,020,394	44
24000	Bonds payable	6(24)(47)	82,539,085	3	78,790,127	3
24400	Other borrowings	6(25)(47)	59,998,200	2	57,796,061	2
24600	Liabilities reserve	6(26)(27)	336,342,258	11	313,071,935	11
25500	Other financial liabilities	6(28),7	126,619,428	4	88,713,584	3
26000	Lease liabilities	6(47)	5,720,785	-	6,368,836	-
29300	Deferred income tax liabilities	6(45)	3,825,466	-	4,878,682	-
29500	Other liabilities	6(29),7	102,517,990	3	46,434,585	2
	TOTAL LIABILITIES		<u>2,733,939,597</u>	<u>90</u>	<u>2,484,107,757</u>	<u>90</u>
31000	Equity attributable to owners of the parent company					
31100	Share capital					
31101	Common stock	6(30)	121,374,360	4	121,374,360	4
31500	Additional paid-in capital	6(31)	37,885,949	1	37,885,949	1
32000	Retained earnings					
32001	Legal reserve	6(32)	17,040,473	-	14,633,733	1
32003	Special reserve	6(32)	6,549,234	-	6,549,234	-
32011	Undistributed earnings	6(33)	77,775,254	3	60,333,790	2
32500	Other equity					
32500	Other equity interest	6(34)	8,410,191	1	12,559,523	1
39500	Non-controlling interests		<u>20,044,244</u>	<u>1</u>	<u>20,280,857</u>	<u>1</u>
	Total Equity		<u>289,079,705</u>	<u>10</u>	<u>273,617,446</u>	<u>10</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 3,023,019,302</u>	<u>100</u>	<u>\$ 2,757,725,203</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 (%)
			2021		2020		
Items	Notes		AMOUNT	%	AMOUNT	%	
41000	Interest income	6(35),7	\$ 36,986,068	31	\$ 36,369,194	31	2
51000	Less: Interest expense	6(35),7	(7,012,317)	(6)	(9,450,242)	(8)	(26)
49600	Net interest income	6(35)	<u>29,973,751</u>	<u>25</u>	<u>26,918,952</u>	<u>23</u>	11
Net non-interest income							
49800	Net service fee and commission Income	6(36),7	40,606,346	34	27,210,777	23	49
49810	Net income from insurance operations	6(37),7	16,021,241	14	35,509,066	31	(55)
49820	Gain on financial assets and financial liabilities at fair value through profit or loss	6(38),7	24,070,541	20	21,778,524	19	11
49825	Gain on investment property	7	341,280	-	228,633	-	49
49835	Realised gain on financial assets at fair value through other comprehensive income		4,317,926	4	4,219,371	4	2
49850	Net gain arising from derecognition of financial assets measured at amortised cost	6(5)(9)	1,650,331	1	1,073,825	1	54
49870	Foreign exchange losses		(5,384,950)	(4)	(6,664,689)	(6)	(19)
49880	Asset impairment loss	6(39)	(280,546)	-	(1,424,908)	(1)	(80)
49890	Share of the profit or loss of associates and joint ventures accounted for using the equity method	6(11)	493,848	-	295,854	-	67
49898	Gain (loss) on reclassification under the overlay approach		1,446,147	1	(325,009)	-	(545)
49921	Net gain on sale of non-performing Loans		374,916	-	277,593	-	35
49945	Consultation service income		4,897,401	4	4,218,196	4	16
49999	Net other miscellaneous income	6(40),7	<u>712,271</u>	<u>1</u>	<u>2,312,681</u>	<u>2</u>	(69)
49700	Total net non-interest income		<u>89,266,752</u>	<u>75</u>	<u>88,709,914</u>	<u>77</u>	1
	Net profit		119,240,503	100	115,628,866	100	3
58100	Provision for bad debt expenses, commitment and guarantee policy reserve	6(41)	(534,256)	-	(2,152,052)	(2)	(75)
58300	Net change in provisions for insurance liabilities	6(26)	(21,301,277)	(18)	(39,928,431)	(35)	(47)
Operating expenses							
58501	Employee benefit expense	6(42),7	(33,955,070)	(28)	(26,983,562)	(23)	26
58503	Depreciation and amortization	6(43)	(3,107,200)	(3)	(3,137,501)	(3)	1)
58599	Other business and administrative expenses	6(44),7	(16,201,356)	(14)	(12,661,042)	(11)	28
58500	Total Operating Expenses		(53,263,626)	(45)	(42,782,105)	(37)	24
61000	Consolidated income from continuing operations before income tax		44,141,344	37	30,766,278	26	43
61003	Income tax expense	6(45)	(6,950,633)	(6)	(4,789,234)	(4)	45
69000	Consolidated net income		\$ 37,190,711	31	\$ 25,977,044	22	43

(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 (%)
		2021		2020		
Items	Notes	AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
69561	Loss on remeasurements of defined benefit plans	(\$ 790,256)	(1)	(\$ 866,856)	(1)	(9)
69563	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(513)	-	(2,554)	-	(80)
69565	Change in fair value of financial liability attributable to change in credit risk of liability	(5,236)	-	(16,009)	-	(67)
69567	Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	7,782,193	7	3,293,779	3	136
69569	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	73,051	-	(64,081)	-	(214)
Components of other comprehensive income that will be reclassified to profit or loss						
69571	Exchange differences on translation of foreign financial statements	(5,599,624)	(5)	(776,596)	(1)	621
69585	Revaluation (loss) gain from investments in debt instruments measured at fair value through other comprehensive income	(6,213,290)	(5)	2,924,803	3	(312)
69587	Impairment reversal gain from investments in debt instruments measured at fair value through other comprehensive income	(14,903)	-	(3,563)	-	318
69590	Other comprehensive (loss) gain on reclassification under the overlay approach	(1,446,147)	(1)	325,009	-	(545)
69579	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	72,925	-	(175,068)	-	(142)
69500	Other comprehensive (loss) income (net of tax)	<u>(\$ 6,141,800)</u>	<u>(5)</u>	<u>\$ 4,638,864</u>	<u>4</u>	<u>(232)</u>
69700	Total comprehensive income	<u>\$ 31,048,911</u>	<u>26</u>	<u>\$ 30,615,908</u>	<u>26</u>	<u>1</u>
Consolidated net income attributable to:						
69901	Parent company	\$ 34,865,957	29	\$ 24,104,576	21	45
69903	Non-controlling interests	2,324,754	2	1,872,468	1	24
		<u>\$ 37,190,711</u>	<u>31</u>	<u>\$ 25,977,044</u>	<u>22</u>	<u>43</u>
Consolidated comprehensive income attributable to:						
69951	Parent company	\$ 30,263,795	25	\$ 28,237,885	24	7
69953	Non-controlling interests	785,116	1	2,378,023	2	(67)
		<u>\$ 31,048,911</u>	<u>26</u>	<u>\$ 30,615,908</u>	<u>26</u>	<u>1</u>
70001	Earnings per share (in New Taiwan Dollars) Basic and diluted earnings per share	6(46)				
		\$ 2.87		\$ 1.99		

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

(Expressed in thousands of New Taiwan dollars)

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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,	
	2021	(Reclassified) 2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 44,141,344	\$ 30,766,278
Adjustments		
Income and expense items		
Depreciation	2,569,529	2,592,592
Amortization	537,671	544,909
Provision for bad debt expenses, commitment and guarantee policy reserve	1,750,647	2,928,286
Interest expense	7,012,317	9,450,242
Interest income	(36,986,068)	(36,369,194)
Dividend income	(5,335,012)	(3,614,415)
Impairment loss on financial assets	280,546	1,424,908
(Gain) loss reclassified by applying overlay approach	(1,446,147)	325,009
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(493,848)	(295,854)
Gain on disposal of assets held for sale	(4,957)	(12,765)
Gain on disposal of investment property	(128,235)	(11,152)
Gain from disposal or retirement of property and equipment	(16,470)	(200,098)
Gain on disposal of intangible assets	(1,449)	(1,405)
Loss from disposal or retirement of other assets	212	-
Loss on lease modification	1,149	789
Gain on lease concession	(11,663)	(9,736)
Net change in insurance liabilities	21,154,952	38,242,994
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due to Central Bank and call loans to other banks	(7,480,529)	(3,617,396)
Decrease (increase) in financial assets at fair value through profit or loss	57,350,498	(82,561,560)
Increase in financial assets at fair value through other comprehensive income	(58,536,977)	(42,695,392)
Increase in investments in debt instruments measured at amortised cost	(78,292,748)	(43,903,331)
Increase in receivables	(21,662,279)	(72,162,071)
Increase in bills discounted and loans	(92,053,301)	(22,965,591)
Increase in reinsurance contract assets	(252,388)	(196,572)
Decrease (increase) in restricted assets	488,991	(398,434)
Increase in other financial assets	(3,281,850)	(14,066,564)
Increase in other assets	(25,080,485)	(31,268,276)
Changes in operating liabilities		
Increase in deposits from Central Bank and other banks	10,211,825	2,305,271
(Decrease) increase in financial liabilities at fair value through profit or loss	(4,775,786)	40,104,608
(Decrease) increase in payables	(32,242,963)	89,158,087
Increase in deposits and remittances	163,981,989	115,514,123
Increase in liabilities reserve	2,571,175	100,285
Increase in other financial liabilities	9,104,657	12,655,744
Increase in other liabilities	56,036,921	8,151,035
Cash inflow (outflow) generated from operations	9,111,268	(84,646)
Interest received	36,163,236	37,110,620
Dividend received	5,515,353	3,690,074
Interest paid	(7,082,213)	(10,162,343)
Income tax paid	(4,950,047)	(4,277,495)
Net cash flows generated from operating activities	38,757,597	26,276,210

(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,	
	2021	(Reclassified) 2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for using equity method	(\$ 647,467)	(\$ 482,258)
Proceeds from liquidation of investments accounted for using equity method	274,719	380,990
Acquisition of investment property	(121,643)	(263,491)
Proceeds from disposal of investment property	488,894	62,676
Acquisition of property and equipment	(1,685,830)	(7,744,355)
Proceeds from disposal of property and equipment	109,601	359,528
Acquisition of intangible assets	(240,610)	(143,727)
Proceeds from disposal of intangible assets	3,591	17,078
Proceeds from disposal of assets held for sale	67,000	473,200
Acquisition of right-of-use assets	(205)	(186)
Net cash flows used in investing activities	(1,751,950)	(7,340,545)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in due to Central Bank and other banks	164,700	675,000
(Decrease) increase in bills and bonds sold under repurchase agreements	(32,755,338)	17,955,269
Increase (decrease) in commercial paper payable	22,547,411	(11,177,948)
Proceeds from issuance of bonds	20,161,607	9,993,895
Repayments of bonds	(4,000,000)	-
Proceeds from issuance of bank debentures	5,500,000	-
Repayments of bank debentures	(17,800,000)	-
Increase (decrease) in other borrowings	2,202,139	(3,051,931)
Cash dividends paid	(14,564,923)	(7,585,898)
Principal payment for lease liabilities	(1,283,069)	(2,110,281)
Other financing activities	-	46,959
Decrease in non-controlling interests	(1,021,729)	(102,413)
Net cash flows (used in) generated from financing activities	(20,849,202)	4,642,652
Net effect of foreign exchange rate changes on cash and cash equivalents	(6,310,104)	113,730
Net Increase in cash and cash equivalents	9,846,341	23,692,047
Cash and cash equivalents at beginning of year	157,785,378	134,093,331
Cash and cash equivalents at end of year	<u>\$ 167,631,719</u>	<u>\$ 157,785,378</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 80,735,621	\$ 77,497,198
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	40,441,134	21,951,862
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	46,454,964	58,336,318
Cash and cash equivalents at end of reporting year	<u>\$ 167,631,719</u>	<u>\$ 157,785,378</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, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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. 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 recognized by the government authority. Additionally, the Company was accredited by the Taiwan Corporate Governance Association with Corporate Governance Assessment Advanced Certification (CG6012) on December 25, 2020.

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

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on March 15, 2022.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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.

A. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’

The amendments address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments provide accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform, end date for Phase 1 relief for non-contractually specified risk components in hedging relationships, additional temporary exceptions from applying specific hedge accounting requirements, and additional IFRS 7 disclosures related to IBOR 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, 2021, 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, 2021, 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	\$ 947,641	\$ 2,534,655
Non-derivative financial instruments	80,917,824	-

B. Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'

The amendment extends the application period of the practical expedient by one year to cover COVID-19-related rent concessions that reduce only lease payments originally due on or before June 30, 2022, provided that all specified conditions are met. The original amendment covered only lease payments originally due on or before June 30, 2021.

Please refer to Note 6(15) for related amounts.

(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 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
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, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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 recognizes 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 recognizes 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 (IFRSs) as endorsed by the FSC.

(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 recognized 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 recognized 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 (including structured entities). Subsidiaries are all 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 interest are not considered. Acquisition costs that exceed fair value of identifiable assets recognized for shareholding ratio are recognized as goodwill; acquisition costs that are less than fair value of identifiable assets recognized for shareholding ratio are directly recognized 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 recognized 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, 2021	December 31, 2020	
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 Limited ("Yuanta Securities Asia Financial Services")	Investment holding	100.00	100.00	
	Yuanta International Insurance Brokers Co., Ltd. ("Yuanta International Insurance Brokers")	Insurance agency 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 Securities (Hong Kong) Limited ("Yuanta Securities (Hong Kong)")	Securities trading, futures contract trading, providing opinions on securities, futures contract and agency financing, asset management services	100.00	100.00	
	Yuanta Asia Investment (Hong Kong) Limited ("Yuanta Asia Investment (Hong Kong)")	Securities trading, asset management services	100.00	100.00	
	Yuanta Investment Consulting (Beijing) ("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	57.39	57.39	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
Yuanta Securities Asia Financial Services	Yuanta Hong Kong Holdings (Cayman) Ltd. ("Yuanta HK Holdings (Cayman)")	Investment holding	100.00	100.00	
	Yuanta Securities Thailand Limited ("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 Asia Financial Services	Yuanta Securities Vietnam Limited Company ("Yuanta Securities (Vietnam)")	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	92.62	90.16	Note 1
Yuanta Securities (Korea)	Yuanta Investment Co.,Ltd.	Venture investment	57.39	57.39	
	Yuanta Financial (Hong Kong) Limited ("Yuanta Financial (Hong Kong)")	Investment holding	57.39	57.39	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc.	Underwriting guidelines, financial advisory services, securities brokerage, dealing in securities and investment advisory	57.39	57.39	
Yuanta Securities (Hong Kong)	Yuanta International Investment (Hong Kong) Ltd. ("Yuanta Investment	Issue 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	0.002	
	Yuanta Investment Management (Cayman)	Investment management	100.00	100.00	
	Yuanta Securities (Vietnam)	Securities brokerage, dealing in securities, underwriting and investment consultation, financial derivatives	7.38	9.84	Note 1
Yuanta Securities (Indonesia)	PT Yuanta Asset Management (Indonesia)	Investment management	99.998	99.998	
Yuanta Investment Management (Cayman)	Yuanta Diamonds Funds SPC - Yuanta Real Estate Securities Fund Segregated Portfolio	Investment in real estate investment trusts	-	19.39	Note 2
Yuanta Investment Co.,Ltd.	Yuanta Quantum Jump No.3 Fund	Investment business	24.60	-	Note 3
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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
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	
SYF Information	SYF Information (Shanghai) Limited (“SYF Information (Shanghai)”)	Information service and data processing services	66.27	66.27	Note 4
Yuanta Venture Capital	Yuanta I Venture Capital Co., Ltd. (“Yuanta I Venture Capital”)	Venture capital investments	100.00	100.00	

Note 1: In December 2019 and September 2021, the Board of Directors approved Yuanta Securities Asia Financial Services’ capital increase to Yuanta Securities (Vietnam) and the process was completed in August 2020 and November 2021.

Note 2: Subscribed in the first quarter of 2020 and redeemed in the fourth quarter of 2021.

Note 3: Subscribed in the third quarter of 2021.

Note 4: On June 30, 2021, to streamline organization structure, the Board of Directors of Yuanta Futures approved to liquidate SYF Information (Shanghai) Limited. The liquidation had been approved by the competent authority on July 12, 2021. The local competent authority approved the liquidation on February 14, 2022, and the process is still ongoing.

C. Structured entities controlled by Yuanta Securities (Korea) are as follows:

December 31, 2021

Structured entities	Services
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
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

December 31, 2021

Structured entities	Services
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

December 31, 2020

Structured entities	Services
YK Indus Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
DK project the second Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
YK Dragon. Co., Ltd.	Asset-backing
Y.K.Glory the 1st.Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YKWork. Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
SJ beomcheon the second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YKSEAWORK. Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing
BUMERSQUARE the 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing

December 31, 2020

Structured entities	Services
YK Hyper Co., Ltd.	Asset-backing
YKDragonLake Co., Ltd.	Asset-backing
YkNineMall Co., Ltd.	Asset-backing
YKSEONHWA. Co., Ltd.	Asset-backing
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
YK Art the 1st Co., Ltd.	Asset-backing
YK Nohyung.Corp	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
Y.K Air the First Co., Ltd.	Asset-backing
YK Believe the 1st., Ltd.	Asset-backing
YK Napoli the 1st. Co., Ltd.	Asset-backing
YFI Sokcho Co., Ltd.	Asset-backing
YK Godeok Co., Ltd.	Asset-backing
YK Antwerp the 1st Co., Ltd.	Asset-backing
YK Gaon Co., Ltd.	Asset-backing
YKAI the 1st. Co., Ltd.	Asset-backing
Doublerich the sixth Co., Ltd.	Asset-backing
YK Lusia Co., Ltd.	Asset-backing
YKLT the 1st.Corp	Asset-backing

Although Yuanta Group does not hold 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, 2021 and 2020, the non-controlling interest amounted to \$20,044,244 and \$20,280,857, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of Subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2021		December 31, 2020	
		Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 14,613,515	42.61%	\$ 15,126,219	42.61%

The comprehensive (loss) income attributable to this non-controlling interest were (\$174,651) and \$1,576,542 for the years ended December 31, 2021 and 2020, respectively.

Summarized financial information for the aforementioned subsidiaries:

Consolidated balance sheets

	Yuanta Securities (Korea) and its subsidiaries	
	December 31, 2021	December 31, 2020
Current assets	\$ 327,228,785	\$ 375,220,873
Non-current assets	15,468,327	17,105,207
Current liabilities	(299,349,069)	(348,424,044)
Non-current liabilities	(7,826,487)	(7,491,992)
Total net assets	<u>\$ 35,521,556</u>	<u>\$ 36,410,044</u>

Consolidated statements of comprehensive income

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2021	2020
Revenue	\$ 20,951,650	\$ 15,254,410
Profit before income tax	4,893,746	3,484,751
Income tax expense	(1,202,896)	(852,412)
Net income	3,690,850	2,632,339
Other comprehensive (loss) income (net of tax)	(3,913,291)	855,543
Total comprehensive (loss) income for the year	<u>(\$ 222,441)</u>	<u>\$ 3,487,882</u>

Consolidated statements of cash flows

	Yuanta Securities (Korea) and its subsidiaries	
	For the years ended December 31,	
	2021	2020
Net cash used in operating activities	(\$ 1,226,081)	(\$ 16,648,486)
Net cash (used in) provided by investing activities	(179,436)	966,146
Net cash provided by financing activities	1,951,517	14,629,008
Effect of exchange rates on cash and cash equivalents	(4,786,132)	(205,312)
Decrease in cash and cash equivalents	(4,240,132)	(1,258,644)
Cash and cash equivalents, beginning of year	18,526,139	19,784,783
Cash and cash equivalents, end of year	<u>\$ 14,286,007</u>	<u>\$ 18,526,139</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. 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 management department of 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 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
- 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.
 - 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.
 - 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 judgement, 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, 2021.

(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, 2021.

(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, 2021.

(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, 2021.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 7,372,807	\$ 5,772,596
Deposits in banks	66,887,071	66,269,968
Futures excess margin and cash equivalents	4,735,560	4,843,308
Excess settlement reserve fund	-	12
Checks for clearing	1,740,183	611,314
Total	<u>\$ 80,735,621</u>	<u>\$ 77,497,198</u>

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

	December 31, 2021	December 31, 2020
Reserve for deposits - account A	\$ 15,899,701	\$ 12,431,950
Reserve for deposits - account B	39,520,433	32,177,999
Deposits by overseas branches to designated accounts of respective local central banks	2,258,756	2,631,752
Reserve for deposits	10,234,067	4,704,230
Call loans to banks	12,430,400	2,427,625
Total	<u>\$ 80,343,357</u>	<u>\$ 54,373,556</u>

A. Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for

deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.

B. 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, 2021 and 2020

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, 2021</u>	<u>December 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Commercial paper	\$ 61,827,117	\$ 71,776,369
Beneficiary certificates / securities	48,402,870	67,542,853
Stocks of companies listed on TWSE or OTC	40,352,596	27,588,569
Emerging stocks	1,668,280	1,799,443
Government bonds	28,530,626	37,610,576
Bank debentures	102,569,797	116,517,856
Corporate bonds	88,225,853	91,510,940
Overseas bonds	-	295,960
Convertible corporate bonds	54,435,801	48,286,841
Derivative financial instruments	13,556,918	13,186,702
Structured products and others	1,964,315	9,225,592
Reserve for claims of customers' deposits with KSFC (Note 1)	76,340,247	88,944,601
Other marketable securities	5,641,320	7,525,152
Valuation adjustment	5,726,401	4,781,185
Total	<u>\$ 529,242,141</u>	<u>\$ 586,592,639</u>
Financial liabilities held for trading		
Derivative financial instruments	\$ 22,734,652	\$ 18,961,577
Non-derivative financial instruments	69,728,384	65,667,664
Valuation adjustment of financial liabilities held for trading—non-derivative financial instruments	5,391,115	8,301,890
Financial liabilities designated as at fair value through profit or loss		
Structured products (Note 2)	39,668,565	53,591,521
Convertible bond asset swap not qualifying for derecognition (Note 2)	18,882,930	16,468,096
Others	2,280,093	466,757
Total	<u>\$ 158,685,739</u>	<u>\$ 163,457,505</u>

Note 1: KSFC stands for Korea Securities Finance Corporation.

Note 2: Financial instruments designated as at fair value through profit or loss on 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 as collateral as of December 31, 2021 and 2020.

B. Financial assets to which the overlay approach is applied are as follows:

	December 31, 2021	December 31, 2020
Equity instruments		
Domestic stocks	\$ 5,103,414	\$ 1,566,179
Overseas stocks	450,556	574,443
	<u>5,553,970</u>	<u>2,140,622</u>
Domestic beneficiary certificates	14,176,553	20,104,429
Overseas beneficiary certificates	2,933,485	848,135
	<u>\$ 22,664,008</u>	<u>\$ 23,093,186</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:

	For the years ended December 31,	
	2021	2020
Profit recognised in accordance with IFRS 9	\$ 893,237	\$ 3,077,141
Less: Profit that would have been recognised under IAS 39	(2,339,384)	(2,752,132)
(Loss) profit from adopting the overlay approach	<u>(\$ 1,446,147)</u>	<u>\$ 325,009</u>
Effects on income tax	<u>\$ 27,761</u>	<u>(\$ 26,319)</u>

D. Please refer to Note 6(38) for the amounts recognized in profit or loss in relation to the financial assets at fair value through profit or loss.

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

Items	December 31, 2021	December 31, 2020
Debt instruments		
Government bonds	\$ 58,516,422	\$ 31,239,956
Bank debentures	63,650,211	52,114,254
Corporate bonds	173,353,614	161,804,262
Commercial paper	71,422	124,062
Others	1,424,392	615,373
Valuation adjustment	(1,610,813)	5,044,261
Subtotal	<u>295,405,248</u>	<u>250,942,168</u>
Equity instruments		
Listed stocks	13,421,708	6,109,711
Unlisted stocks/Emerging stocks	4,527,870	4,710,737
Others	3,315,506	1,916,102
Valuation adjustment	<u>23,036,430</u>	<u>15,928,585</u>
Subtotal	<u>44,301,514</u>	<u>28,665,135</u>
Statutory deposits	(1,216,100)	(1,216,100)
Total	<u>\$ 338,490,662</u>	<u>\$ 278,391,203</u>

A. As of December 31, 2021 and 2020, 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 \$1,216,100 in the Central Bank as statutory operating guarantee deposits, which are recognized under other assets-net.

- B. The Yuanta Group elects to classify strategic equity investments not held for trading as financial assets measured at fair value through other comprehensive income. As of December 31, 2021 and 2020, the fair value of such investments were \$44,301,514 and \$28,665,135, respectively.
- C. For the years ended December 31, 2021 and 2020, 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 avoid systematic risk, consider the asset allocation and adjust the investment portfolio. The fair value of such equity investments sold amounted to \$22,797,024 and \$24,941,062, and accumulated gains on disposal under the consideration of income tax were \$224,305 and \$634,640, respectively.
- D. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 7,782,193	\$ 3,293,779
Reclassified to retained earnings due to derecognition of accumulated gains under the consideration of income tax	\$ 189,960	\$ 651,523
Dividend income recognised in profit or loss		
Held at end of period	\$ 1,668,877	\$ 892,891
Derecognised in the current period	692,198	791,861
	<u>\$ 2,361,075</u>	<u>\$ 1,684,752</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 4,262,861)	\$ 5,446,747
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment (recovery) recognition	(\$ 8,481)	\$ 9,112
Reclassified due to derecognition	(1,956,851)	(2,534,619)
	<u>(\$ 1,965,332)</u>	<u>(\$ 2,525,507)</u>
Interest income recognised in profit or loss	<u>\$ 3,378,764</u>	<u>\$ 3,779,878</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, 2021 and 2020 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, 2021	December 31, 2020
Government bonds	\$ 110,721,492	\$ 101,263,694
Time deposits	198,696,885	148,667,240
Bank debentures	92,164,285	81,985,856
Corporate bonds	109,549,412	100,922,767
Subtotal	511,132,074	432,839,557
Less: Accumulated impairment	(148,842)	(145,737)
Statutory deposits	(2,344,300)	(2,344,300)
Total	<u>\$ 508,638,932</u>	<u>\$ 430,349,520</u>

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

	For the years ended December 31,	
	2021	2020
Interest income	\$ 9,452,715	\$ 8,972,481
impairment loss	(3,336)	(6,226)
Gains on disposal	1,630,526	734,770
	<u>\$ 11,079,905</u>	<u>\$ 9,701,025</u>

B. The Yuanta Group sold certain financial assets at amortized cost for the years ended December 31, 2021 and 2020, due to factors such as considering asset management purposes, 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 disposal gains of amortized cost of debt instrument were \$1,630,526 and \$734,770, respectively.

C. As of December 31, 2021 and 2020, 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 \$2,344,300 in the Central Bank as statutory operating guarantee deposits, which are recognized under other assets-net.

D. Details of the Yuanta Group's financial assets at amortized cost pledged to others as collateral as of December 31, 2021 and 2020, 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, 2021	December 31, 2020
Bills and bonds purchased under resale agreement	<u>\$ 46,454,964</u>	<u>\$ 58,336,318</u>
Interest rate range	0.13%~4.00%	0.11%~1.68%
Contract resale amount	<u>\$ 46,501,102</u>	<u>\$ 58,459,272</u>
Bills and bonds payable under repurchase agreement	<u>\$ 183,865,849</u>	<u>\$ 216,621,187</u>
Interest rate range	-0.55%~3.00%	-0.30%~1.60%
Contract repurchase amount	<u>\$ 187,259,926</u>	<u>\$ 220,352,840</u>

(7) Receivables - net

	December 31, 2021	December 31, 2020	January 1, 2020
Interest receivable	\$ 7,861,299	\$ 7,038,467	\$ 7,779,893
Refinance guaranty receivable	48,803,911	34,546,103	31,025,769
Acceptances receivable	567,264	578,620	231,477
Factoring receivable	5,463,356	4,150,504	5,704,407
Margin loans receivable	120,197,206	92,285,455	71,048,860
Spot exchange receivable (Note)	168,239	10,030,876	1,357,709
Credit card receivable	8,339,888	8,781,748	10,212,562
Trading securities receivable	2,143,192	2,277,246	818,338
Settlement price	11,619,438	16,043,185	5,590,498
Settlement price receivable	52,522,419	58,138,311	30,473,918
Securities sold receivable	3,508,149	4,707,144	4,150,335
Other receivables	4,587,611	6,035,017	5,056,901
Subtotal	265,781,972	244,612,676	173,450,667
Less: Allowance for doubtful accounts	(2,078,612)	(2,136,230)	(2,606,092)
Total	<u>\$ 263,703,360</u>	<u>\$ 242,476,446</u>	<u>\$ 170,844,575</u>

Note: To make information on financial statements more relevant, the Yuanta Group presents net receivables of spot exchange transactions or net spot exchange payable amount respectively after separately aggregated. The amount of spot exchange receivable and spot exchange payable on December 31, 2020 and January 1, 2020 should have been reduced by \$1,514,244 and \$3,395,922, respectively.

A. The Yuanta Group recognized appropriate allowance for debts for receivables. For the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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 all 5.95%~9.75%, respectively; the annual interest rates range of Yuanta Securities (Hong Kong) were 0.76%~12.88% and 0.72%~12.88%, respectively; the annual interest rates range of Yuanta Securities (Indonesia) were 16.00%~18.00% and 18.00%; the annual interest rates range of Yuanta Securities (Thailand) were 3.85%~4.15% and 4.15%~9.25%, respectively; the annual interest rates range of Yuanta Securities (Vietnam) were 6.00%~12.00% and 7.00%~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 on November 25, 2021, November 20, 2020, 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 \$194,563 and \$203,730 as of December 31, 2021 and 2020, respectively. The fair value of the assets held for sale is based on the result of valuation by independent valuation experts, which was categorized within level 2 in the fair value hierarchy. For the years ended December 31, 2021 and 2020, the Yuanta Group sold part of the assets held for sale, and the proceeds from disposal amounted to \$67,000 and \$473,200, respectively, and gain on disposal amounted to \$4,957 and \$12,765, respectively. For the years ended December 31, 2021 and 2020, the Yuanta Group recognized (\$12,163) and \$349, respectively of related impairment (losses) reversal gains.

(9) Bills discounted and loans - net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bills discounted	\$ 52,595	\$ 155,817
Overdrafts	3,495	25,702
Short-term loans	76,386,151	59,749,704
Short-term loans secured	78,421,921	69,524,551
Medium-term loans	108,695,496	120,466,376
Medium-term loans secured	237,792,993	203,092,313
Long-term loans	5,846,989	7,818,832
Long-term loans secured	380,497,850	334,411,270
Import-export negotiations	42,043	63,994
Accounts receivable factoring	369,409	916,721
Automatic policy loans	1,504,292	1,452,487
Life insurance policy loans	5,798,540	5,620,591
Loans transferred to non-performing loans	2,100,281	3,703,423
Subtotal	897,512,055	807,001,781
Less: Allowance for credit losses	(13,243,398)	(13,201,740)
Less: Adjustment for premium	23,205	12,866
Total	<u>\$ 884,291,862</u>	<u>\$ 793,812,907</u>

A. The Yuanta Group recognized appropriate allowance for bad debts for the bills discounted, loans and receivables. For the details of changes in allowance for bad debts in relation to bills discounted and loans for the years ended December 31, 2021 and 2020, please refer to Note 12(3).

B. Classified by subsidiaries as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bills discounted and loans including adjustment for premium		
Yuanta Bank	\$ 875,442,970	\$ 782,770,760
Yuanta Securities	14,789,164	17,165,665
Yuanta Life	7,303,126	7,078,222
Subtotal	897,535,260	807,014,647
Allowance for credit losses		
Yuanta Bank	(\$ 12,320,067)	(\$ 11,730,288)
Yuanta Securities	(923,327)	(1,471,375)
Yuanta Life	(4)	(77)
Subtotal	(13,243,398)	(13,201,740)
Total	<u>\$ 884,291,862</u>	<u>\$ 793,812,907</u>

C. For the years ended December 31, 2021 and 2020, the Yuanta Group disposed credit assets measured at amortised cost and recognized a gain of \$19,805 and \$339,055, respectively.

(10) Reinsurance contract assets

	December 31, 2021	December 31, 2020
Claims recoverable from reinsurers	\$ 589,641	\$ 358,339
Due from reinsurers and ceding companies	136,791	115,705
Reinsurance reserve assets		
ceded unearned premium reserve	457,017	547,152
Ceded claims reserve	146,072	78,261
Total	<u>\$ 1,329,521</u>	<u>\$ 1,099,457</u>

(11) Investments accounted for under the equity method

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Associates:				
CR Yuanta Fund Management Company Limited	\$ 337,265	24.50%	\$ 335,729	24.50%
GC Investment Consultant (Shanghai) Co., Ltd.	20,126	100.00%	20,845	100.00%
Yuanta Security (United Kingdom)	-	-	57,971	100.00%
Woori Asset Management Corp.	751,041	27.00%	790,688	27.00%
Polaris Ocean Private Equity Fund	75,719	3.26%	84,751	3.26%
2011 KIF-TONGYANG IT Venture Fund	-	-	50,457	17.20%
TONGYANG AGRI-FOOD INVESTMENT FUND II	71,155	40.74%	93,591	40.74%
IBKC-TONGYANG Growth 2013 Private Equity Fund	136,660	10.71%	149,666	10.71%
KVIC-Yuanta 2015 Overseas Advance Fund	235,341	44.00%	245,465	44.00%
2016 KIF-Yuanta ICT Venture Fund	98,532	16.67%	127,613	16.67%
Yuanta Secondary No.2 Fund	191,683	12.28%	196,947	12.28%
Yuanta Secondary No.3 Private Equity Fund	576,228	15.26%	458,903	15.26%
Yuanta SPAC III	-	-	1,662	0.83%
SJ-ULTRA V 1st FUND	28,539	34.48%	32,753	34.48%
Yuanta SPAC IV	1,092	0.54%	1,237	0.54%
Yuanta-HPNT Private Equity Fund	4,635	0.09%	5,240	0.09%
Yuanta SPAC V	677	0.25%	769	0.25%
Yuanta SPAC VI	-	-	765	0.22%
Kiwoom-Yuanta 2019 Scale-up Fund	277,222	15.20%	97,401	15.20%
Yuanta SPAC VII	2,083	0.91%	2,351	0.91%
Yuanta SPAC VIII	457	0.15%	598	4.17%
Yuanta Innovative Job Creation Fund	127,096	22.73%	-	-
Yuanta Quantum Jump No.1 Fund	76,671	12.50%	-	-
Yuanta Great Unicorn No.1 Fund	68,833	17.65%	-	-
Yuanta Innovative Growth MPE Fund	34,539	14.02%	-	-
	<u>\$3,115,594</u>		<u>\$2,755,402</u>	

The Yuanta Group's shares of the operating results in all individually immaterial associates are summarized below:

	For the years ended December 31,	
	2021	2020
Net gain for the period from continuing operations	\$ 493,848	\$ 295,854
Other comprehensive loss (net of tax)	(754)	(27,200)
(12) <u>Other financial assets - net</u>		
	December 31, 2021	December 31, 2020
Non-loans reclassified to non-performing loans	\$ 922,789	\$ 973,496
Less: Allowance for credit losses	(917,159)	(938,395)
	<u>5,630</u>	<u>35,101</u>
Purchase of claim receivable	1,834,995	1,853,059
Valuation adjustment on purchase of claim receivable	(21,729)	(21,239)
	<u>1,813,266</u>	<u>1,831,820</u>
Customer margin deposit account	78,225,201	74,750,544
Investment-linked insurance product assets	30,724,969	1,923,783
Securities borrowing and lending refundable deposits	39,934	249,142
Others	144,592	244,373
Total	<u>\$ 110,953,592</u>	<u>\$ 79,034,763</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, 2021 and 2020, as well as for the years ended December 31, 2021 and 2020, details about the assets on insurance products, separated accounts were as follows:

	December 31, 2021	December 31, 2020
Investment – linked insurance product assets		
Cash in bank	\$ 105	\$ 424
Financial assets at fair value through profit or loss	30,647,537	1,919,545
Other receivables	<u>77,327</u>	<u>3,814</u>
	<u>\$ 30,724,969</u>	<u>\$ 1,923,783</u>
	December 31, 2021	December 31, 2020
Investment – linked insurance product liabilities		
Reserve for investment linked insurance product – insurance contract	\$ 6,085,939	\$ 1,913,038
Reserve for investment linked insurance product – investment contract	24,578,809	7,998
Other payables	<u>60,221</u>	<u>2,747</u>
	<u>\$ 30,724,969</u>	<u>\$ 1,923,783</u>

	For the years ended December 31,	
	2021	2020
Revenue on investment – linked insurance products		
Premium income	\$ 4,488,703	\$ 224,048
Gain on financial assets at fair value through profit or loss	196,259	19,644
Exchange gain	706	2,188
Interest income	5,586	6,176
Other income	5,652	8,536
	<u>\$ 4,696,906</u>	<u>\$ 260,592</u>
Expenses on investment – linked insurance products		
Claims and policy benefit payments	\$ 281,736	\$ 173,417
Net change in reserve for investment-linked insurance product-insurance contract	4,173,607	(8,148)
Administrative expenses and other expenses	241,563	95,323
	<u>\$ 4,696,906</u>	<u>\$ 260,592</u>

(13) Investment property - net

Assets	December 31, 2021			
	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>
Assets	December 31, 2020			
	Cost	Accumulated depreciation	Accumulated impairment	Book value
Land and land improvements	\$ 3,067,011	\$ -	(\$ 217,021)	\$ 2,849,990
Buildings	2,973,293	(1,088,771)	(43,233)	1,841,289
Right-of-use assets	6,691,088	(176,872)	-	6,514,216
Investment property under construction	343,828	-	-	343,828
Prepayments for land and buildings	8,961	-	-	8,961
Total	<u>\$ 13,084,181</u>	<u>(\$ 1,265,643)</u>	<u>(\$ 260,254)</u>	<u>\$ 11,558,284</u>

Change in investment property of the Yuanta Group:

	For the years ended December 31,	
	2021	2020
Cost		
At January 1	\$ 13,084,181	\$ 6,397,620
Additions	297,016	1,702,864
Disposals	(415,297)	(71,805)
Transferred out to property and equipment	(967,166)	(112,938)
Transferred in from property and equipment	536,347	4,831,092
Others	-	318,836
Foreign exchange adjustment and others	(349,207)	18,512
At December 31	<u>\$ 12,185,874</u>	<u>\$ 13,084,181</u>
	For the years ended December 31,	
	2021	2020
Accumulated depreciation		
At January 1	(\$ 1,265,643)	(\$ 1,154,090)
Depreciation	(93,951)	(95,431)
Disposals	53,332	18,797
Transferred out to property and equipment	178,053	36,548
Transferred in from property and equipment	(110,930)	-
Others	-	21,256
Foreign exchange adjustment and others	(1,561)	(92,723)
At December 31	<u>(\$ 1,240,700)</u>	<u>(\$ 1,265,643)</u>
	For the years ended December 31,	
	2021	2020
Accumulated impairment		
At January 1	(\$ 260,254)	(\$ 327,558)
Recovery	19,387	6,037
Disposals	1,306	1,484
Transferred out to property and equipment	-	59,783
Transferred in from property and equipment	(12,091)	-
At December 31	<u>(\$ 251,652)</u>	<u>(\$ 260,254)</u>
A. The fair value of the investment property held by the Yuanta Group as of December 31, 2021 and 2020 were \$12,506,439 and \$13,206,719, respectively, according to the result of valuation by an independent valuation expert using the income method, comparison method, market approach and land development analysis approach. 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. As of December 31, 2020, the fair value included the amounts of \$3,521,010 and \$9,685,709 that was categorised within Level 2 and Level 3 in the fair value hierarchy, respectively.		
B. For the years ended December 31, 2021 and 2020, rental income from the lease of the investment property were \$209,997 and \$217,481, respectively.		

- C. In 2020, the consolidated company, Yuanta Life, acquired investment property (including right-of-use assets and investment property under construction) by entering “The contract of establishment of superficies for state-owned (non-public use)” on January 30, 2020, with National Property administration, Ministry of Finance, Northern Region Branch and acquired right of superficies of nine lands on No. 414, Sec. 3, Chang’an Rd., Zhongshan Dist., Taipei City. The total contract amount was made based on the appraisal report of real estate appraiser and acquired by auction of \$5,330,000. The payment for construction integrated with Mass Rapid Transit amounting to \$232,128 was classified as investment property under construction.
- D. The Yuanta Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognized the gain from changes in lease payments arising from the rent concessions amounting to \$9,076 and \$5,579 by decreasing lease liability and investment property - investment property under construction for the years ended December 31, 2021 and 2020, respectively.
- E. Please refer to Note 8 for details of Yuanta Group’s investment property pledged to others as collateral.

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(14) Property and equipment - net

Change in property and equipment of the Yuanfa Group:

Cost	2021						
	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 the collateral provided for the above property and equipment.

The Yuanta Group set land and buildings which were classified as operating lease, and the assets belonging and not belonging to operating lease are as follows:

2021

	Land		Subtotal	Buildings		Subtotal
	Owner-occupied	Lease		Owner-occupied	Lease	
Cost						
At January 1	\$ 14,152,650	\$ 192,654	\$ 14,345,304	\$ 8,454,299	\$ 27,881	\$ 8,482,180
Additions	-	-	-	54,229	-	54,229
Disposals	(77,976)	-	(77,976)	(77,350)	-	(77,350)
Transferred in from investment property	618,575	-	618,575	348,591	-	348,591
Transferred out to investment property	(331,297)	-	(331,297)	(205,050)	-	(205,050)
Others (Note)	775,912	(192,654)	583,258	(1,178,570)	(27,881)	(1,206,451)
Translation difference	(42,119)	-	(42,119)	(154,906)	-	(154,906)
At December 31	\$ 15,095,745	\$ -	\$ 15,095,745	\$ 7,241,243	\$ -	\$ 7,241,243
Accumulated depreciation						
At January 1	\$ -	\$ -	\$ -	(\$ 2,578,035)	(\$ 4,758)	(\$ 2,582,793)
Depreciation	-	-	-	(240,971)	(31)	(241,002)
Disposals	-	-	-	48,084	-	48,084
Transferred in from investment property	-	-	-	(178,053)	-	(178,053)
Transferred out to investment property	-	-	-	110,930	-	110,930
Others (Note)	-	-	-	553,365	4,789	558,154
Translation difference	-	-	-	61,027	-	61,027
At December 31	\$ -	\$ -	\$ -	(\$ 2,223,653)	\$ -	(\$ 2,223,653)
Accumulated impairment						
At January 1	(\$ 192,614)	\$ -	(\$ 192,614)	(\$ 66,387)	\$ -	(\$ 66,387)
Disposals	34,992	-	34,992	-	-	-
Transferred out to investment property	7,973	-	7,973	4,118	-	4,118
At December 31	(\$ 149,649)	\$ -	(\$ 149,649)	(\$ 62,269)	\$ -	(\$ 62,269)
Net carrying amount	\$ 14,946,096	\$ -	\$ 14,946,096	\$ 4,955,321	\$ -	\$ 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.

2020

	Land			Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal
Cost						
At January 1	\$ 14,384,557	\$ 192,654	\$ 14,577,211	\$ 7,124,840	\$ 27,881	\$ 7,152,721
Additions	4,140,405	-	4,140,405	1,206,245	-	1,206,245
Disposals	(141,485)	-	(141,485)	(335)	-	(335)
Transferred out to investment property	3,654	-	3,654	112,960	-	112,960
Transferred in from investment property	(4,186,917)	-	(4,186,917)	-	-	-
Others	(45,267)	-	(45,267)	1,091	-	1,091
Translation difference	(2,297)	-	(2,297)	9,498	-	9,498
At December 31	\$ 14,152,650	\$ 192,654	\$ 14,345,304	\$ 8,454,299	\$ 27,881	\$ 8,482,180
Accumulated depreciation						
At January 1	\$ -	\$ -	\$ -	2,368,392	3,430	2,371,822
Depreciation	-	-	-	(181,965)	(1,328)	(183,293)
Disposals	-	-	-	187	-	187
Transferred in from investment property	-	-	-	40,224	-	40,224
Others	-	-	-	17,279	-	17,279
Translation difference	-	-	-	(4,920)	-	(4,920)
At December 31	\$ -	\$ -	\$ -	\$ 2,578,035	\$ 4,758	\$ 2,582,793
Accumulated impairment						
At January 1	(\$ 135,885)	\$ -	(\$ 135,885)	62,195	\$ -	62,195
Impairment loss	(1,139)	-	(1,139)	1	-	1
Transferred in from investment property	(55,590)	-	(55,590)	(4,193)	-	(4,193)
At December 31	(\$ 192,614)	\$ -	(\$ 192,614)	\$ 66,387	\$ -	66,387
Net carrying amount	\$ 13,960,036	\$ 192,654	\$ 14,152,690	\$ 5,809,877	\$ 23,123	\$ 5,833,000

(15) Leasing arrangements — lessee

A. The Yuanta Group leases various assets including land, buildings, machinery and equipment, business vehicles 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:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	\$ 8,768,519	\$ 8,898,397
Buildings	3,493,722	4,023,721
Machinery and equipment	133,924	205,963
Transportation equipment	15,000	18,506
Others	32,786	34,891
	<u>\$ 12,443,951</u>	<u>\$ 13,181,478</u>
	For the years ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	\$ 19,642	\$ 22,998
Buildings	1,284,970	1,371,837
Machinery and equipment	50,659	53,566
Transportation equipment	13,765	15,264
Others	8,693	10,782
	<u>\$ 1,377,729</u>	<u>\$ 1,474,447</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$1,073,448 and \$1,586,203, respectively.

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

	For the years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 79,627	\$ 99,796
Expense on short-term lease contracts	79,550	74,574
Expense on leases of low-value assets	8,805	10,331
Gain on sublease of right-of-use assets	13,010	12,973
Loss on lease modification	(1,149)	(789)

E. For the years ended December 31, 2021 and 2020, the Yuanta Group's total cash outflow for leases amounted to \$1,451,051 and \$7,592,824, respectively.

F. The Yuanta Group has applied the practical expedient to "Covid-19-related rent concessions", and recognized the gain from changes in lease payments arising from the rent concessions amounting to \$3,641 by decreasing rent expense for the year ended June 30, 2021.

G. The Yuanta Group has applied the practical expedient to “Covid-19-Related Rent Concessions beyond June 30, 2021”, and the gain from changes in lease payments arising from the rent concessions after June 30, 2021 was recognized as the deduction of rent expense by \$8,059.

(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,	
	2021	2020
Finance income from the net investment in the finance lease	\$ 960	\$ 1,305

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

	December 31, 2021	December 31, 2020
2021	\$ -	\$ 8,462
2022	8,463	8,463
2023	8,463	8,463
Total	\$ 16,926	\$ 25,388

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

	December 31, 2021	December 31, 2020
Undiscounted lease payments	\$ 16,926	\$ 25,388
Unearned finance income	(810)	(1,770)
Net investment in the lease	\$ 16,116	\$ 23,618

E. For the years ended December 31, 2021 and 2020, the Yuanta Group recognized rent income in the amounts of \$210,049 and \$229,572 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, 2021		December 31, 2020
2022	\$ 124,552	2021	\$ 212,124
2023	55,446	2022	125,208
2024	26,750	2023	50,080
2025	14,574	2024	24,624
2026	2,269	2025	16,582
After 2027	5,344	After 2026	10,817
Total	\$ 228,935	Total	\$ 439,435

(17) Intangible assets - net

Cost	2021					
	Goodwill	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 amortization						
At January 1	\$ -	(\$ 371,541)	(\$ 4,085,009)	(\$ 3,034,376)	(\$ 2,111,719)	(\$ 9,602,645)
Amortization	-	(1,641)	(247,032)	(3,750)	(232,537)	(484,960)
Disposals	-	-	109,313	-	4	109,317
Reclassification	-	-	(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)
Impairments (Note)	(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 : Due to the COVID-19 pandemic and the political and economic uncertainty and risk in China, Hong Kong and Macau, the operating conditions differ from expectations. An intangible assets impairment of the Yuanta Bank and its subsidiaries - international finance department amounted to \$286,526 was recognized due to the recoverable amount was less than the carrying amount for the year ended December 31, 2021.

2020

Cost	Goodwill	Operating rights	Computer software	Customer relationshipship	Others	Total
At January 1	\$ 31,505,838	\$ 385,200	\$ 4,604,348	\$ 3,045,314	\$ 4,432,247	\$ 43,972,947
Additions	-	-	133,796	-	9,931	143,727
Disposals	-	-	(166,658)	-	(21,646)	(188,304)
Reclassification	-	-	95,586	-	-	95,586
Translation difference	(11,130)	(712)	16,200	-	(6,625)	(2,267)
At December 31	\$ 31,494,708	\$ 384,488	\$ 4,683,272	\$ 3,045,314	\$ 4,413,907	\$ 44,021,689
Accumulated amortization						
At January 1	\$ -	(\$ 370,109)	(\$ 3,983,321)	(\$ 3,030,626)	(\$ 1,878,442)	(\$ 9,262,498)
Amortization	-	(1,641)	(245,284)	(3,750)	(232,703)	(483,378)
Disposals	-	-	164,807	-	-	164,807
Translation difference	-	209	(21,211)	-	(574)	(21,576)
At December 31	\$ -	(\$ 371,541)	(\$ 4,085,009)	(\$ 3,034,376)	(\$ 2,111,719)	(\$ 9,602,645)
Accumulated impairment						
At January 1	(\$ 1,475,943)	\$ -	\$ -	\$ -	(\$ 37,046)	(\$ 1,512,989)
Impairment loss	(1,412,591)	-	-	-	(2,227)	(1,414,818)
Disposals	-	-	-	-	7,824	7,824
Translation difference	(390)	-	-	-	(23)	(413)
At December 31	(\$ 2,888,924)	\$ -	\$ -	\$ -	(\$ 31,472)	(\$ 2,920,396)
Net carrying amount	\$ 28,605,784	\$ 12,947	\$ 598,263	\$ 10,938	\$ 2,270,716	\$ 31,498,648

- A. Yuanta Group's goodwill all arose from business combination. In accordance with the accounting treatment under the Enterprise Merger and Acquisition Act, the excess of acquisition costs over the sum of the fair value of tangible and identifiable intangible assets less the liabilities assumed should be recorded as goodwill.
- B. Goodwill is allocated to cash generating units as identified by operating segments. Recoverable amounts are determined according the value-in-use, which is calculated according to management's estimate of future cash flows for future periods. For cash flows that exceed the aforementioned future periods, the following estimated growth rates are used for calculations. Goodwill of the Yuanta Group is tested annually for impairment at the end of each year. Due to the COVID-19 pandemic and the political and economic uncertainty and risk in China, Hong Kong and Macau, the operating conditions differ from expectations. The Yuanta Group engaged with experts to issue a goodwill impairment test report. In 2021, the recoverable amount of the securities' subsidiary- reinvestment department's (Thailand) cash generating units were less than its book value. Therefore, they recognised an impairment loss on goodwill of \$6,273. In 2020, the recoverable amount of banking subsidiaries-international financial department, Yuanta Savings Bank (Korea) and securities subsidiary- reinvestment department (Thailand) cash generating units were less than their book value. As a result, they recognised impairment on goodwill of \$950,438, \$398,490 and \$63,663, respectively.

The main assumptions used in calculating value-in-use are as follows:

The main assumptions used in calculating value in use are as follows:

	Bank subsidiaries					
	Corporate finance	International finance	Personal finance	Financial management	Financial market	
2021						
Growth rate	2.50%	2.50%	2.50%	2.50%	2.50%	
Discount rate	7.90%	9.70%	7.90%	7.90%	7.90%	
	Securities subsidiaries					
	Brokerage Segment	Investment BankSegment	Investment Segment	Futures	Securities Investment Trust	
2021						
Growth rate	2.00%	2.00%	3.00%	2.00%	2.00%	
Discount rate	10.40%	10.30%	14.90~17.20%	8.70%	13.10%	
	Bank subsidiaries					
	Corporate finance	International finance	Personal finance	Financial management	Financial market	Yuanta Savings Bank (Korea) Inc.
2020						
Growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	3.20%
Discount rate	8.50%~9.60%	10.20%~11.40%	8.50%~9.60%	8.50%~9.60%	8.50%~9.60%	10.00%~10.90%
	Securities subsidiaries					
	Brokerage Segment	Investment BankSegment	Investment Segment	Futures	Securities Investment Trust	
2020						
Growth rate	2.00%	2.00%	3.00%~3.20%	2.00%	2.00%	
Discount rate	8.70%	8.60%	14.40%~17.30%	9.00%	14.00%	

(18) Other assets - net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Refundable deposits - net	\$ 2,951,966	\$ 4,190,962
Refundable deposits for securities lending	54,416,318	29,728,039
Operating guarantee deposits and settlement fund	5,154,440	4,936,468
Prepaid expenses	734,207	805,716
Bank deposits - amounts held for settlement	23,207,687	21,688,529
Others	403,201	493,922
Total	<u>\$ 86,867,819</u>	<u>\$ 61,843,636</u>

Please refer to Note 8 for details of the Yuanta Group's other assets pledged to others as collateral as of December 31, 2021 and 2020.

(19) Non-financial asset impairment losses

As of December 31, 2021 and 2020, accumulated impairment on various financial assets were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment property	\$ 251,652	\$ 260,254
Property and equipment	212,216	259,299
Intangible assets - goodwill	2,886,663	2,888,924
Intangible assets - other	316,015	31,472

(20) Deposits from Central Bank and other banks

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Overdrafts from other banks	\$ 3,303,101	\$ 2,567,621
Call loans from other banks	17,214,445	7,738,100
Redeposit from the directorate general of postal remittance	5,106,578	5,106,578
Total	<u>\$ 25,624,124</u>	<u>\$ 15,412,299</u>

(21) Commercial paper payable - net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	\$ 50,022,000	\$ 27,474,589
Less: Discount on commercial paper payable	(38,498)	(57,100)
Total	<u>\$ 49,983,502</u>	<u>\$ 27,417,489</u>

As of December 31, 2021 and 2020, the annual interest rate of commercial paper payable were 0.318%~2.220% and 0.288%~1.550%, respectively.

The guarantee and acceptance institutions for the above commercial paper payable were as follows:

December 31, 2021	December 31, 2020
Dah Chung Bills Finance Corp.	CTBC Bank Co., Ltd.
CTBC Bank Co., Ltd.	China Bills Finance Corporation
China Bills Finance Corporation	Taipei Fubon Commercial Bank Co., Ltd.
Taishin International Bank Co., Ltd.	Taishin International Bank Co., Ltd.
Bank Sinopac Co., Ltd.	Bank Sinopac Co., Ltd.
Cathay United Commercial Bank Co., Ltd.	Cathay United Commercial Bank Co., Ltd.
Hua Nan Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.
Ta Ching Bills Finance Corporation	Sunny Bank Ltd.
Sunny Bank Ltd.	Grand Bills Finance Corp.
Grand Bills Finance Corp.	Taiwan Business Bank Co., Ltd.
Taiwan Business Bank Co., Ltd.	Union Bank of Taiwan Co., Ltd.
Union Bank of Taiwan Co., Ltd.	Taiwan Finance Corporation
Taiwan Finance Corporation	KGI Commercial Bank Co., Ltd.
KGI Commercial Bank Co., Ltd.	Shinhan Bank
Mega Bills Finance Co., Ltd.	Meritz Securities Co., Ltd.
Shinhan Bank	KB Securities Co., Ltd.
Meritz Securities Co., Ltd.	KTB Securities Co., Ltd.
KB Securities Co., Ltd.	Eugene Investment & Securities
KTB Securities Co., Ltd.	KIWOOM Securities Co., Ltd.
Eugene Investment & Securities	Bookook Securities Co., Ltd.
BNK Securities Co., Ltd.	

(BLANK)

(22) Payables

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts payable	\$ 103,993,938	\$ 115,112,359	\$ 83,601,357
Demand remittance payable			
(Note)	166,763	9,956,237	1,359,163
Bankers' acceptances payable	567,264	578,620	231,675
Interests payable	1,430,356	1,511,734	2,168,012
Commission payable	228,827	326,497	537,297
Accrued expenses	14,153,609	11,473,665	9,071,384
Taxes payable	351,520	287,853	259,581
Collections payable for customers	1,115,254	1,091,507	795,571
Proceeds payable from underwriting	432,170	742,337	1,033,662
Due to reinsurers and ceding companies	724,676	573,315	544,877
Collateralized proceeds payable from securities lending	9,283,971	8,253,964	9,216,987
Consigned securities payable	9,245,192	14,988,418	4,990,149
Settled price	2,117,559	2,858,884	808,597
Securities purchased payable	2,251,618	9,468,087	4,879,672
Settlement payable	55,023,049	58,683,722	28,129,520
Deposits received on securities lending	8,268,651	7,645,125	8,025,210
Checks for clearing	1,739,469	610,952	585,996
SBL refund payable	904,706	266,692	153,271
Other payables	2,484,402	2,403,718	1,539,143
Total	<u>\$ 214,482,994</u>	<u>\$ 246,833,686</u>	<u>\$ 157,931,124</u>

Note: Please refer to Note 6(7) for the details of reclassification.

(23) Deposits and remittances

	December 31, 2021	December 31, 2020
Checking deposits	\$ 6,157,430	\$ 5,236,168
Demand deposits	237,158,129	176,440,113
Time deposits	284,414,524	263,422,721
Negotiable certificates of deposit	7,834,000	13,504,500
Savings deposits	839,343,186	752,279,752
Remittances	94,770	137,140
The account for foreign exchange credit purposes	344	-
Total	<u>\$ 1,375,002,383</u>	<u>\$ 1,211,020,394</u>

(24) Bonds payable

	December 31, 2021	December 31, 2020
Bank debentures	\$ 22,200,000	\$ 34,500,000
Unsecured corporate bonds	60,339,085	44,290,127
Total	<u>\$ 82,539,085</u>	<u>\$ 78,790,127</u>

A. The details of bank debentures as of December 31, 2021 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
	Sixth issue of subordinate bank debentures in 2015
Par value	\$2,000,000
Stated interest rate	Fixed interest rate at 2.08%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	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
B. The details of unsecured corporate bonds as of December 31, 2021 were as follows:	
The Company	
	Yuanta Financial Holdings first issue of local unsecured normal corporate bond in 2015
Par value	\$1,300,000
Stated interest rate	Fixed interest rate at 1.67%
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 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 second issue of local unsecured normal corporate bond in 2016(B)
Par value	\$1,600,000
Stated interest rate	Fixed interest rate at 0.85%
Period	Six 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
The Yuanta Group	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
	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

	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
	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
	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
	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 Asia Financial Services USD denominated unsecured privately placed bonds
Par value	USD 50,000 thousand (USD 34,560 thousand outstanding)
Stated interest rate	Fixed interest rate at 4.10%
Issuance date	August 2, 2018
Maturity date	August 2, 2023
Issuance area	Hong Kong
	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	
	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) <u>Other borrowings</u>		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Short-term borrowings		
Unsecured bank borrowings	\$ 8,550,186	\$ 5,412,015
Secured bank borrowings	4,586,309	5,577,018
KSFC secured borrowings	28,472,259	27,901,800
Issuance of short-term bond	18,389,446	18,905,228
	<u>\$ 59,998,200</u>	<u>\$ 57,796,061</u>
Interest rate range	<u>0.65%~7.90%</u>	<u>0.60%~8.60%</u>
(26) <u>Provisions for other liabilities</u>		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Insurance liability	\$ 325,120,319	\$ 304,868,061
Reserve for foreign exchange fluctuation	333,427	714,669
Employee benefit liabilities reserve	6,728,135	6,629,634
Guaranteed policy reserve	133,858	151,060
Loan commitment reserve and letters of credit	39,756	44,148
Reserve for insurance with nature of financial instrument	58,139	-
Other reserves (Note)	3,928,624	664,363
Total	<u>\$ 336,342,258</u>	<u>\$ 313,071,935</u>

Note: For former TongYang Securities Inc.'s disputes with investors, incident to the sale of financial products issued by associates of the Tong Yang Group, for which investors have filed complaints with the competent authority of Korea, the competent authority of Korea, since July 31, 2014, has announced the results of the first mediation through the subsequent tenth mediation, concluding total disputed sales of KRW697,000 million (approximately NT\$16.2 billion); of which former TongYang Securities Inc. was liable for compensations totaling KRW67,678 million (approximately NT\$1.6 billion). Starting from the end of September 2014, other than a minority of customers who filed complaints, disagreeing with the above-mentioned mediated results by the competent authority, former TongYang Securities Inc. has commenced paying compensations.

In addition, as of December 31, 2021, there were 2 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned dispute on financial products selling, demanding compensations totaling KRW542,565 million (approximately NT\$12.6 billion); of all were class actions, demanding compensation of KRW492,565 million (approximately NT\$11.5 billion) and KRW50,000 million (approximately NT\$1.2 billion). For the KRW492,565 million class action, the Seoul High Court found the relevant formal conditions of the class action (such as commonality and efficiency) were already in place on October 28, 2019 and permitted the procedure application of this class action. Then the Supreme Court dismissed the appeal of Yuanta Securities (Korea), so that the case would proceed to the substantive trial and the Court would determine whether the plaintiffs' request is justified. For the KRW50,000 million class action, the Seoul Central District Court and the Seoul High Court had rejected through the adjudication procedure, the plaintiffs filed an appeal on October 22, 2018 and the class action was in the process of the third instance.

Former TongYang Securities Inc. has recognized a liability reserve of KRW93,400 million (approximately NT\$2.2 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 KRW24,228 million (approximately NT\$600 million) in liability reserves as of December 31, 2021. As of December 31, 2021, the balance of the liability reserve related to the aforementioned dispute on sales of financial products was KRW4,836 million (approximately NT\$110 million).

In addition, as of December 31, 2021, Yuanta Securities (Korea) recognized provision liabilities amounting to KRW10,524 million (approximately NT\$240 million) 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. Also, please refer to the explanation in Note 9(6)B for Yuanta Securities (Korea)'s arbitration award.

A. The components of insurance liabilities are as follows:

	December 31, 2021	December 31, 2020
Unearned premium reserve	\$ 979,625	\$ 795,764
Claims reserve	1,177,187	802,204
Reserve for policy benefit	318,623,335	298,427,292
Premium deficiency reserve	819,935	1,129,185
Other reserves	3,520,237	3,713,616
Total	<u>\$ 325,120,319</u>	<u>\$ 304,868,061</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, 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>
December 31, 2020			
	Insurance contract	Financial instruments with discretionary participation features	Total
Unearned premium reserve			
Personal life insurance	\$ 1,927	\$ -	\$ 1,927
Personal accident insurance	254,260	-	254,260
Personal health insurance	363,940	-	363,940
Group insurance	173,290	-	173,290
Investment-linked insurance	2,347	-	2,347
	<u>\$ 795,764</u>	<u>\$ -</u>	<u>\$ 795,764</u>
Ceded unearned premium reserve			
Personal life insurance	\$ 379,447	\$ -	\$ 379,447
Personal accident insurance	702	-	702
Personal health insurance	164,367	-	164,367
Group insurance	1,790	-	1,790
Investment-linked insurance	846	-	846
	<u>\$ 547,152</u>	<u>\$ -</u>	<u>\$ 547,152</u>

b. Change in unearned premium reserve and ceded unearned premium reserve are as follows:

		For the years ended December 31,	
		2021	2020
Unearned premium reserve			
At January 1	\$	795,764	\$ 633,319
Provision		979,625	795,764
Recovery	(	795,764)	(633,319)
At December 31	\$	<u>979,625</u>	\$ <u>795,764</u>
		For the years ended December 31,	
		2021	2020
Ceded unearned premium reserve			
At January 1	\$	547,152	\$ 505,791
Current net change	(	89,732)	42,084
Loss on foreign exchange	(	403)	(723)
At December 31	\$	<u>457,017</u>	\$ <u>547,152</u>

(B) Claims reserve and ceded claims reserve

a. Details of claims reserve and ceded claims reserve are as follows:

		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>146,072</u>

	December 31, 2020		
	Claims reported but not paid	Claims incurred but not reported	Total
Claims reserve			
Personal life insurance	\$ 392,894	\$ 438	\$ 393,332
Personal accident insurance	3,776	40,729	44,505
Personal health insurance	231,260	108,467	339,727
Group insurance	4,399	19,322	23,721
Investment-linked insurance	902	17	919
	<u>\$ 633,231</u>	<u>\$ 168,973</u>	<u>\$ 802,204</u>
Ceded claims reserve			
Personal life insurance	\$ 28,489	\$ -	\$ 28,489
Personal health insurance	49,772	-	49,772
	<u>\$ 78,261</u>	<u>\$ -</u>	<u>\$ 78,261</u>

b. Change in claims reserve and ceded claims reserve are as follows:

	For the years ended December 31,	
	2021	2020
Claims reserve		
At January 1	\$ 802,204	\$ 638,183
Provision (Note)	1,177,228	802,272
Recovery	(802,204)	(638,183)
Gain on foreign exchange	(41)	(68)
At December 31	<u>\$ 1,177,187</u>	<u>\$ 802,204</u>
	For the years ended December 31,	
	2021	2020
Ceded claims reserve		
At January 1	\$ 78,261	\$ 66,754
Current net change	67,811	11,507
At December 31	<u>\$ 146,072</u>	<u>\$ 78,261</u>

Note: The provision of claims incurred but not reported in 2021 and 2020 amounted to \$228,322 and \$168,973, respectively.

(C) Reserve for policy benefit

a. Details of reserve for policy benefit are as follows:

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>

December 31, 2020			
	Insurance contract	Financial instruments with discretionary participation features	Total
Life insurance	\$ 272,311,960	\$ -	\$ 272,311,960
Health insurance	25,592,354	-	25,592,354
Annuity insurance	8,517	352,808	361,325
Investment-linked insurance	49,808	-	49,808
	<u>\$ 297,962,639</u>	<u>\$ 352,808</u>	<u>298,315,447</u>
Recovery of catastrophe reserve			4,221
Transferred in unwritten-off balance of 3% decrease in business tax			46,062
Payables to the insured			61,562
Total			<u>\$ 298,427,292</u>

b. Changes in reserve for policy benefit:

	For the years ended December 31,	
	2021(Note 1)	2020(Note 2)
At January 1	\$ 298,418,335	\$ 260,675,996
Provision	38,860,051	50,506,400
Recovery	(17,476,729)	(10,860,523)
Gain on foreign exchange	(1,190,014)	(1,903,538)
At December 31	<u>\$ 318,611,643</u>	<u>\$ 298,418,335</u>

Note 1: 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.

Note 2: For the year ended December 31, 2020, "Reserve for policy benefit-payables to the insured" is \$8,957. As of December 31, 2020, the total reserve for policy benefit amount of changes in reserve for policy benefit is \$298,427,292.

For the years ended December 31, 2021 and 2020, the interest expense, reflecting on the contract liabilities over a period of time, were \$8,011,250 and \$7,422,697, respectively.

(D) Premium deficiency reserve

a. Details of premium deficiency reserve are as follows:

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	<u>\$ 819,935</u>	<u>\$ -</u>	<u>\$ 819,935</u>
December 31, 2020			
	Insurance contract	Financial instruments with discretionary participation features	Total
Personal life insurance	\$ 1,113,653	\$ -	\$ 1,113,653
Personal health insurance	15,532	-	15,532
Total	<u>\$ 1,129,185</u>	<u>\$ -</u>	<u>\$ 1,129,185</u>

b. Change in premium deficiency reserve:

For the years ended December 31,		
	2021	2020
At January 1	\$ 1,129,185	\$ 865,166
Provision	(135,213)	298,739
Recovery	(157,481)	(5,158)
Gain on foreign exchange	(16,556)	(29,562)
At December 31	<u>\$ 819,935</u>	<u>\$ 1,129,185</u>

(E) 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,		
	2021	2020
At January 1	\$ 3,713,616	\$ 3,918,127
Recovery	(193,379)	(204,511)
At December 31	<u>\$ 3,520,237</u>	<u>\$ 3,713,616</u>

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,	
	2021	2020
At January 1	\$ 714,669	\$ 600,869
Provision		
Compulsory provision	267,161	255,245
Additional provision	491,344	1,072,411
Subtotal	1,473,174	1,928,525
Recovery	(1,139,747)	(1,213,856)
At December 31	\$ 333,427	\$ 714,669

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, JinGuan-Bao-Sho-Zi Letter No. 1100422768 dated June 23, 2021.

The Yuanta Group provided additional reserve for changes in foreign exchange valuation amounting to \$300,000 and \$200,000 in accordance with the Directions for the Setting Aside of Foreign Exchange Valuation Reserve by Life Insurance Enterprises as approved by the FSC, JinGuan-Bao-Sho-Zi Letter No. 1090425644 and Letter No. 1090431764 dated August 4, 2020 and October 29, 2020, respectively.

(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, 2021 and 2020 are as follows:

	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)
	For the year ended December 31, 2020		
	Ineligible amount	Eligible amount	Impact
Net income	\$ 1,901,247	\$ 1,810,207	(\$ 91,040)
Earnings per share (in dollars)	0.92	0.88	(0.04)
Reserve for foreign exchange fluctuation	-	714,669	714,669
Total equity	30,375,063	29,788,020	(587,043)

C. Reserves for insurance contract with the nature of financial products

The Yuanta Group issued non-discretionary participation feature financial instruments. Reserve for insurance with nature of financial instrument recognized on December 31, 2021 and 2020 and the movements are listed below:

	December 31, 2021	December 31, 2020
Investment-linked insurance	\$ 58,139	\$ -
	For the years ended December 31,	
	2021	2020
At January 1	\$ -	\$ -
Net provision of statutory reserve	58,139	-
At December 31	\$ 58,139	\$ -

(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 bonus 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. 1096073370 and no. 1106083936 from Department of Labor, Taipei City government to suspend the pension contribution for the period from September 2021 to August 2022.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 8,797,853	\$ 8,601,044
Faire value of plan assets	(2,295,805)	(2,337,897)
	6,502,048	6,263,147
Prepaid pension cost	39,562	39,149
Net defined benefit laibilities	\$ 6,541,610	\$ 6,302,296

(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, 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>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Year ended December 31, 2020			
Balance at January 1,	\$ 7,824,898	(\$ 2,520,088)	\$ 5,304,810
Current service cost	403,790	-	403,790
Interest expense (income)	88,952	(20,645)	68,307
Past service cost	(61,347)	-	(61,347)
Settlement loss	-	1,099	1,099
	<u>8,256,293</u>	<u>(2,539,634)</u>	<u>5,716,659</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	137	(117,197)	(117,060)
Change in demographic assumptions	(125,548)	-	(125,548)
Change in financial assumptions	269,738	-	269,738
Experience adjustment	841,449	(606)	840,843
	<u>985,776</u>	<u>(117,803)</u>	<u>867,973</u>
Pension fund contribution	-	(58,592)	(58,592)
Paid pension	(665,831)	379,163	(286,668)
Translation difference	24,806	(1,031)	23,775
Balance at December 31,	<u>\$ 8,601,044</u>	<u>(\$ 2,337,897)</u>	<u>\$ 6,263,147</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 payment for 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, 2021 and 2020 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, 2021	December 31, 2020
Cash and cash equivalents	\$ 2,649	\$ 19,236
Debt instruments	22,381	18,043
Beneficiary certificates	9,613	16,939
Others	165,055	165,572
	<u>\$ 199,698</u>	<u>\$ 219,790</u>

(E) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2021	2020
Discount rate	0.50%~2.61%	0.30%~2.07%
Future salary increases	2.00%~6.44%	2.00%~6.51%

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, 2021				
Effect on present value of defined benefit obligation	(\$ 126,677)	\$ 130,754	\$ 113,232	(\$ 110,449)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 127,310)	\$ 131,586	\$ 114,384	(\$ 111,440)

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, 2021				
Effect on present value of defined benefit obligation	(\$ 227,251)	\$ 261,797	\$ 260,911	(\$ 230,733)

	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 246,059)	\$ 284,847	\$ 282,255	(\$ 248,583)

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 2021 and 2020.

- (F) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2022 amounted to \$54,493.

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 \$7,523 and 8,567 as of December 31, 2021 and 2020, 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 \$533,008(recorded as “employees’ benefit expenses” of \$527,820 and “net income other than interest” of \$5,188) and \$479,162 (recorded as “employees’ benefit expenses” of \$471,340 and “net income other than interest” of \$7,822) for the years ended

December 31, 2021 and 2020, 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., Yuanta Securities Holding (B.V.I) Ltd. and Yuanta Investment Management (Cayman) Ltd. do 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 \$13,265 and \$13,755 for the years ended December 31, 2021 and 2020, 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 \$57,477 and \$93,710 for the years ended December 31, 2021 and 2020, respectively.

In accordance with the local regulations, Yuanta Securities (Indonesia) and Yuanta Securities (Thailand) and its subsidiaries recognised pension liabilities of \$170,210 and \$172,701 as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, pension expenses were recognised amounting to \$31,059 and \$34,043, respectively. Additionally, losses on remeasurements of defined benefit plans were (\$2,116) and (\$1,940), respectively.

In accordance with the local regulations, Yuanta Savings Bank (Philippines) has recognised employee benefit liabilities of \$5,126 and \$5,226, respectively, as of December 31, 2021 and 2020, and recognised pension expense of \$1,210 and \$1,608 under other comprehensive income, respectively, for the years ended December 31, 2021 and 2020. Additionally, gains on remeasurements of defined benefit plans were \$91 and \$1,404, respectively.

In accordance with the above-mentioned pension plan, Yuanta Savings Bank (Korea) has recognised employee benefit liabilities of \$831 and \$937, respectively, as of December 31, 2021 and 2020, and recognised pension expenses of \$8,335 and \$8,313 under other comprehensive income, respectively, for the years ended December 31, 2021 and 2020. Additionally, gains (losses) on remeasurements of defined benefit plans were \$0 and \$1,653, respectively.

For the aforementioned pension plan, Yuanta Futures Hong Kong and SYF Information (Shanghai) recognised pension expenses of \$1,386 and \$1,310 for the years ended December 31, 2021 and 2020, respectively.

(28) Other financial liabilities

	December 31, 2021	December 31, 2020
Futures traders' equity	\$ 93,341,056	\$ 83,440,553
Structured deposit	2,503,403	3,349,248
Investment-linked products liabilities	30,724,969	1,923,783
Others	50,000	-
Total	<u>\$ 126,619,428</u>	<u>\$ 88,713,584</u>

(29) Other liabilities

	December 31, 2021	December 31, 2020
Guarantee deposit-in and margin deposits	\$ 51,446,763	\$ 29,366,404
Underwriting share proceeds collected on behalf of customers	38,446,456	4,699,339
Collections in advance	1,809,167	1,975,566
Retention bonus payable	1,290,051	1,252,976
Refundable deposits	2,193,165	3,947,898
Refundable deposits-derivative transactions	2,383,833	2,841,750
Others	4,948,555	2,350,652
Total	<u>\$ 102,517,990</u>	<u>\$ 46,434,585</u>

(30) Share capital

As of December 31, 2021 and 2020, the Company's total authorized capital were all \$180,000,000 and total paid-in capital were all \$121,374,360. The aforementioned total paid-in capital includes 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 Law, capital reserve of premiums exceeding the face value on issuance or the donation is to be used to offset any accumulated deficit. Alternatively, it may be used to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership provided that the Company has no accumulated deficit. In addition, as required by Securities and Exchange Act, only 10% of the aforementioned paid-in capital reserve shall be capitalized annually in total. Unless the earnings reserve is insufficient to offset the deficit, the capital reserve shall not be used.

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.

	December 31, 2021	December 31, 2020
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:

	December 31, 2021	December 31, 2020
Additional paid-in capital	\$ 33,573,790	\$ 33,573,790
Treasury share transactions	3,479,710	3,479,710
Others	832,449	832,449
	<u>\$ 37,885,949</u>	<u>\$ 37,885,949</u>

(32) Legal reserve and special reserve

As required by the Company Law, 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. Details of the earnings distribution for 2020 of the Company resolved via the stockholders' meeting electronic voting system from May 8, 2021 to June 4, 2021 (the electronic voting's expiration date) by exceeding the legal threshold, and resolved by the stockholders' meeting on July 8, 2021, and the earnings distribution for 2019 resolved by the stockholders' meeting on June 9, 2020 are as follows:

	2020		2019	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Cash dividends	\$ 14,564,923	\$ 1.20	\$ 7,585,897	\$ 0.65
Stock dividends	-	-	4,668,245	0.40

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 2021 of the Company has been resolved by the Board of Directors on March 15, 2022. Details are as follows:

	2021	
	Amount	Dividend per share (in dollars)
Cash dividends	\$ 18,206,154	\$ 1.50
Stock dividends	3,641,231	0.30

E. Please refer to Note 6(42) for the details of the bonus to employees and remuneration to directors and supervisors.

(34) Other equity items

	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 year	-	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

	2020				
	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	(\$ 3,528,386)	\$ 11,907,186	(\$ 36,730)	\$ 46,959	\$ 8,389,029
Financial assets at fair value through other comprehensive					
- Evaluation adjustment in the year	-	8,273,092	-	-	8,273,092
- Evaluation transferred to profit or loss	- (	2,525,507)	-	- (	2,525,507)
- Evaluation transferred to retained earnings	- (	651,523)	-	- (	651,523)
Other comprehensive income on reclassification under the overlay approach	-	-	-	325,009	325,009
Changes in translation difference of foreign operating entities	(938,750)	-	-	- (	938,750)
Effects on income tax	- (	277,100)	1,954	(26,319)	(301,465)
Evaluation of credit risk	-	-	(10,362)	-	(10,362)
Balance, December 31	(\$ 4,467,136)	\$ 16,726,148	(\$ 45,138)	\$ 345,649	\$ 12,559,523

(BLANK)

(35) Net interest income

	For the years ended December 31,	
	2021	2020
<u>Interest income</u>		
Interest income on bills discounted and loans	\$ 14,932,260	\$ 16,391,713
Financing interest income	6,826,410	4,295,543
Interest income on securities investment	12,850,017	12,785,741
Interest income from placement and call loan to other banks	731,447	1,242,492
Interest income on bills and bonds purchased under resale agreements	282,568	362,945
Recurring interest income from credit card	177,694	203,384
Other interest income	1,185,672	1,087,376
Subtotal	36,986,068	36,369,194
<u>Interest expense</u>		
Interest expense of deposit	(\$ 3,663,384)	(\$ 5,126,108)
Interest expense of Central Bank and other banks' deposit	(24,034)	(33,063)
Interest expense on due to the Central Bank and other banks	(724,443)	(936,678)
Interest expense on bills and bonds sold under repurchase agreements	(791,205)	(1,361,718)
Interest expense of structured instruments	(53,569)	(152,637)
Coupon rate of bank debenture	(685,352)	(826,128)
Coupon rate of corporate bonds	(584,962)	(416,569)
Coupon rate of commercial papers	(187,479)	(156,154)
Interest expense from short sales	(27,756)	(28,860)
Lease liabilities interest expense	(79,627)	(99,796)
Other interest expense	(190,506)	(312,531)
Subtotal	(7,012,317)	(9,450,242)
Total	<u>\$ 29,973,751</u>	<u>\$ 26,918,952</u>

(36) Net service fee and commission income

	For the years ended December 31,	
	2021	2020
<u>Service fee and commission income</u>		
Brokerage service fee income	\$ 38,102,579	\$ 26,248,798
Service fee income on insurance brokerage and stock register	1,270,624	1,364,257
Service fee on credit cards	914,308	1,090,001
Service fee income on trust business	3,572,028	3,406,923
Service income on credit extension	537,994	638,493
Underwriting service income	1,675,694	1,001,435
Service income from short sales	173,778	146,952
Commission – reinsurance allowance	138,358	110,767
Service income on foreign exchange	81,576	77,725
Service fee income on consigned settlement	38,449	37,703
Deposits and remittance and other service income	1,344,910	512,297
Subtotal	47,850,298	34,635,351
<u>Service fee expenses and commission expense</u>		
Insurance commission expense	(\$ 1,527,906)	(\$ 2,126,244)
Service expense on trust business	(2,927)	(3,214)
Service expense on brokerage	(3,154,732)	(2,663,122)
Service expense on self-operation	(181,381)	(116,751)
Service fee expense on credit cards	(842,663)	(1,023,138)
Service expense on settlement	(662,635)	(603,417)
Futures commission expense	(405,110)	(461,293)
Underwriting service expense	(11,301)	(6,326)
Service expense on foreign exchange	(38,383)	(37,894)
Service expense on credit extension	(28,287)	(30,975)
Deposits and remittance and other service expense	(388,627)	(352,200)
Subtotal	(7,243,952)	(7,424,574)
Total	\$ 40,606,346	\$ 27,210,777

(37) Net income from insurance operations

	For the years ended December 31,	
	2021	2020
<u>Income from insurance operations</u>		
Gross collected premiums	\$ 37,160,672	\$ 49,695,515
Less: Reinsurance premium ceded	(843,137)	(1,022,062)
Net changes of unearned premium reserve	(273,593)	(120,361)
Retention earned premium income	36,043,942	48,553,092
Investment-linked product income (Note)	4,696,906	260,592
Subtotal	40,740,848	48,813,684
<u>Expense from insurance operations</u>		
Claims and policy benefits	(\$ 20,628,900)	(\$ 13,540,187)
Less: Claims recovered from reinsurers	676,826	597,621
Retention claims and policy benefits payments	(19,952,074)	(12,942,566)
Underwriting expenses	(5,932)	(6,909)
Expense from guaranty fund	(64,695)	(94,551)
Investment-linked product expenses (Note)	(4,696,906)	(260,592)
Subtotal	(24,719,607)	(13,304,618)
Total	\$ 16,021,241	\$ 35,509,066

Note: Details about the assets on insurance products, separated 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,	
	2021	2020
<u>Realised gains or losses on financial assets and liabilities at fair value through profit or loss</u>		
Commercial papers	\$ 205,215	\$ 192,096
Bonds	8,670,581	7,643,516
Stocks	11,206,447	4,725,931
Beneficiary certificates	3,234,931	(2,361,821)
Interest-linked instrument	(1,058,800)	(1,006,352)
Exchange rate-linked instrument	4,283,999	1,711,476
Other financial derivative instruments	17,893,491	11,705,039
Loss on covering of borrowed securities and bonds with resale agreements	(17,971,233)	(7,858,997)
Loss from issuing call (put) warrants	(2,548,026)	(7,650,760)
Issuing call (put) warrants expense	(507,912)	(387,365)
Others	(177,937)	6,963,164
Subtotal	23,230,756	13,675,927

	For the years ended December 31,	
	2021	2020
Unrealised gains or losses on financial assets and liabilities at fair value through profit or loss		
Commercial papers	\$ 27,774	(\$ 39,031)
Bonds	(1,445,233)	2,643,789
Stocks	3,965,566	2,627,351
Beneficiary certificates	(1,285,226)	404,115
Interest-linked instrument	(2,540,521)	(3,019,309)
Exchange rate-linked instrument	(1,594,715)	2,100,150
Equity-linked instrument	(171)	(323)
Other financial derivative instruments	(3,019,757)	633,128
Valuation gain (loss) on borrowed securities and bonds with resale agreements	2,904,719	(7,285,766)
Gain on issuance of call (put) warrants	3,094,064	9,254,057
Others	733,285	784,436
Subtotal	839,785	8,102,597
Total	\$ 24,070,541	\$ 21,778,524

- 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, 2021 and 2020, including the gain on disposal, were \$16,993,507 and \$7,373,899, respectively, and the issuing call (put) warrants expense, were \$507,912 and \$387,365, respectively, and the dividends income were \$2,973,936 and \$1,929,663, respectively, and the interest income were \$3,771,225 and \$4,759,730, respectively.
- B. The Yuanta Group recognized net loss amounting to \$1,959,596 and \$886,071, respectively, on financial liabilities designated as at fair value through profit or loss for the years ended December 31, 2021 and 2020.
- C. Net income on the exchange rate instruments includes realised and unrealised gains and losses on forward exchange agreements, FX options, and exchange rate 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 of 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,	
	2021	2020
Impairment loss (reversal of impairment loss) on assets held for sale	\$ 12,163	(\$ 349)
(Reversal of impairment loss) impairment loss on investments in debt instruments measured at fair value through other comprehensive income	(8,481)	9,112
Impairment loss on investments in debt instruments at amortised cost	3,336	6,226
Impairment loss on property and equipment	-	1,138
Impairment loss on intangible assets	292,799	1,414,818
Reversal of impairment loss on investment property	(19,387)	(6,037)
Impairment loss on other assets	116	-
Total	<u>\$ 280,546</u>	<u>\$ 1,424,908</u>

(40) Net other miscellaneous income

	For the years ended December 31,	
	2021	2020
Borrowed stock revenue	\$ 2,188,261	\$ 1,289,013
Net change of reserve for foreign exchange fluctuation	381,242	(113,800)
Loss on litigation reserves	(3,416,821)	(241,627)
Loss on sales fund compensation reserves	(257,878)	-
Other net income	1,817,467	1,379,095
Total	<u>\$ 712,271</u>	<u>\$ 2,312,681</u>

(41) Provision for bad debt expense, commitment and guarantee policy reserve

	For the years ended December 31,	
	2021	2020
Bad debt expense of accounts receivable	\$ 145,586	\$ 196,586
Bad debt expense of bills discounted and loans	1,625,785	2,731,764
(Recovery) recognition of reserve for guarantee liabilities	(17,011)	4,280
Recovery of loan commitment reserve and other reserve	(3,713)	(4,344)
Recovery of bad debt expense	(1,216,391)	(776,234)
Total	<u>\$ 534,256</u>	<u>\$ 2,152,052</u>

(42) Employee benefit expense

	For the years ended December 31,	
	2021	2020
Wages and salaries	\$ 30,152,962	\$ 23,689,320
Labor and health insurance fees	1,181,048	964,146
Pension costs	1,079,017	1,035,928
Termination benefits	73,286	27,544
Other employee benefit expenses	1,468,757	1,266,624
Total	<u>\$ 33,955,070</u>	<u>\$ 26,983,562</u>

The numbers of employees of the Yuanta Group were 14,442 and 14,276 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, employees' compensation was accrued at \$3,557 and \$3,692, respectively; directors' and supervisors' remuneration was accrued at \$282,414 and \$195,264, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration of 2020 as resolved by the Board of Directors in 2020 was in agreement with those amounts recognized in the 2020 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 amortization

	For the years ended December 31,	
	2021	2020
Investment property depreciation	\$ 93,951	\$ 95,431
Property and equipment depreciation	1,097,849	1,022,714
Right-of-use asset depreciation	1,377,729	1,474,447
Intangible asset amortization	484,960	483,378
Deferred assets amortization	52,711	61,531
Total	<u>\$ 3,107,200</u>	<u>\$ 3,137,501</u>

(44) Other business and administrative expenses

	For the years ended December 31,	
	2021	2020
Tax	\$ 5,748,172	\$ 3,690,585
Computer science expense	1,461,204	1,307,693
Commission expense	1,105,284	877,479
Professional expense	694,592	677,099
Postage and telephone costs	750,018	714,011
Miscellaneous expenses	783,834	738,022
Security borrowing expenses	1,187,745	790,734
Others	4,470,507	3,865,419
Total	<u>\$ 16,201,356</u>	<u>\$ 12,661,042</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,	
	2021	2020
Current tax:		
Income tax from current income year	\$ 7,606,782	\$ 5,042,108
Income tax on unappropriated earnings	354,787	291,578
Adjustments in respect of prior years	(377,746)	(187,610)
Total current tax	<u>7,583,823</u>	<u>5,146,076</u>
Deferred tax:		
Origination and reversal of temporary differences	(636,057)	(356,842)
Impact of change in tax rate	<u>2,867</u>	<u>-</u>
Total deferred tax	<u>(633,190)</u>	<u>(356,842)</u>
Income tax expense	<u>\$ 6,950,633</u>	<u>\$ 4,789,234</u>

(B) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2021	2020
Translation gain and loss on the financial statements of foreign operating entities	\$ 168,784	\$ 15,300
Unrealised gain or loss from investments in debt instruments measured at fair value through other comprehensive income	(213,948)	133,449
Unrealised gain or loss from investments in equity instruments measured at fair value through other comprehensive income	84,642	216,326
Change in fair value of financial liability attributable to change in credit risk	(1,210)	(3,321)
Other comprehensive income or loss on reclassification under the overlay approach	(27,761)	26,319
Share of profit or loss of associates and joint ventures accounted for using equity method	241	24,646
Gain or loss on remeasurements of defined benefit plans	(156,724)	(173,570)
Total	<u>(\$ 145,976)</u>	<u>\$ 239,149</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2021	2020
Income tax from pretax income calculated at regulated tax rate	\$ 17,427,152	\$ 12,077,096
Additional tax payment levied on undistributed earnings	354,787	291,578
Alternative minimum tax effects	101,123	1,494,155
Temporary differences not recognized under deferred tax	(714,451)	(302,246)
Adjustments in respect of prior years	(377,746)	(187,610)
Use of prior years' unrealized tax losses in the current year	(21,305)	(125,000)
Effects of items not recognized under relevant regulations, exemption and other income	(9,818,927)	(8,458,739)
Income tax expense	<u>\$ 6,950,633</u>	<u>\$ 4,789,234</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, 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	1,373,477	67,842	60,940	(127)	1,502,132
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	1,478,771	155,843	551,942	-	2,186,556
Subtotal	<u>7,095,091</u>	<u>517,217</u>	<u>(124,509)</u>	<u>(2,853)</u>	<u>7,484,946</u>
-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	<u>(4,878,682)</u>	<u>115,973</u>	<u>270,485</u>	<u>666,758</u>	<u>(3,825,466)</u>
Total	<u>\$ 2,216,409</u>	<u>\$ 633,190</u>	<u>\$ 145,976</u>	<u>\$ 663,905</u>	<u>\$ 3,659,480</u>

Note: Impact of foreign exchange rate difference included.

For the year ended December 31, 2020					
	January 1,	Recognised in profit or loss	Recognised in other comprehensive income	Others (Note)	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealised exchange loss	\$ 841,618	\$ 1,124,294	\$ 7,624	(\$ 1)	\$ 1,973,535
Allowance for doubtful accounts in excess of tax limitation	540,912	131,828	-	(3)	672,737
Unrealized loss on litigation loss	14,786	-	-	-	14,786
Unrealized losses on financial instruments	628,688	(69,781)	-	-	558,907
Employee benefit expense and actuarial gains and losses on defined benefit plans	1,171,339	26,274	175,863	1	1,373,477
Deferred income on credit card	2,597	(649)	-	-	1,948
Tax loss carryforwards	1,846,834	(826,241)	-	337	1,020,930
Others	929,841	483,170	65,764	(4)	1,478,771
Subtotal	5,976,615	868,895	249,251	330	7,095,091
-Deferred tax liabilities:					
Unrealised exchange gain	(\$ 43,974)	(\$ 187,337)	\$ -	\$ -	(\$ 231,311)
Reserve for land value increment tax	(32,027)	-	-	5,260	(26,767)
Employee benefit expense and actuarial gains and losses on defined benefit plans	(7,180)	236	(311)	-	(7,255)
Unrealized gain on financial instruments	(1,193,902)	(459,541)	(469,056)	32	(2,122,467)
Goodwill amortization	(2,460,862)	40,591	-	-	(2,420,271)
Others	(145,582)	93,998	(19,033)	6	(70,611)
Subtotal	(3,883,527)	(512,053)	(488,400)	5,298	(4,878,682)
Total	\$ 2,093,088	\$ 356,842	(\$ 239,149)	\$ 5,628	\$ 2,216,409

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, 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

December 31, 2020

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	Filed	6,569	6,569	2028
2019	Filed	14,042	14,042	2029
2020	Estimated	3,976	3,976	2030

As of December 31, 2021 and 2020, Yuanta Securities (Hong Kong)'s unused tax losses were \$93,724 and \$365,140, respectively; of which unrecognised deferred tax assets were all \$0, respectively. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2021 and 2020, among the Yuanta Group, Yuanta Asia Investment (Hong Kong) has unused loss carryforward in the amount of \$31,334 and \$1,756, and unrecognised deferred tax assets amounted to \$31,334 and \$1,756, respectively. There were no expiration dates for the tax losses pursuant to local laws. As of December 31, 2021 and 2020, Yuanta Investment Consulting Beijing's unused tax losses were \$42,155 and \$44,677, respectively; of which unrecognised deferred tax assets were \$42,155 and \$44,677, respectively. The validity period for the tax losses pursuant to local laws was before 2026. As of December 31, 2021 and 2020, Yuanta Securities (Korea)'s unused tax losses were \$0 and \$2,446,265, respectively. The validity period for the tax losses pursuant to local laws was before 2025.

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, 2021 and 2020, were \$5,628,417 and \$4,960,065, respectively. The above-mentioned unrepatriated earnings are expected to be used for reinvestment. As of December 31, 2021 and 2020, Yuanta Securities Asia Financial Services' unrepatriated earnings were \$28,142,085 and \$24,800,325, 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, 2020, the unrecognized deferred income tax asset (liability) of Yuanta Securities (Korea) for taxable temporary differences associated with equity method were \$289,561 and (\$1,155,562), respectively.

As of December 31, 2021, Yuanta Savings Bank (Philippines)'s unused loss deductions was \$172,919; the validity period for the loss deductions pursuant to local laws was before 2026. As of December 31, 2021, Yuanta Savings Bank (Korea)'s unused loss deductions was \$153,334; the validity period for the loss deductions pursuant to local laws was before 2026.

- E. As of December 31, 2021, 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 2016
Yuanta Securities	Assessed through 2016
Yuanta Bank	Assessed through 2016
Yuanta Securities Finance	Assessed through 2019(Note)
Yuanta Venture Capital	Assessed through 2016
Yuanta Asset Management	Assessed through 2016
Yuanta Securities Investment Consulting	Assessed through 2016
Yuanta Futures	Assessed through 2019
Yuanta Securities Investment Trust	Assessed through 2019
Yuanta Life	Assessed through 2016
Yuanta International Insurance Brokers	Assessed through 2019
Yuanta International Leasing	Assessed through 2019
Yuanta I Venture Capital	Assessed through 2019

Note: Income tax returns of Yuanta Securities Finance from 2017 to 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, 2021, the amount was \$221,776.

(46) Earnings per share

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 34,865,957	12,137,436	\$ 2.87
	For the year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 24,104,576	12,137,436	\$ 1.99

(47) Changes in liabilities from financing activities

	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>
	2020				
	Bills and bonds payable under repurchase agreements	Commercial paper payable	Bonds payable	Other borrowings	Lease liability
At January 1	\$ 198,665,918	\$ 38,621,728	\$ 68,849,634	\$ 60,847,992	\$ 5,527,660
Changes in cash flow from financing activities	17,955,269	(11,177,948)	9,993,895	(3,051,931)	(2,110,281)
Impact of changes in foreign exchange rate	-	-	(123,666)	-	(49,977)
Amortisation of a premium or a discount on interest expense	-	(26,291)	70,264	-	-
Changes in other non-cash items	-	-	-	-	3,001,434
At December 31	<u>\$ 216,621,187</u>	<u>\$ 27,417,489</u>	<u>\$ 78,790,127</u>	<u>\$ 57,796,061</u>	<u>\$ 6,368,836</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
Polaris Research Institute (Polaris Research)	Related party in substance
Yuanta Construction Development Co., Ltd. (Yuanta Construction Development)	"
Yuen Foong Yu Consumer Products Co., Ltd. (YFYCPG)	" (No longer a related party since December 25, 2021.)
Yuanta Cultural & Education Foundation (Yuanta Foundation)	"
Yuanta Diamond Funds SPC	" (Note)
Pyeongtaek Godeok PFV Co., Ltd.	" (Has become a related party since April 21, 2021.)
Wei Ran Co., Ltd.	A management personnel of Yuanta Group acting as its key management personnel (No longer a related party since November 20, 2020.)
He's Education Foundation	" (No longer a related party since January 1, 2021.)
Taiwan Securities Association	" (No longer a related party since January 1, 2021.)
2011 KIF-TONGYANG IT Venture Fund	Investments accounted for using the equity method of Yuanta Securities (Korea) (No longer a related party since April 5, 2021.)
TONGYANG AGRI-FOOD INVESTMENT Fund II	"
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	"
Yuanta SPAC V	"
Yuanta SPAC VI	" (No longer a related party since July 27, 2021.)
Kiwoom-Yuanta 2019 Scale-up Fund	" (Has become a related party since April 29, 2020.)
Yuanta SPAC VII	" (Has become a related party since September 28, 2020.)
Yuanta SPAC VIII	" (Has become a related party since September 28, 2020.)
Yuanta Innovative Job Creation Fund	" (Has become a related party since January 12, 2021.)

Names of related parties	Relationship with the Group
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 Management (Cayman) 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, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 12,160,748	0.88	0.000~5.800
December 31, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	\$ 9,746,070	0.80	0.000~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.800% and 5.800%~6.065%, respectively, for the years ended December 31, 2021 and 2020, the range of interest rates on other related parties' demand savings deposits were 0.00%~3.00% and 0.00%~4.60%, 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, 2021 and 2020, interest expense on the above deposits were \$35,782 and \$77,683, respectively.

B. Loans

Yunta Bank and its subsidiaries

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
Home 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

December 31, 2020

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	384	\$ 121,628	\$ 65,606	\$ 65,606	\$ -	Credit loans, deposits, movables and real estate	None
Home mortgage loans	499	4,242,226	3,682,393	3,682,393	-	Real estate	None
	Wei Ran Co., Ltd.	20,000	-	-	-	Real estate	None
	YFYCPG	254,800	-	-	-	Credit loans	None
Other loans	He's Education Foundation	27,000	-	-	-	Deposits	None
	94	412,222	211,013	211,013	-	Stock, deposits, policy and real estate	None
Total			\$ 3,959,012	\$ 3,959,012	\$ -		

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 1.20% and 0.80%~2.00% for the years ended December 31, 2021 and 2020, respectively, the interest rates on the remaining loans are ranging from 0.00%~6.42% and 0.00%~6.69% for the years ended December 31, 2021 and 2020, respectively, which are the same with the terms of general loans. For the years ended December 31, 2021 and 2020, interest income resulting from the above loans amounted to \$53,431 and \$52,995, 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, 2021	December 31, 2020
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 6,463,018	\$ 8,732,186
Global Growth Investment	12,044	30,099
Yuanta Diamond Funds SPC’s funds	-	62,403
Yuanta Asia Growth Investment, L.P.	248,761	192,546
	<u>\$ 6,723,823</u>	<u>\$ 9,017,234</u>

Proceeds on disposal

For the years ended December 31,

	2021	2020
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 384,030,285	\$ 325,808,112
Yuanta Asia Growth Investment, L.P.	1,946	-
	<u>\$ 384,032,231</u>	<u>\$ 325,808,112</u>

Realised Gain

For the years ended December 31,

	2021	2020
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 1,510,921	\$ 2,619,556
Yuanta Asia Growth Investment, L.P.	1,172	-
	<u>\$ 1,512,093</u>	<u>\$ 2,619,556</u>

(B) The Yuanta Group has bills and bonds transactions under repurchase agreements with the related parties (recorded as “Bond sold under repurchase agreements”)

December 31, 2021

	Highest balance	Ending balance	Interest rate (%)	Notional amount
Company’s directors:				
Others	\$ 250,042	\$ 50,000	0.20~0.20	
Others	5,538	5,538	0.20~0.30 (Note : USD)	USD 200 thousand
Other related parties:				
Others	1,344,324	1,205,017	0.20~0.25	
		<u>\$ 1,260,555</u>		

December 31, 2020			
	Highest balance	Ending balance	Interest rate (%)
Company's directors:			
Others	\$ 570,000	\$ 250,042	0.25~0.40
Others	14,778	5,702	0.30~1.65 (Note: USD)
Other related parties:			
Others	1,398,452	973,591	0.25~0.40
		<u>\$ 1,229,335</u>	

Note: For foreign currency repo trade.

Interest expense			
For the years ended December 31,			
	2021	2020	
Company's directors:			
Others	\$ 238	\$ 1,688	
Other related parties:			
Others	2,252	3,594	
	<u>\$ 2,490</u>	<u>\$ 5,282</u>	

D. Structured notes (recorded as "Financial assets at fair value through profit or loss")

	December 31, 2021	December 31, 2020
Company's directors:		
Others	\$ -	\$ 26,914
Other related parties:		
Others	-	7,531
	<u>\$ -</u>	<u>\$ 34,445</u>

E. Equity of futures traders

	December 31, 2021	December 31, 2020
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	\$ 29,244,360	\$ 28,223,681
Others	88,823	73,478
	<u>\$ 29,333,183</u>	<u>\$ 28,297,159</u>

F. Refundable deposits for securities lending, refundable deposits receivable lending, borrowing expenses payable and security borrowing expenses

	<u>Refundable deposits for securities lending</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 2,215,689	\$ 4,142,436
	<u>Refundable deposits receivable lending</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 10,630	\$ 38,647
	<u>Borrowing expense payable</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 12,263	\$ 1,403
	<u>Security borrowing expense</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 89,608	\$ 8,488

G. Receivables from loans to employees, interest receivables and the interest income generated

	<u>Receivables from loans to employees and interest receivables</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Company's directors:		
Others	\$ 1,304	\$ 3,970
Other related parties:		
Others	159,302	206,629
	\$ 160,606	\$ 210,599
	<u>Interest income on loans to employees</u>	
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Company's directors:		
Others	\$ 30	\$ 96
Other related parties:		
Others	6,179	7,507
	\$ 6,209	\$ 7,603

H. Income from distribution fee

	For the years ended December 31,	
	2021	2020
Company's directors:		
Others	\$ 1,899	\$ -
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	-	10,063
Others	900	-
	<u>\$ 2,799</u>	<u>\$ 10,063</u>

I. Details on the management fee receivable for fund investments accounted for under the equity method and receipts of fund management fee are as follows:

	Receivables from management fee income	
	December 31, 2021	December 31, 2020
Other related parties:		
Yuanta Secondary No.3 Private Equity Fund	\$ 10,822	\$ 11,414
Yuanta Secondary No.2 Fund	19,172	25,370
KVIC-Yuanta 2015 Overseas Advance Fund	7,115	10,409
2016 KIF-Yuanta ICT Venture Fund	7,038	8,024
Others	3,481	4,147
	<u>\$ 47,628</u>	<u>\$ 59,364</u>
	Management fee income	
	For the years ended December 31,	
	2021	2020
Other related parties:		
Yuanta Secondary No.3 Private Equity Fund	\$ 21,700	\$ 44,116
Yuanta Secondary No.2 Fund	20,168	24,227
2011 KIF-TONGYANG IT Venture Fund	26,033	-
Yuanta Innovative Job Creation Fund	23,036	-
Kiwoom-Yuanta 2019 Scale-up Fund	18,285	13,479
Others	39,247	39,704
	<u>\$ 148,469</u>	<u>\$ 121,526</u>

J. 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,	
	2021	2020
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 3,539,086	\$ 3,297,511
Yuanta Diamond Funds SPC's funds	53,139	24,302
Yuanta Asia Growth Investment, L.P.	25,970	18,040
Global Growth Investment, L.P.	630	1,392
	<u>\$ 3,618,825</u>	<u>\$ 3,341,245</u>
	The balance of fund	
	December 31, 2021	December 31, 2020
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 6,463,018	\$ 8,732,186
Yuanta Asia Growth Investment, L.P.	248,761	192,546
Yuanta Diamond Funds SPC's funds	-	62,403
Global Growth Investment, L.P.	12,044	30,099
	<u>\$ 6,723,823</u>	<u>\$ 9,017,234</u>

K. Receivable from transfer-agent services and income from transfer-agent services

	Receivable from transfer-agent services	
	December 31, 2021	December 31, 2020
Other related parties:		
Others	<u>\$ 10</u>	<u>\$ 10</u>
	Income from transfer-agent services	
	For the years ended December 31,	
	2021	2020
Other related parties:		
Others	<u>\$ 121</u>	<u>\$ 121</u>

L. Investment refund receivable

	December 31, 2021	December 31, 2020
Other related parties:		
IBKC-TONGYANG Growth	\$ 47,782	\$ 53,739
2013 Private Equity Fund		
TONGYANG AGRI-FOOD		
INVESTMENT FUND II	21,639	42,132
	<u>\$ 69,421</u>	<u>\$ 95,871</u>

M. Other financial assets-loan , interest in advance and interest income

	December 31, 2021	
	Other financial assets-loan	Interest in advance
Other related parties:		
Pyeongtaek Godeok PFV Co., Ltd.	\$ 1,863,360	\$ 3,992
		For the year ended December 31, 2021
		Interest income
Other related parties:		
Pyeongtaek Godeok PFV Co., Ltd.		\$ 7,304

N. Receivable of securities business money lending

	December 31, 2021	December 31, 2020
Company's directors:		
Others	\$ 23,206	\$ -
Other related parties:		
Others	410	12,925
	\$ 23,616	\$ 12,925

O. Accounts receivable

	December 31, 2021	December 31, 2020
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	\$ 336,337	\$ 292,651
Yuanta construction development	2,938	1,173
	\$ 339,275	\$ 293,824

P. Refundable deposits

	December 31, 2021	December 31, 2020
Other related parties:		
Taiwan Securities Association	\$ -	\$ 300

Q. Accounts payable - settlement

	December 31, 2021	December 31, 2020
Company's directors:		
Others	\$ -	\$ 146

R. Other financial liabilities and Interest expense

Customers' deposits of Yuanta Securities and its subsidiaries recorded as other financial liabilities were as follows:

		Other financial liabilities	
		December 31, 2021	December 31, 2020
Company's directors:			
Others	\$	20,690	\$ 35,635
Other related parties:			
Others		9	10
	\$	20,699	\$ 35,645
		Interest expense	
		For the years ended December 31,	
		2021	2020
Company's directors:			
Others	\$	52	\$ 70
Other related parties:			
Others		1	4
	\$	53	\$ 74

S. Other payables

		December 31, 2021	December 31, 2020
Company's directors:			
Others	\$	22	\$ 15
Other related parties:			
Others		27	9
	\$	49	\$ 24

T. Securities issued by fellow subsidiary (recorded as "Financial assets at fair value through profit or loss")

		December 31, 2021	December 31, 2020
Other related parties:			
YFYCPG	\$	-	\$ 116,194
Yuanta SPAC III		-	17,457
Yuanta SPAC IV		18,051	20,345
Yuanta SPAC V		22,943	25,857
Yuanta SPAC VI		-	25,857
Yuanta SPAC VII		22,127	24,938
Yuanta SPAC VIII		23,059	25,989
	\$	86,180	\$ 256,637

		Proceeds on disposal	
		For the years ended December 31,	
		2021	2020
Other related parties:			
YFYCPG		\$ 989,923	\$ 188,754
		Realised gains	
		For the years ended December 31,	
		2021	2020
Other related parties:			
YFYCPG		\$ 49,376	\$ 21,370
U. Credit transaction between the Yuanta Group and related parties			
		December 31, 2021	
		Guarantee deposit receivable from short sales	Deposit for short sales
Company's directors:			Margin loans
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>
		December 31, 2020	
		Guarantee deposit receivable from short sales	Deposit for short sales
Company's directors:			Margin loans
Others	\$ 3,438	\$ 7,830	\$ 56,421
Other related parties:			
Others	4,036	13,510	26,398
	<u>\$ 7,474</u>	<u>\$ 21,340</u>	<u>\$ 82,819</u>
		December 31, 2021	
		Security short-selling interest payable	Security financing interest receivable
Company's directors:			Security short-selling interest payable
Others	\$ 11	\$ 925	\$ 2
Other related parties:			Security financing interest receivable
Others	5	814	3
	<u>\$ 16</u>	<u>\$ 1,739</u>	<u>\$ 5</u>
			<u>\$ 816</u>

		For the years ended December 31,			
		2021		2020	
		Security short-selling interest expenditures	Security financing interest revenue	Security short-selling interest expenditures	Security financing interest revenue
Company's directors:					
Others	\$	75	\$ 3,096	\$ 63	\$ 2,349
Other related parties:					
Others		56	1,435	47	1,421
	\$	131	\$ 4,531	\$ 110	\$ 3,770

V. Other Operating expenses

(A) ETF redemption fees

		For the years ended December 31,	
		2021	2020
Other related parties:			
Funds managed by Yuanta Securities Investment Trust	\$	47,365	\$ 100,895

(B) Warrants business fee paid to Securities Association

		For the years ended December 31,	
		2021	2020
Other related parties:			
Taiwan Securities Association	\$	-	\$ 10,232

W. Operating expenses

		For the years ended December 31,	
Name of related parties	Nature	2021	2020
Other related parties:			
Yuanta Foundation	Donation expenditure	\$ 80,000	\$ 50,000
Polaris Research	Donation expenditure	21,000	21,600
		\$ 101,000	\$ 71,600

X. Premium income

		For the years ended December 31,	
		2021	2020
Other related parties:			
Others	\$	342,543	\$ 353,317

Y. 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,	
	2021	2020
Company's directors:		
Others	\$ 37,086	\$ 25,432
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	237,862	265,894
Others	41,536	28,668
	<u>\$ 316,484</u>	<u>\$ 319,994</u>

Z. Rental income incident to leases from related parties by the Yuanta Group

	For the years ended December 31,	
	2021	2020
Other related parties:		
Yuanta Construction Development	\$ 8,497	\$ 1,860
Polaris Research	1,133	2,201
Yuanta Foundation	57	40
	<u>\$ 9,687</u>	<u>\$ 4,101</u>

AA. 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,	
	2021	2020
Other related parties:		
Yuanta Foundation	\$ 4	\$ -

AB. Deposits received incident to leases from related parties by the Yuanta Group

	December 31, 2021	December 31, 2020
Other related parties:		
Yuanta Construction Development	\$ 1,510	\$ 1,580
Polaris Research	189	189
Yuanta Foundation	10	7
	<u>\$ 1,709</u>	<u>\$ 1,776</u>

AC. Gain on investment property

(A) Imputed interest on deposits

	For the years ended December 31,	
	2021	2020
Other related parties:		
Yuanta Construction Development	\$ 12	\$ 4

(B) Other income

For the years ended December 31,	
2021	2020
Other related parties:	
Yuanta Construction Development	\$ 1,310 \$ -

AD. Other operating income—Dividend income

For the years ended December 31,	
2021	2020
Other related parties:	
Funds managed by Yuanta	
Securities Investment Trust	\$ 95,417 \$ 62,289
YFYCPG	963 -
\$ 96,380	\$ 62,289

AE. Other operating income—Interest income

For the years ended December 31,	
2021	2020
Other related parties:	
Taiwan Securities Association	\$ - \$ 3

AF. Other operating expense—Financial costs

For the years ended December 31,	
2021	2020
Other related parties:	
Funds managed by Yuanta	
Securities Investment Trust	\$ 1,952 \$ 11,708

AG. Other operating revenue—Underwriting business revenue

(A) Fee income from security proxy sale

For the years ended December 31,	
2021	2020
Other related parties:	
YFYCPG	\$ 4,228 \$ 300
Others	- 1,540
\$ 4,228	\$ 1,840

(B) Revenue from underwriting securities on a firm commitment basis

For the years ended December 31,	
2021	2020
Other related parties:	
Yuanta SPAC VIII	\$ 5,360 \$ -
Yuanta SPAC VI	5,574 -
Yuanta SPAC III	3,676 -
\$ 14,610	\$ -

(C) Financial advisory services income

	For the years ended December 31,	
	2021	2020
Other related parties:		
Pyeongtaek Godeok PFV CO.,Ltd.	\$ 29,832	\$ -
Other	147	-
	<u>\$ 29,979</u>	<u>\$ -</u>

AH. Information on remunerations to Yuanta Group's key management

	For the years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 7,360,979	\$ 5,763,136
Termination benefits	53,119	11,471
Other long-term benefits	11,242	11,607
Post-employment benefit	161,975	148,695
Total	<u>\$ 7,587,315</u>	<u>\$ 5,934,909</u>

(3) Transactions and balances with related parties exceeding \$100 million:

A. Yuanta Bank and its subsidiaries

(A) Deposits

December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	<u>\$ 112,068,782</u>	<u>7.62</u>	0.000~5.800
December 31, 2020			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	<u>\$ 45,339,692</u>	<u>3.64</u>	0.000~6.065

Apart from an interest rate limit on staff demand savings deposits of 5.80% and 5.800%~6.065%, respectively, for the years ended December 31, 2021 and 2020, the range of interest rates on other related parties' demand savings deposits were 0.00%~3.00% and 0.00%~4.60%, 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, 2021 and 2020, interest expense on the above deposits were \$170,988 and \$276,325, respectively.

(B) Loans

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
Home mortgage loans	534	4,598,237	3,628,465	3,628,465	-	Real estate	None
	Yuantia Securities	24,105	-	-	-	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

December 31, 2020

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	384	\$ 121,628	\$ 65,606	\$ 65,606	\$ -	Credit loans, real estate, movables and deposits	None
Home mortgage loans	499	4,242,226	3,682,393	3,682,393	-	Real estate	None
	Wei Ran Co., Ltd.	20,000	-	-	-	Real estate	None
	YFYCPG	254,800	-	-	-	Credit loans	None
Other loans	He's Education Foundation	27,000	-	-	-	Deposits	None
	94	412,222	211,013	211,013	-	Stock, deposits, policy and real estate	None
Total			\$ 3,959,012	\$ 3,959,012	\$ -		

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 1.20% and 0.80%~2.00% for the years ended December 31, 2021 and 2020, respectively, the interest rates on the remaining loans are ranging from 0.00% ~6.42% and 0.00%~6.69% for the years ended December 31, 2021 and 2020, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2021 and 2020, interest income resulting from the above loans amounted to \$53,431 and \$52,995, respectively.

(C) Service fee income

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 897,173	\$ 590,884
Yuanta Securities Investment Trust	37,163	35,468
Yuanta Securities (Hong Kong)	7,595	2,788
Yuanta Securities	10,457	1,156
	<u>\$ 952,388</u>	<u>\$ 630,296</u>

Resulting from the above-mentioned brokerage of funds, insurances and trusts, the related receivables were as follows:

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Life	\$ 58,657	\$ 22,897
Yuanta Securities Investment Trust	3,334	2,074
	<u>\$ 61,991</u>	<u>\$ 24,971</u>

(D) Rental expense

Name of related parties	Usage	For the years ended December 31,	
		2021	2020
Fellow subsidiary:			
Yuanta Securities	Office rental/ place rental	\$ 206,530	\$ 144,528

The transaction conditions were in line with the contract based on mutual agreement, and the relevant refundable deposits were as follows:

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Securities	\$ 5,407	\$ 5,494

(E) Current income tax assets/liabilities

	December 31, 2021	December 31, 2020
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivable	\$ 99,119	\$ 1,395,127
Consolidated income tax return payable	\$ 625,763	\$ 11,794

(F) Leasing arrangements—Lessee

- a. 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, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Securities	\$ 51,179	\$ 45,925
Yuanta Life	50,323	56,412
Yuanta Securities Finance	2,501	5,001
	<u>\$ 104,003</u>	<u>\$ 107,338</u>
	Depreciation expense	
	For the years ended December 31,	
Name of related parties	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 26,727	\$ 28,441
Yuanta Life	12,852	1,945
Yuanta Securities Finance	2,501	2,501
	<u>\$ 42,080</u>	<u>\$ 32,887</u>

- (a). Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities amounting to \$34,446 and \$32,605 for the years ended December 31, 2021 and 2020, respectively.
- (b). Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Securities Finance amounting to \$0 and \$7,502 for the years ended December 31, 2021 and 2020, respectively.
- (c). Yuanta Bank and its subsidiaries acquired right-of-use assets from Yuanta Life amounting to \$10,296 and \$58,357 for the years ended December 31, 2021 and 2020, respectively.
- (d). Yuanta Bank and its subsidiaries have gains arising from lease modifications with Yuanta Life in the amount of \$288 of lease contract for the years ended December 31, 2021.
- (e). Yuanta Bank and its subsidiaries have losses arising from lease modifications with Yuanta Securities in the amount of \$26 of lease contract for the years ended December 31, 2021.

c. Lease liabilities

Name of related parties	Lease liabilities	
	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Securities	\$ 50,728	\$ 46,325
Yuanta Life	54,497	58,423
Yuanta Securities Finance	2,521	5,022
	<u>\$ 107,746</u>	<u>\$ 109,770</u>

Name of related parties	Interest expense	
	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 304	\$ 318
Yuanta Life	394	66
Yuanta Securities Finance	30	50
	<u>\$ 728</u>	<u>\$ 434</u>

(G) Bonds sold and purchased

Name of related parties	For the year ended December 31, 2021	
	Purchased	Sold
Fellow subsidiary:		
Yuanta Securities	<u>\$ 199,208</u>	<u>\$ -</u>

There were no relevant transactions for the year ended December 31, 2020.

(H) Property transactions (recorded as “Bank debentures payable”)

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, 2021		
	Futures margins		
	Own funds	Excess margins	Securities
Fellow subsidiary:			
Yuanta Futures	\$ 1,484,724	\$ 3,394,382	\$ -
Others	43,407	118,207	-
	<u>\$ 1,528,131</u>	<u>\$ 3,512,589</u>	<u>\$ -</u>
	December 31, 2020		
	Futures margins		
	Own funds	Excess margins	Securities
Fellow subsidiary:			
Yuanta Futures	<u>\$ 4,316,780</u>	<u>\$ 3,055,538</u>	<u>\$ -</u>
	Clearing and settlement service charge payable		
	December 31, 2021		December 31, 2020
Fellow subsidiary:			
Yuanta Futures	<u>\$ 1,981</u>	<u>\$ 3,554</u>	

	For the year ended December 31, 2021	
	<u>Service charges - clearing and settlement</u>	<u>Handling charges - proprietary trading</u>
Fellow subsidiary:		
Yuanta Futures	\$ 26,736	\$ 91,163
Others	31	3,030
	<u>\$ 26,767</u>	<u>\$ 94,193</u>
	For the year ended December 31, 2020	
	<u>Service charges - clearing and settlement</u>	<u>Handling charges - proprietary trading</u>
Fellow subsidiary:		
Yuanta Futures	\$ 35,487	\$ 104,062
Others	-	2,904
	<u>\$ 35,487</u>	<u>\$ 106,966</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	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Futures	\$ 19,728	\$ 23,737
	<u>Commission income - futures</u>	
	For the years ended December 31,	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Futures	\$ 303,403	\$ 284,601

(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, 2021	
	<u>Ending balance of bank deposits</u>	<u>Other receivables – interests receivable (Note)</u>
Fellow subsidiary:		
Yuanta Bank	\$ 59,176,243	\$ 5,146
	December 31, 2020	
	<u>Ending balance of bank deposits</u>	<u>Other receivables – interests receivable (Note)</u>
Fellow subsidiary:		
Yuanta Bank	\$ 14,488,729	\$ 2,855

	Other gains and losses – interest income (Note)	
	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ 36,826	\$ 76,589
Note: Including the interest of demand deposits, time deposits and operating guarantee deposits.		
b. As of December 31, 2021 and 2020, 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 \$6,637,400 and \$407,000, respectively.		
(C) Consolidated income tax return - receivables/ payables (recorded as “Current income tax assets/liabilities”)		
	December 31, 2021	December 31, 2020
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivables	\$ -	\$ 895,230
Consolidated income tax return payables	\$ 2,833,710	\$ 1,628,629
(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, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	\$ 1,265,000	\$ 1,265,000
(E) Refundable deposits for lending auction		
	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	\$ 350,000	\$ 350,000
(F) Refundable deposits for securities lending, refundable deposits receivable lending, borrowing expenses payable and security borrowing expenses		
Please refer to Note 7(2)F.		
(G) Receivables from loans to employees, interest receivables and the interest income generated		
Please refer to Note 7(2)G.		
(H) Commission receivable and commission income		
	Commission receivable	
	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Life	\$ 85,142	\$ 21,719
	Commission income	
	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 1,092,011	\$ 414,437

(I) Amounts held for settlement

As of December 31, 2021 and 2020, Yuanta Securities and its subsidiaries had amounts held for settlement of \$1,798,617 and \$1,450,643, respectively, which were deposited at its fellow subsidiary, Yuanta Bank.

(J) 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, 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>

There were no bonds sold and purchased with related parties during the year ended December 31, 2020.

(K) Lease transactions—Lessee

a. Yuanta Securities and its subsidiaries leases 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

	Lease liabilities	
	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Life	\$ 406,793	\$ 484,606
Yuanta Bank	11,823	19,182
	<u>\$ 418,616</u>	<u>\$ 503,788</u>
	Financial cost	
	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 2,846	\$ 550
Yuanta Bank	136	188
	<u>\$ 2,982</u>	<u>\$ 738</u>

(L) Customer margin accounts

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Futures	\$ 201,455	\$ 202,484
Others	1,062	-
	<u>\$ 202,517</u>	<u>\$ 202,484</u>

(M) Other operating expense

a. 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:

<u>For the years ended December 31,</u>	
<u>2021</u>	<u>2020</u>

Fellow subsidiary:

Yuanta Securities Investment Consulting	<u>\$ 207,840</u>	<u>\$ 178,800</u>
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Professional fees are calculated based on contractual agreements by both parties.

b. ETF redemption fees

<u>For the years ended December 31,</u>	
<u>2021</u>	<u>2020</u>

Fellow subsidiary:

Yuanta Securities Investment Trust	\$ 27,221	\$ 48,276
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Other related parties:

Funds managed by Yuanta

Securities Investment Trust	47,365	100,895
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<u>\$ 74,586</u>	<u>\$ 149,171</u>
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(N) Brokerage fee revenue

The transaction details of Yuanta Securities and its subsidiaries' brokerage fee revenue from securities brokerage business by related parties are as follows:

<u>For the years ended December 31,</u>	
<u>2021</u>	<u>2020</u>

Fellow subsidiary:

Yuanta Bank	\$ 36,675	\$ 25,316
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Yuanta Life	28,529	23,334
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Others	4,415	4,882
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Company's directors :

Others	37,086	25,432
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Other related parties:

Funds managed by Yuanta

Securities Investment Trust	102,864	125,076
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Others	32,874	21,945
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<u>\$ 242,443</u>	<u>\$ 225,985</u>
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These securities brokerage transactions mentioned above were made in the ordinary course of business and carried out at arms-length commercial terms.

(O) Non-operating revenue

a. Rent income

Rental income from leasing Yuanta Securities and its subsidiaries own assets to related parties are as follows:

	For the years ended December 31,	
	2021	2020
Parent subsidiary:		
Yuanta Financial Holdings	\$ 31,298	\$ 29,651
Fellow subsidiary:		
Yuanta Bank	31,711	31,446
Yuanta Futures	9,387	20,916
Others	22,215	18,561
Other related parties:		
Others	1,577	2,885
	<u>\$ 96,188</u>	<u>\$ 103,459</u>

Rents consider rental rates of nearby office buildings and are calculated based on contractual agreements by both parties.

b. 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, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 18,152</u>	<u>\$ 14,330</u>
	Rebate income	
	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 258,210</u>	<u>\$ 176,262</u>

(P) Funds and beneficiary certificates managed by fellow subsidiary (recorded as "Financial assets at fair value through profit or loss")

	December 31, 2021	December 31, 2020
Other related parties:		
Fund managed by Yuanta		
Securities Investment Trust	<u>\$ 4,777,424</u>	<u>\$ 5,325,750</u>

For the years ended December 31,				
2021		2020		
	Proceeds on disposal	Realised gain	Proceeds on disposal	Realised gain
Other related parties:				
Fund managed by Yuanta Securities Investment Trust	\$ 379,526,373	\$ 1,101,897	\$ 435,947,680	\$ 2,792,108
(Q) Securities issued by fellow subsidiary (recorded as "Financial assets at fair value through profit or loss")				
		December 31, 2021		December 31, 2020
Other related parties:				
YFYCPG		\$ -		\$ 116,194
Yuanta SPAC III		-		17,457
Yuanta SPAC IV		18,051		20,345
Yuanta SPAC V		22,943		25,857
Yuanta SPAC VI		-		25,857
Yuanta SPAC VII		22,127		24,938
Yuanta SPAC VIII		23,059		25,989
		<u>\$ 86,180</u>		<u>\$ 256,637</u>
For the years ended December 31,				
2021		2020		
	Proceeds on disposal	Realised gain (loss)	Proceeds on disposal	Realised gain (loss)
Parent subsidiary:				
Yuanta Financial Holdings	\$ 788,260	(\$ 3,527)	\$ 444,089	\$ 125
Fellow subsidiary:				
Yuanta Futures	-	-	8,264	644
Other related parties:				
YFYCPG	989,923	49,376	188,754	21,370
	<u>\$ 1,778,183</u>	<u>\$ 45,849</u>	<u>\$ 641,107</u>	<u>\$ 22,139</u>
(R) Credit transaction				
Please refer to Note 7(2)T.				
(S) Others				
a As of December 31, 2021 and 2020, the lines of credit that Yuanta Securities and its subsidiaries have drawn in order to acquire Yuanta Bank were all \$10,000,000. The carrying amounts of land and building amounting to \$ 3,496,643 and \$3,520,376, respectively, were designated as collateral.				
b Details on the management fee receivable for fund investments accounted for under the equity method and receipts of fund management fee held by Yuanta Securities and its subsidiaries.				
Please refer to Note 7(2)I.				

- c 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,	
		2021	2020
Other related parties:			
Yuanta Diamond Funds SPC’s funds	\$	53,139	\$ 24,302
Yuanta Asia Growth Investment L.P.		25,970	18,040
Global Growth Investment, L.P.		630	1,392
	\$	<u>79,739</u>	<u>\$ 43,734</u>
		The balance of fund	
		December 31, 2021	December 31, 2020
Other related parties:			
Yuanta Asia Growth Investment, L.P.	\$	124,086	\$ 96,161
Yuanta Diamond Funds SPC’s funds		-	62,403
Global Growth Investment, L.P.		12,044	30,099
	\$	<u>136,130</u>	<u>\$ 188,663</u>

C. Yuanta Futures and its subsidiaries

(A) Cash and cash equivalents / operating guarantee deposits / customer margin deposits

		December 31, 2021		
		Bank deposits ending balance	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:				
Yuanta Bank	\$	<u>3,344,174</u>	<u>\$ 140,000</u>	<u>\$ 16,371,626</u>
		December 31, 2020		
		Bank deposits ending balance	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary:				
Yuanta Bank	\$	<u>1,338,901</u>	<u>\$ 140,000</u>	<u>\$ 12,347,144</u>

(B) Customer margin account for leverage contracts

		December 31, 2021	December 31, 2020
Fellow subsidiary:			
Yuanta Bank	\$	<u>200,734</u>	<u>\$ 257,218</u>

(C) Equity of futures traders

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Securities	\$ 4,904,272	\$ 7,280,656
Yuanta Securities (Korea)	210,502	200,709
Yuanta Securities (Hong Kong)	132,727	91,086
Yuanta Bank	84,459	-
Other related parties:		
Funds managed by Yuanta		
Securities Investment Trust	29,244,360	28,223,681
Others	88,823	73,478
	<u>\$ 34,665,143</u>	<u>\$ 35,869,610</u>

(D) Acquisition of right-of-use assets

Yuanta Futures and its subsidiaries lease buildings from Yuanta Bank, Yuanta Securities and Yuanta Life with a lease term from 2.5 months to 5 years and rents are paid monthly.

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ 1,949	\$ -
Yuanta Securities	4,089	-
Yuanta Life	-	188,688
	<u>\$ 6,038</u>	<u>\$ 188,688</u>

(E) Lease liabilities

a. Ending balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ 7,051	\$ 891
Yuanta Life	153,175	188,902
Yuanta Securities	-	5,636
	<u>\$ 160,226</u>	<u>\$ 195,429</u>

b. Interests expense

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary:		
Yuanta Bank	\$ 26	\$ 14
Yuanta Life	1,083	214
Yuanta Securities	8	129
	<u>\$ 1,117</u>	<u>\$ 357</u>

(F) Brokerage fee revenue

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 87,986	\$ 100,481
Yuanta Securities (Hong Kong)	8,768	3,980
Yuanta Securities (Korea)	2,047	4,121
Other related parties:		
Funds managed by Yuanta Securities		
Investment Trust	134,998	140,818
Others	8,662	6,723
	<u>\$ 242,461</u>	<u>\$ 256,123</u>

(G) Futures commissions expense and consigned/entrusted foreign futures trading commissions

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	<u>\$ 303,403</u>	<u>\$ 284,601</u>

Yuanta Futures and its subsidiaries engaged with Yuanta Securities for the purpose of futures trading and consigned/entrusted foreign futures trading, that is, the Company acts as an agent for trading of futures contracts and futures option contracts for its customers. The futures commission expense and payment terms do not have any significant difference between related parties and non-related parties.

(H) Interests income

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 91,939</u>	<u>\$ 125,624</u>

Interest income includes the interest from demand deposits, time deposits, margin deposits and operating guarantee deposits.

D. Yuanta Securities Investment Consulting

(A) Bank deposits

As of December 31, 2021 and 2020, Yuanta Securities Investment Consulting deposited \$241,703 and \$200,755, respectively, to Yuanta Bank, amongst which, the operating guarantee deposits were all \$5,000, and annual interest rates were all 0.770% .

(B) Operating income

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Securities	\$ 201,000	\$ 172,800
Yuanta Bank	15,960	12,420
Yuanta Securities Investment Trust	10,000	4,800
Yuanta Futures	3,600	3,600
Yuanta Life	-	2,940
Yuanta Securities Finance	6,840	6,000
	<u>\$ 237,400</u>	<u>\$ 202,560</u>

The above operating income is the income of consultants, journals and speeches, which are priced according to the contract between the two parties, and the payment is settled on a monthly basis.

E. Yuanta Securities Investment Trust

(A) Sales fee

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Securities	\$ 115,607	\$ 109,850
Yuanta Bank	32,191	31,957
	<u>\$ 147,798</u>	<u>\$ 141,807</u>

(B) Bank deposits

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	<u>\$ 3,267,493</u>	<u>\$ 2,789,237</u>

(C) Accounts receivable

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Life	\$ 1,522	\$ -
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	336,337	292,651
	<u>\$ 337,859</u>	<u>\$ 292,651</u>

(D) Management fee income

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Life	\$ 10,472	\$ -
Other related parties:		
Funds managed by Yuanta Securities Investment Trust	3,539,086	3,297,511
	<u>\$ 3,549,558</u>	<u>\$ 3,297,511</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, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Yuanta Securities Investment Trust	\$ 165,069	\$ 489,925
Fellow subsidiary	452,295	1,763,685
	<u>\$ 617,364</u>	<u>\$ 2,253,610</u>

F. Yuanta Life

(A) Bank deposits and time deposits

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank (Note)	<u>\$ 768,267</u>	<u>\$ 326,453</u>
Note: Including other financial assets.		

(B) Current income tax assets/liabilities

	December 31, 2021	December 31, 2020
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivable	<u>\$ 1,751,615</u>	<u>\$ 2,609,424</u>
Consolidated income tax return payable	<u>\$ 612,649</u>	<u>\$ 353,690</u>

(C) Property transactions—Beneficiary certificates(recorded as “Financial assets at fair value through profit or loss”)

	December 31, 2021	December 31, 2020
Other related parties:		
Funds managed by Yuanta	\$ 1,520,526	\$ 2,915,162
Securities Investment Trust		
Yuanta Asia Growth Investment, L.P.	124,675	96,385
	<u>\$ 1,645,201</u>	<u>\$ 3,011,547</u>

For the year ended December 31, 2021

	Purchase price	Proceeds on disposal	Realised gain
Other related parties:			
Funds managed by	\$ 371,364	\$ 1,855,902	\$ 392,824
Yuanta Securities			
Investment Trust			
Yuanta Asia Growth			
Investment, L.P.	32,309	1,946	1,172
	<u>\$ 403,673</u>	<u>\$ 1,857,848</u>	<u>\$ 393,996</u>

	For the year ended December 31, 2020		
	Purchase price	Proceeds on disposal	Realised gain
Other related parties:			
Funds managed by Yuanta Securities Investment Trust Yuanta Asia Growth Investment, L.P.	\$ 3,226,604	\$ 3,369,507	\$ 109,248
	73,054	-	-
	<u>\$ 3,299,658</u>	<u>\$ 3,369,507</u>	<u>\$ 109,248</u>

(D) Payables

	December 31, 2021	December 31, 2020
Parent company:		
Yuanta Financial Holdings	\$ 1,081	\$ 439
Fellow subsidiary:		
Yuanta Bank	53,609	23,158
Yuanta International Insurance Brokers	82,563	21,719
	<u>\$ 137,253</u>	<u>\$ 45,316</u>

(E) Premium income

	For the years ended December 31,	
	2021	2020
Parent company:		
Yuanta Financial Holdings	\$ 1,314	\$ 1,137
Fellow subsidiary:		
Yuanta Bank	33,936	30,456
Yuanta Futures	2,758	2,603
Yuanta Securities Investment Trust	1,841	2,093
Yuanta Securities	39,132	37,107
Other related parties:		
Others (Note)	342,543	353,317
	<u>\$ 421,524</u>	<u>\$ 426,713</u>

Note: The balance of individual related party did not exceed 10% of account balance.

(F) Commission expense

	For the years ended December 31,	
	2021	2020
Fellow subsidiary:		
Yuanta Bank	\$ 893,768	\$ 605,514
Yuanta International Insurance Brokers	1,092,011	414,437
	<u>\$ 1,985,779</u>	<u>\$ 1,019,951</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, 2021 was \$28,705,318 and the trustee's compensation for the commissioned services during the years ended December 31, 2021 amounted to \$10,472. 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 year ended December 31, 2021 amounted to \$17,729.

(H) Rental income

Yuanta Life leases buildings and parking space from Yuanta Securities Finance with a lease term 5 years. The rents are paid monthly.

	For the years ended December 31,	
	2021	2020
Parent company:		
Yuanta Financial Holdings	\$ 5,189	\$ 906
Fellow subsidiary:		
Yuanta Securities	95,069	13,193
Yuanta Futures	36,050	5,205
Yuanta Bank	13,074	1,609
Yuanta Asset Management	4,165	585
Yuanta International Insurance Brokers	1,089	152
Other related parties:		
Yuanta Construction Development	8,068	1,176
	<u>\$ 162,704</u>	<u>\$ 22,826</u>

G. Yuanta Ventures and its subsidiary

(A) Bank deposits

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	\$ 952,219	\$ 419,723
Yuanta Securities (Hong Kong)	5,073	5,254
	<u>\$ 957,292</u>	<u>\$ 424,977</u>

- a. For the years ended December 31, 2021 and 2020, interest income from abovementioned bank accounts were \$2,738 and \$2,192, respectively.
- b. As of December 31, 2021 and 2020, 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 3.5507 and 3.6775, respectively.

(B) Current tax asset/liabilities

	December 31, 2021	December 31, 2020
Parent company:		
Yuanta Financial Holdings		
Consolidated income tax return receivable	\$ 71,984	\$ 108,625
Consolidated income tax return payable	<u>\$ 13,392</u>	<u>\$ -</u>

H. Yuanta Asset Management

Bank deposits

	December 31, 2021	December 31, 2020
Fellow subsidiary:		
Yuanta Bank	\$ 179,926	\$ 22,787

For the years ended December 31, 2021 and 2020, interest income from abovementioned bank accounts were \$50 and \$2, respectively.

8. Pledged assets

As of December 31, 2021 and 2020, the Yuanta Group's assets pledged as collateral are as follows:

Items	December 31, 2021	December 31, 2020	Purpose of pledge
Due from Central Bank and call loans to other banks	\$ 116,460	\$ 183,757	Operating guarantee deposits
Financial assets at fair value through profit or loss	125,360,233	162,244,880	Bonds under repurchase agreement, collateral for securities lending and OTC trading
	76,340,247	88,944,601	Merchant business
	51,208	52,117	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income	3,904,550	3,916,503	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
	1,216,100	1,216,100	Operating guarantee deposits
	64,853,914	64,401,555	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	2,407,130	2,407,519	Operating guarantee deposits
	211,874	50,987	Deposits for guarantees in the Central Bank
	183,796	195,929	Claim reserve from trust fund
	10,651,885	10,657,240	Overdraft guarantee for foreign currency settlement
	108,807	109,514	Settlement reserves for Electronic Bond Trading System (EBTS) issued by OTC
	54,404	54,757	Deposit guarantees of bills merchants
	463,301	711,844	Collateral for provisional seizure
	5,223	5,257	VISA international card payment reserves
Restricted assets	2,143,011	1,475,801	Collateral for settlement limit, short-term loans, payable short-term bills and OTC derivative transactions
	306,264	1,462,345	Operating guarantee deposits-exchange, structured notes, interest rate swap account, repo trade and money lending refundable
	920	1,037	Overdraft guarantee
	21,834	21,838	Dividends payable arising from stock agency business
Other assets	435,358	259,147	Operating guarantee deposits
	1,775,239	2,044,765	Performance bond and rental deposits
	32,594	2,120	Underwriting share proceeds collected on behalf of customers

Items	December 31, 2021	December 31, 2020	Purpose of pledge
Property and equipment and investment property	\$ 2,956,216	\$ 3,167,446	Collateral for settlement limit and short-term loans; collateral for mortgage loans and leases
Treasury share of Yuanta Securities (Korea)	646,073	553,358	Collateral for securities lending business

9. Significant contingent liabilities and unrecognized contract commitments

- (1) As of December 31, 2021 and 2020, capital expenditure contracted for at the balance sheet date but not yet incurred were \$6,327,872 and \$3,229,972, respectively.
- (2) As of December 31, 2021, the upper limit of remaining capital commitment for the investment agreement signed by Yuanta Life of the Yuanta Group were US 7,251 thousand dollars and \$59,003 thousand dollars.
- (3) Stocks entrusted to custody
As of December 31, 2021 and 2020, the stocks entrusted to the custody of Yuanta Securities Finance of Yuanta Group by clients were all 7,483 thousand shares. The market value of these entrusted stocks was approximately \$79,180 and \$78,242, 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, 2021, Yuanta Securities (Korea) had issued a commitment letter with the total commitment amount no more than KRW 80,000 million (about \$1.9 billion) to provide its clients with acquisition financing services. On February 11, 2022, Yuanta Securities (Korea) fulfilled the commitment amounting to KRW 50,000 million (about \$1.2 billion). The commitment was expired and ended after the reporting period. Please refer to the explanation in Note 9, Significant contingent liabilities and unrecognized contract commitments.
- (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 the ruling and reduced the claim amount to \$724,028 thousand (the amount of \$699,197 thousand of which was claimed on a jointly-liable basis). Yuanta Securities will defend the case in accordance with the law.
 - B. As of December 31, 2021, of the total 19 litigations against Yuanta Securities (Korea) and its subsidiaries, 2 litigations were related to the financial product sales disputes of former TongYang Securities Inc. (please refer to the explanation in Note 6(26)). The remaining 17 litigations were demanded compensation totaling KRW 28,713 million (approximately \$670 million). 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 \$3.9 billion) as well as the accrued interests at the estimated amount of KRW 37,936 million as of December 31, 2021 (approximately \$900 million). Yuanta Securities (Korea) received a correction of arbitration award in January 2021, which has no impact on the 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 recognized the arbitration award and allowed Anbang to enforce the arbitration award up to the amount of KRW 131,801 million (approximately \$3.1 billion) plus interests that become due as time passes. Yuanta Securities (Korea) and Anbang both appealed the court decision. Yuanta Securities (Korea) has recognized provision liabilities in the amount of approximately KRW 139,047 million (approximately \$3.2 billion). However, the actual compensation amount to be borne by Yuanta Securities (Korea) might change due to the subsequent legal actions. As of December 31, 2021, Yuanta Securities (Korea) and its subsidiaries provided provisions amounting to KRW 140,108 million (about \$3.3 billion) for the abovementioned 17 litigations that were unrelated to the financial product sales disputes and 1 arbitration for which the award was issued. Separately, Yuanta Securities (Korea) filed 17 lawsuits as the plaintiff with a total claimed amount of KRW 109,009 million (about \$2.5 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 \$250 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. Both parties filed appeals against the judgment.
- D. As of December 31, 2021, Yuanta Securities (Hong Kong)'s receivables from certain margin loans amounting to HKD 147,504 thousand (approximately \$520 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 \$240 million) and received the first repayment distributed by certain clients' liquidator amounting to HKD 44 thousand (approximately \$160 thousand), the remaining loss of HKD 78,908 thousand (approximately \$280 million) has been recognized. 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 \$480 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

- A. Ta Chong Bank had conducted foreign exchange derivatives transactions with Sino United International Co., Ltd. and its related party, Plosa International Co., Ltd. As Sino United International Co., Ltd. and Plosa International Co., Ltd. disputed the loss incurred for certain Target Redemption Forward (TRF) transactions when closing positions, they filed a complaint with the Taiwan Taipei District Court against Ta Chong Bank and alleged that Ta Chong Bank shall reimburse them for the loss arising from the transactions. (preferential claim of the two plaintiffs: USD 3,123 thousand and interests accrued therefrom; alternative claim of the two plaintiffs: USD 1,445 thousand and interests accrued therefrom). Yuanta Bank assumed the lawsuit after acquiring Ta Chong Bank. On January 26, 2018, the Taiwan Taipei District Court as the court of first instance ruled in favour of Yuanta Bank. Sino United International Co., Ltd. and Plosa United International Co., Ltd. disagreed with the ruling and filed an appeal with the Taiwan High Court. On March 12, 2019, the Taiwan High Court as the court of the second instance adjudicated in favour of Yuanta Bank. Sino United International Co., Ltd. and Plosa United International Co., Ltd., again, disagreed with the ruling and filed an appeal for the review of the third instance. However, the appeal of Plosa International Co., Ltd. was dismissed due to the non-payment of the court fees. The Supreme Court as the court of the third instance ruled in favour of Yuanta bank on June 24, 2021 for the appeal of Sino United International Co., Ltd. As a result, the case was concluded to be in favor of Yuanta Bank entirely.
- B. 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, 2021, 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.

(9) Other lawsuits- Yuanta Life Insurance

As of December 31, 2021, 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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commitment of the securities under a repurchase agreement	\$ 187,259,926	\$ 220,352,840
Commitment of the securities under a resale agreement	46,501,102	58,459,272
Unused loan commitments	22,005,017	23,460,752
Credit commitment on credit card	120,652,007	119,349,211
Unused L/C balance	2,495,253	3,332,772
Other guarantees	10,180,354	13,042,579
Consignment collection for others	15,679,854	17,916,355
Trust assets	256,989,946	266,130,081
Items under custody	68,681,307	33,887,263

- (11) In accordance with Article 17 of the Trust Enterprise Act, the Yuanta Bank disclosures its trust balance sheet, trust income statement and trust property list are as follows:

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>

December 31, 2020			
Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 4,929,532	Payable - Customers' securities under custody	\$ 46,264,666
Stocks	6,013,624	Pecuniary trust	150,036,281
Funds (Note)	108,822,242	Securities trust	903,394
Bonds	27,224,683	Real estate trust	15,734,340
Structured products	6,355,822	Net income	173,956
Real estate-Land	12,430,564	Retained earnings	895,143
-Construction in progress	1,966,647		
Customers' securities under custody	46,264,666		
Total trust assets	<u>\$ 214,007,780</u>	Total trust liabilities	<u>\$ 214,007,780</u>

Note : Includes mutual funds in money market.

Trust Income Statement

	For the years ended December 31,	
	2021	2020
Trust revenue		
Interest income	\$ 5,172	\$ 10,004
Investment income (Stock)	1	22,483
Investment income (Fund)	69	1,520
Dividend income	377,636	196,284
	<u>382,878</u>	<u>230,291</u>
Trust expenses		
Management fees	(13,890)	(16,357)
Tax expense	(14,616)	(37,509)
Insurance expense	(7,357)	(2,402)
	<u>(35,863)</u>	<u>(56,268)</u>
Income before income tax	347,015	174,023
Income tax expense	(55)	(67)
Net income	<u>\$ 346,960</u>	<u>\$ 173,956</u>

Trust Property List

Invested items	December 31, 2021	December 31, 2020
	Book value	Book value
Bank deposits	\$ 5,045,722	\$ 4,929,532
Bonds	21,105,792	27,224,683
Stocks	6,364,607	6,013,624
Structured products	5,877,762	6,355,822
Funds (Note)	113,593,865	108,822,242
Real estate-Land	12,586,630	12,430,564
-Construction in progress	3,279,716	1,966,647
Customers' securities under custody	38,685,337	46,264,666
	<u>\$ 206,539,431</u>	<u>\$ 214,007,780</u>

Note : Includes mutual funds in money market.

The trust balance sheet and schedule of trust property as at December 31, 2021 and 2020 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, 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>

December 31, 2020

Trust Balance Sheet			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 2,362,399	Payables	\$ 107,168
Stocks	5,202,236	Income tax payable	119
Funds	42,069,347	Other liabilities	9
Bonds	26,906	Trust capital-pecuniary trust	44,753,576
Structured products	2,014,498	Trust capital-securities trust	3,826,254
Accounts receivable	446,915	Net loss	(1,365,138)
		Retained earnings	5,376,283
		Deferred carryforwards	(575,970)
Total trust assets	<u>\$ 52,122,301</u>	Total trust liabilities	<u>\$ 52,122,301</u>

Trust Income Statement			
		For the years ended December 31,	
		2021	2020
Trust revenue			
Interest income	\$	1,342,648	\$ 621,491
Realized investment income		3,988,365	-
Unrealized investment income		63,397	497,915
Rental income		26,137	24,149
Dividend revenue		98,410	143,354
		<u>5,518,957</u>	<u>1,286,909</u>
Trust expenses			
Management fees	(	38,063)	(55,510)
Fees (Service charges)	(	186,028)	(218,671)
Realized investment loss		-	(1,946,106)
Foreign exchange loss	(	240,107)	(394,946)
Insurance expense	(	1,092)	(1,628)
Others	(	5)	(7)
		<u>(465,295)</u>	<u>(2,616,868)</u>
Income (loss) before income tax		5,053,662	(1,329,959)
Income tax expense	(	23,026)	(35,179)
Net income (loss)	\$	<u>5,030,636</u>	<u>(\$ 1,365,138)</u>

Trust Property List			
		December 31, 2021	December 31, 2021
Invested items		Book value	Book value
Bank deposits	\$	2,347,924	\$ 2,362,399
Stocks		4,529,695	5,202,236
Funds		42,147,798	42,069,347
Bonds		23,597	26,906
Structured products		914,360	2,014,498
Others		487,141	446,915
	\$	<u>50,450,515</u>	<u>\$ 52,122,301</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, 2021 and 2020 were USD 8,698 thousand dollars and USD 12,323 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:

- A. SYF Information (Shanghai), the subsidiary of Yuanta Futures, conducted dissolution and liquidation procedures under the consent of the Board of Directors on June 30, 2021. The Local Authority approved these on July 12, 2021. On February 14, 2022, SYF Information (Shanghai) received the approval letter and the related procedures are still ongoing.
- B. As of December 31, 2021, Yuanta Securities (Korea) had issued a commitment letter with the total commitment amount no more than KRW 80,000 million (about \$1.9 billion) to provide its clients with acquisition financing services. On February 11, 2022, Yuanta Securities (Korea) fulfilled the commitment amounting to KRW 50,000 million (about \$1.2 billion). The commitment was expired and ended after the reporting period.

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 authorized 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 recognized 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, 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, 2021			December 31, 2020		
	Total	Level 1	Level 2	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	\$ 46,682,480	\$ 44,338,674	\$ -	\$ 31,048,635	\$ -	\$ 2,692,132
Liability instruments	340,079,459	76,358,173	263,201,601	88,718,027	283,450,792	590,405
Others	128,923,284	43,315,551	79,415,014	62,459,581	93,295,301	11,151,064
Financial assets at fair value through other comprehensive income (Note)						
Equity instruments	44,301,514	17,551,150	-	8,576,899	-	20,088,236
Liability instruments	295,405,248	116,970,889	178,322,333	94,013,795	156,725,621	202,752
Other financial assets						
Purchase of claim receivable	1,813,266	-	-	-	-	1,831,820
Liabilities						
Financial liabilities at fair value through profit or loss	\$ 133,670,994	\$ 75,119,499	\$ 20,674,852	\$ 73,969,554	\$ 18,734,672	\$ 51,324,945
<u>Derivative financial instruments</u>						
Assets						
Financial assets at fair value through profit or loss	\$ 13,556,918	\$ 6,253,670	\$ 5,597,219	\$ 3,712,219	\$ 7,348,133	\$ 2,126,350
Liabilities						
Financial liabilities at fair value through profit or loss	\$ 25,014,745	\$ 5,217,054	\$ 15,523,237	\$ 2,524,216	\$ 12,478,914	\$ 4,425,204

Note: As of December 31, 2021 and 2020, the statutory deposits of Yunta Life of the Yunta Group were all \$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 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 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 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, 2021 and 2020, certain foreign debt held by the Yuanta Group, totaling, USD 15,514 thousand and USD 15,437 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, 2021 and 2020, certain foreign debt held by the Yuanta Group, totaling USD 14,690 thousand and USD 0 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:

Items	For the year ended December 31, 2021						
	Gain and loss on valuation			Addition		Reduction	
	Beginning balance	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>
	For the year ended December 31, 2020						
Items	Gain and loss on valuation			Addition		Reduction	
	Beginning balance	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	\$ 16,152,436	\$ 1,448,743	\$ 43,829	\$ 34,922,887	\$ -	\$ 32,682,292	\$ 340,508
Financial assets at fair value through other comprehensive income	18,682,631	409,360	1,833,258	402,534	-	(1,036,795)	-
Other financial assets- purchase of claim receivable	1,849,460	56	-	-	-	(17,696)	-
Total	<u>\$ 36,684,527</u>	<u>\$ 1,039,327</u>	<u>\$ 1,789,429</u>	<u>\$ 35,325,421</u>	<u>\$ -</u>	<u>\$ 33,736,783</u>	<u>\$ 340,508</u>

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. The net gains (losses) belonging to assets as of December 31, 2021 and 2020 were \$1,725,552 and (\$3,368,677), respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. The net gains belonging to assets as of December 31, 2021 and 2020 were \$7,350,129 and \$1,446,004, respectively.

b. Movements of financial liabilities classified into Level 3 of fair value are as follows:

For the year ended December 31, 2021							
Items	Gain and loss on valuation			Addition		Reduction	
	Beginning balance	Gain and loss	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	\$ 4,589	\$63,169,956	\$ -	(\$ 71,213,082)	\$ 25,697
							\$42,151,097

For the year ended December 31, 2020							
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 liabilities at fair value through profit or loss	\$ 68,309,057	\$ 5,175,599	\$ 13,042	\$ 90,845,683	\$ -	\$ 108,593,232	\$ -
							\$ 55,750,149

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. The net gains belonging to liabilities as of December 31, 2021 and 2020 were \$1,968,546 and \$4,765,741, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. The net gains belonging to liabilities as of December 31, 2021 and 2020 were \$4,176 and \$12,731, respectively.

Note: For the years ended December 31, 2021 and 2020, 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 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, 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	-	-
December 31, 2020				
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 95,995	(\$ 92,866)	\$ -	\$ -
Derivative instruments	46,827	(46,827)	-	-
Financial assets at fair value through				
other comprehensive income	-	-	400,275	(278,574)
Other financial assets- purchase of				
claim receivable	88,945	(88,945)	-	-
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	(\$ 43,722)	\$ 43,722	\$ -	\$ -
Derivative instruments	122,107	(122,064)	-	-

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, 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 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Discount rate	10.01%~16.80%	The higher the discount rate, the lower the fair value
			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
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.
			Credit Spread	54.58%~54.60%	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
			Discount rate	0.71%~5.85%	The higher the discount rate, the lower the fair value
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.
			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
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
			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.
			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

December 31, 2021		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
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
			Payment rate	3.88%~35.97%	The higher the payment rate, the higher the fair value
			Discount rate	5.20%~41.18%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	26,750,364	1.Market method 2.Residual income valuation model 3.Discouted cash flow	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
			Discount rate	0.1096~0.1096	The higher the discount rate, the lower the fair value
Liability instruments	112,026	Discounted cash flow	Discount rate	0.71%~5.85%	The higher the discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss					
Derivative instruments (including futures and options trade in futures market)	4,274,454	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.
			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
Others	37,876,643	1.FDM 2.Option Model 3.IR Model 4.Hybrid Model 5.Monte Carlo Simulation 6.Equity Model by L.Andersen and D.Buffum	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
December 31, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Equity instruments	\$ 2,692,132	1.Market method 2.Income method 3.Equity Model by L. Anderson and D. Buffum	Discount for marketability	<=40%	The higher the discount for marketability, the lower the fair value
			Discount rate	7.59%~15.95%	The higher the discount rate, the lower the fair value
			Stock price volatility	11.01%~39.46%	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	2.49%~5.92%	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, 2020		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Liability instruments	\$ 590,405	1.Hybrid Model 2.Equity Model by L. Anderson and D. Buffum 3.Monte Carlo Simulation 4.Discounted cash flow	Stock price volatility	13.19%~51.02%	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	5.58%~5.60%	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
			Discount rate	0.002%~4.74%	The higher the discount rate, the lower the fair value
Derivative instruments (including futures and options trade in futures market)	2,126,350	1.Option Model 2.Hybrid Model 3.FDM 4.Monte Carlo Simulation	Stock price volatility	2.57%~22.11%	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	0.22~0.96	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	55%	The higher the recovery rate, the higher the fair value
Others	11,151,064	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
			Stock price volatility	17.93%~22.11%	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	0.22~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value
Other financial assets					
Purchase of claim receivable	1,831,820	Recoverable amount	Contact rate	3.76%~43.20%	The higher the contact rate, the higher the fair value
			Payment rate	2.87%~39.00%	The higher the payment rate, the higher the fair value
			Discount rate	3.72%~39.93%	The higher the discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income					
Equity instruments	20,088,236	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
			Expected growth rate	0.00%~1.00%	The higher the growth rate, the higher the fair value
			Discount rate	11%	The higher the discount rate, the lower the fair value
Liability instruments	202,752	Discounted cash flow	Discount rate	0.002%~4.74%	The higher the discount rate, the lower the fair value

December 31, 2020		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 trade in futures market)	\$ 4,425,204	1.FDM 2.Option Model 3.Monte Carlo Simulation 4.Equity Model by L.Andersen and D.Buffum	Stock price volatility	17.93%~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.
			Correlation coefficient	0.23~0.96	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	55%	The higher the recovery rate, the higher the fair value
Others	51,324,945	1.FDM 2.Option Model 3.IR Model 4.Hybrid Model 5.Monte Carlo Simulation 6.Equity Model by L.Andersen and D.Buffum	Stock price volatility	1.14%~92.20%	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	0.23~0.96	The higher the correlation coefficient, the higher the fair value
			Probability of Default (PD)	0.03%~100.00%	The higher the default rate, the lower the fair value
			Recovery rate	55%	The higher the recovery rate, the higher the fair value

(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, 2021

	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)	\$312,286,347	\$332,489,267	\$ 2,905,700	\$329,562,722	\$ 20,845
<u>Financial liabilities</u>					
Bonds payable	82,539,085	88,480,772	-	88,480,772	-

	December 31, 2020				
	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)	\$284,026,580	\$317,826,274	\$ 3,133,569	\$314,662,895	\$ 29,810

Financial liabilities

Bonds payable	78,790,127	81,283,377	-	81,283,377	-
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Note 1: Including the statutory deposits of all \$2,344,300 of Yuanta Life of the Yuanta Group as of December 31, 2021 and 2020.

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:

- 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.
- 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.
- Investments in debt instruments at amortized 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.
- 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.
- Bonds payable: The coupon rate for bank debentures issued by 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, the Risk Management Department, the Legal Compliance Department, the Legal Department, the Information Department and other business departments. 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, 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, 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 management reports, assisting in supervising the implementation of the risk management system, integrating and coordinating common risk management issues between subsidiaries, and promoting and communicating 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 include 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 avoiding harm of related information system and impact on information security risk of normal operating caused by external deliberate invasion 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. Subsequently, the Yuanta Group will examine each subsidiary's risk management organization in order to confirm 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 categorized into 10 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 categorized 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 categorized 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 recognizes expected credit losses according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit-impaired (Stage 3). 12-month expected credit losses are recognized for assets in Stage 1, and lifetime expected credit losses are recognized for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognized for each stage are as follows:

	Stage 1	Stage 2	Stage 3
Definition	Financial assets with no significant increase in credit risk since initial recognition or low credit risk on balance sheet date	Financial assets with significant increase in credit risk since initial recognition	Financial assets that became credit-impaired after initial recognition
Recognition of expected credit losses	12-month expected credit losses are recognized	Lifetime expected credit losses are recognized	Lifetime expected credit losses are recognized

The 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 recognized as non-performing, and reclassified as non-accrual or written off as bad debt.
 - x. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.
 - xi. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with the Bankers Association Self-regulatory Rules for Debt Workouts.
 - xii. Non-performing loans where a payment installment plan has been negotiated.
 - xiii. Loans classified as "in default" according to the 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 amortized 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, currents 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. 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.

Since the pandemic in Taiwan has been serious since mid-May, the consolidated company has 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 has continued to monitor and manage the sectors affected by country risk and industries (such as transportation, tourism, catering, entertainment, etc.). The review and analysis showed that the risk is still within tolerance. In addition, the government and the financial industry had already proposed countermeasures. If the pandemic is brought under control in the near future, it is not expected that the Yuanta Group's assets will be exposed to an increase in credit risk in 2021. The Yuanta Group will continually monitors the development of the pandemic, and assesses and resolves the related impact on the financial condition and operating performance of the Yuanta Group.

g. 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(11) 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:

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 bad debt	(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)	<u>\$ 886,812,437</u>	<u>\$ 4,001,888</u>	<u>\$ 2,399,252</u>	<u>(\$ 8,250,923)</u>	<u>\$ 884,962,654</u>

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 measured at fair value through other comprehensive income” and “financial assets measured at amortized cost”) are \$208,639,501 and \$808,148,135, respectively, and 12-month expected credit losses (Stage 1) are recognized for the majority of these items. The internal ratings of these items are all excellent and acceptable.

Bills discounted and loans

December 31, 2020	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	\$ 511,839,631	\$ 506,109	\$ -	\$ -	\$ 512,345,740
Internal ratings— acceptable	228,821,703	4,191,776	-	-	233,013,479
Internal ratings— weak	53,972,718	691,276	-	-	54,663,994
Internal ratings— not rated	201,335	215	-	-	201,550
Internal ratings— credit impairment	-	216,164	7,212,234	-	7,428,398
The total carrying amount	794,835,387	5,605,540	7,212,234	-	807,653,161
Allowance for bad debt	(1,523,406)	(237,135)	(4,550,166)	-	(6,310,707)
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	-	-	-	(6,909,850)	(6,909,850)
Total (Note)	\$ 793,311,981	\$ 5,368,405	\$ 2,662,068	(\$ 6,909,850)	\$ 794,432,604

Note: Including interest receivable and temporary payments for others amounting to \$651,380. In addition, allowance for doubtful receivables was \$18,817.

Additionally, the total cost amounts of accounts receivable and debt instruments (recorded as “Financial assets measured at fair value through other comprehensive income” and “financial assets measured at amortized cost”) are \$176,568,072 and \$678,737,464, respectively, and 12-month expected credit losses (Stage 1) are recognized 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, 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
December 31, 2020	Collateral (Note)	Net-settled general agreement	Total
<u>For on-balance sheet accounts</u>			
Receivables-other	\$ 124,281	\$ -	\$ 124,281
Bills discounted and loans	611,445,986	-	611,445,986
Financial assets at fair value through profit or loss	327,988	666,445	994,433
<u>For off-balance sheet accounts</u>			
Unused loan commitments	7,744,531	-	7,744,531
Unused credit commitment	137,817	-	137,817
Guarantees (including for non-performing loans)	3,526,369	-	3,526,369

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, 2021		December 31, 2020	
	Amount	%	Amount	%
Privately owned businesses	\$ 717,967,191	25.59	\$ 704,467,933	27.46
Natural person	740,580,656	26.40	638,832,274	24.90
Financial institutions	750,072,096	26.74	692,709,449	27.01
Governmental institutions	544,046,612	19.39	466,629,428	18.19
Government-owned businesses	49,974,810	1.78	59,664,323	2.33
Others	2,661,691	0.10	2,890,523	0.11
Total	\$ 2,805,303,056	100.00	\$ 2,565,193,930	100.00

(b) Geographic location:

Geography location	December 31, 2021	December 31, 2020
Taiwan	\$ 2,024,766,293	\$ 1,751,171,519
Asia	486,761,330	515,138,728
America	184,156,621	192,004,909
Europe	79,497,554	73,387,575
Oceania	29,832,581	33,235,807
Africa	288,677	255,392
Total	<u>\$ 2,805,303,056</u>	<u>\$ 2,565,193,930</u>

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i. Changes in the Yuanta Group's allowance for bad debt and accumulative impairment

(a) Credit business

For the years ended December 31, 2021 and 2020, the reconciliation of the balance of allowance for bad debt are as follows:

Bills discounted and loans

For the year ended December 31, 2021	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
Beginning balances	\$ 1,477,286	\$ 237,041	\$ 4,582,056	\$ 6,296,383	\$ 6,905,357	\$ 13,201,740
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

	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, 2020	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	7,489,394	\$	14,012,181
Beginning balances	\$ 1,383,758	\$ 190,274	\$ 4,948,755	\$ 6,522,787			
Changes from financial instruments recognised at the beginning:							
-Transferred to lifetime expected credit losses	(12,717)	13,891	(1,174)	-	-		-
-Transferred to credit-impaired financial asset	(8,800)	3,950	12,750	-	-		-
-Transferred to 12-month expected credit losses	103,869	(21,741)	(82,128)	-	-		-
-Financial assets derecognised in the current period	(503,799)	(34,201)	(1,846,622)	(2,384,622)	-	(2,384,622)	
Impairment allowance for purchased or originated financial assets	797,545	12,451	55,396	865,392	-		865,392
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	-	-	-	-	584,037	(584,037)	(584,037)
Write-off as bad debt	(813,201)	(21,259)	(1,958,986)	(2,793,446)	-	(2,793,446)	
Change in exchange and others	530,631	101,576	3,454,065	4,086,272	-		4,086,272
Ending balances	\$ 1,477,286	\$ 237,041	\$ 4,582,056	\$ 6,296,383	\$ 6,905,357	\$ 13,201,740	

For the year ended December 31, 2021, significant changes in the total carrying amount that affected 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)	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

For the year ended December 31, 2020, significant changes in the total carrying amount that affected 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)	Total
Beginning balances	\$ 773,421,211	\$ 5,042,739	\$ 9,009,936	\$ 787,473,886
Changes from financial instruments recognised at the beginning:				
-Transferred to lifetime expected credit losses	(2,205,135)	2,206,731	(1,596)	-
-Transferred to credit-impaired financial asset	(2,263,707)	242,575	2,506,282	-
-Transferred to 12-month expected credit losses	1,168,478	855,276	313,202	-
-Financial assets derecognised in the current period	(274,423,919)	(1,116,242)	(3,433,252)	(278,973,413)
Impairment allowance for purchased or originated financial assets	350,705,979	805,687	112,106	351,623,772
Write-off as bad debt	(814,170)	(21,259)	(1,957,970)	(2,793,399)
Change in exchange and others	(51,376,084)	(221,453)	(1,268,472)	(50,329,065)
Ending balances	\$ 794,212,653	\$ 5,598,352	\$ 7,190,776	\$ 807,001,781

(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, 2021 and 2020, the carrying amount of accounts receivable amounted to \$57,142,471 and \$68,044,604, respectively. For the years ended December 31, 2021 and 2020, 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,	
	2021	2020
January 1	(\$ 871)	(\$ 1,299)
Reversal of impairment loss	327	428
December 31	(\$ 544)	(\$ 871)

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	For the year ended December 31, 2021	<div>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</div>						Total
	\$	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	\$	\$	\$
The beginning balances	(	262,850	79,932	2,666,383	3,009,165	73,848	-	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

	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, 2020	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			
The beginning balances	\$ 299,538	\$ 159,325	\$ 2,641,649	\$ 3,100,512	\$	92,848	\$ 3,193,360
Changes from financial instruments recognised at the beginning:							
-Transferred to lifetime expected credit losses	(186)	1,432	(1,246)	-		-	-
-Transferred to credit-impaired financial asset	(4,073)	(1,057)	5,130	-		-	-
-Transferred to 12-month expected credit losses	66,046	(36,684)	(29,362)	-		-	-
-Financial assets derecognised in the current period	(9,936)	(568)	(55,686)	(66,190)		-	(66,190)
Impairment allowance for purchased or originated financial assets	8,229	4,511	59,734	72,474		-	72,474
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	-	-	-	-		(19,000)	(19,000)
Write-off as bad debt	(34,811)	(12,556)	(324,496)	(371,863)		-	(371,863)
Change in exchange and others	(61,957)	(34,471)	370,660	274,232		-	274,232
The ending balances	\$ 262,850	\$ 79,932	\$ 2,666,383	\$ 3,009,165	\$	73,848	\$ 3,083,013

For the years ended December 31, 2021 and 2020, there were no significant changes to allowance for bad debt for accounts receivable and other financial assets.

(c) Guarantee reserve, loan commitment reserve and others

For the year ended December 31, 2021	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
The beginning balances	\$ 53,523	\$ 10,834	\$ 56,344	\$ 120,701	\$ 74,526	\$ 195,227
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

For the year ended December 31, 2020	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
	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			
The beginning balances	\$ 47,767	\$ 16,002	\$ 45,879	\$ 109,648	\$ 87,899	\$ 197,547	
Changes from financial instruments recognised at the beginning:							
-Transferred to lifetime expected credit losses	(964)	1,012 (48)		-	-	-	-
-Transferred to credit-impaired financial asset	(1)	14)	15	-	-	-	-
-Transferred to 12-month expected credit losses	11,893 (	11,593) (	300)	-	-	-	-
-Financial assets derecognised in the current period	(19,396) (	2,211) (	16,787) (	38,394)	- (	38,394)	
Impairment allowance for purchased or originated financial assets	18,944	454	19,334	38,732	-	38,732	
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	(4,720)	-	-	-	13,373) (	13,373)	
Change in exchange and others	\$ 53,523	\$ 10,834	\$ 56,344	\$ 120,701	\$ 74,526	\$ 195,227	
The ending balances							

(I) For the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the beginning balances of the accumulative impairment of financial assets measured at fair value through other comprehensive income were \$97,219 and \$101,586; the ending balances were \$81,595 and \$97,219, respectively. For the years ended December 31, 2021 and 2020, the beginning balances of the accumulative impairment of financial assets measured at amortized cost were \$145,737 and \$139,720; the ending balances were \$148,842 and \$145,737, 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 authorization 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, 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

Instrument type	For the year ended December 31, 2020			
	December 31, 2020	VaR Average	VaR Minimum	VaR Maximum
Interest rate	177,657	149,685	81,369	207,818
Equity securities	430,311	372,149	206,312	589,700
Foreign exchange	485,743	491,700	352,479	720,254
Commodity	7,185	21,787	402	241,741
Less: diversification effects	(315,888)	(301,058)	-	-
Total VaR	785,008	734,263	518,889	988,652

(b) Non-trading purpose

Sensitivity analysis on interest rate:

		December 31, 2021	December 31, 2020
	Interest rate shift	Effect on other comprehensive income	Effect on other comprehensive income
Financial assets at fair value through other comprehensive income-Bonds			
Yuanta Bank	Increase of 1 basis point	(\$ 47,027)	(\$ 39,181)
Yuanta Life	Increase of 1 basis point	(45,633)	(64,710)

- d. As of December 31, 2021 and 2020, 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, 2021		December 31, 2020	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Cash and cash equivalents	\$ 1,299,520	\$ 35,983,445	\$ 1,143,139	\$ 32,588,593
Financial assets at fair value through profit or loss	1,314,397	36,395,660	1,156,732	32,976,126
Financial assets at fair value through other comprehensive income	4,064,619	112,549,288	3,604,661	102,761,670
Financial assets at amortized cost	7,139,259	197,686,075	5,936,702	169,243,501
Bills discounted and loans	1,785,581	49,442,742	2,216,471	63,187,152
Foreign currency denominated financial liabilities				
Bills and bonds payable under repurchase agreements	1,200,712	33,247,717	1,181,705	33,688,055
Deposits and remittances	5,072,413	140,455,125	4,514,794	128,707,754
Other liabilities	2,270,117	62,859,553	873,037	24,888,539

Note: As of December 31, 2021 and 2020, USD to TWD exchange rates were 27.690 and 28.508, respectively.

- e. As of December 31, 2021 and 2020, 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, 2021		December 31, 2020	
	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	\$ 591,751,392	\$ 13,783,073	\$ 674,411,743	\$ 17,703,983
Financial assets at fair value through profit or loss	7,907,075,459	184,171,602	8,932,727,966	234,493,042
Financial assets at fair value through other comprehensive income	207,908,591	4,842,607	195,774,229	5,139,269
Accounts receivable	383,483,014	8,932,086	691,764,747	18,159,516
Other financial assets	588,213,158	13,700,661	556,346,160	14,604,643
Other current assets	125,364,285	2,919,985	126,875,789	3,330,616
Financial liabilities				
Short-term borrowings	2,011,922,771	46,861,705	1,783,056,955	46,807,028
Financial liabilities at fair value through profit or loss	1,631,490,451	38,000,676	1,751,608,479	45,981,474
Bonds sold under repurchase agreements	3,323,342,969	77,407,304	3,871,343,939	101,626,650
Guarantee deposit-in and margin deposits	107,747,250	2,509,649	102,015,844	2,678,018
Other financial liabilities	3,352,687,235	78,090,791	3,532,004,842	92,718,659
<u>Effect on profit or loss and equity</u>				
Financial assets				
Equity investments accounted for under the equity method	118,418,469	2,758,203	89,172,093	2,340,857

Note: As of December 31, 2021 and 2020, the KRW to TWD exchange rate were 0.023 and 0.026, 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, 2021				
Financial assets		0-90 days	91 days-1 year	Over 1 year
Non-derivative financial instruments				Total
Cash and cash equivalents	\$	69,961,736	\$ 10,686,593	\$ 87,292
Due from Central Bank and call loans to other banks		46,686,645	12,382,640	21,274,072
Financial assets at fair value through profit or loss		348,381,437	62,647,592	106,349,024
Financial assets at fair value through other comprehensive income		19,083,720	19,563,218	286,258,263
Investments in bills and bonds under resale agreements		44,125,764	2,329,200	-
Receivables		192,810,421	60,853,042	10,525,822
Bills discounted and loans		174,449,832	170,544,648	551,594,248
Rensurance contract assets		469,188	860,333	-
Financial assets at amortised cost		110,669,178	43,916,838	353,841,886
Restricted assets		-	-	2,472,029
Other financial assets		78,432,205	25,808	32,746,739
Other assets		39,374,193	418,499	22,730,781
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
Cash outflow	(	53,979,452)	18,295,811)	8,982,730)
Net settlement		562,785	910,397	1,644,736
Total	\$	1,125,836,862	\$ 385,284,181	\$ 1,389,672,312
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$	22,360,631	\$ 3,263,493	\$ -
Due to Central Bank and other banks		19,990	819,710	-
Financial liabilities at fair value through profit or loss		68,702,426	708,255	7,988,911
Bills and bonds payable under repurchase agreements		128,727,504	24,785,976	30,352,369
Commercial paper payable		46,707,205	3,276,297	-
Payables		137,368,028	24,333,737	52,086,400
Deposits and remittances		248,061,065	439,161,368	687,779,950
Bonds payable		2,030,822	6,687,896	71,294,873
Other borrowings		47,239,030	3,594,770	9,164,400
Other financial liabilities		81,937,686	2,330,674	42,351,068
Other liabilities		95,329,056	8,376	2,823,575
Lease liabilities		274,381	1,096,086	5,813,723
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)
Cash outflow		47,003,289	15,888,814	12,126,186
Net settlement		312,943	207,379	792,920
Total	\$	880,386,202	\$ 510,416,396	\$ 910,728,168
				\$ 2,301,530,766

December 31, 2020

	December 31, 2020			Total
	Financial assets			
	0-90 days	91 days-1 year	Over 1 year	
Non-derivative financial instruments				
Cash and cash equivalents	\$ 61,982,603	\$ 15,234,266	\$ 280,329	\$ 77,497,198
Due from Central Bank and call loans to other banks	27,254,595	10,092,759	17,026,202	54,373,556
Financial assets at fair value through profit or loss	393,223,577	53,031,321	122,202,953	568,457,851
Financial assets at fair value through other comprehensive income	10,234,735	14,726,206	248,062,195	273,023,136
Investments in bills and bonds under resale agreements	58,336,318	-	-	58,336,318
Receivables	186,461,632	42,663,552	13,813,943	242,939,127
Bills discounted and loans	141,666,704	158,243,571	505,620,132	805,530,407
Reinsurance contract assets	474,044	625,413	-	1,099,457
Financial assets at amortised cost	114,612,311	30,349,573	285,337,543	430,299,427
Restricted assets	-	-	2,961,020	2,961,020
Other financial assets	75,247,715	21,998	4,023,123	79,292,836
Other assets	24,989,447	696,713	13,169,310	38,855,470
Derivative financial instruments				
Financial assets at fair value through profit or loss				
Gross settlement				
Cash inflow	58,270,716	10,378,211	-	68,648,927
Cash outflow	(57,470,043)	(10,150,096)	-	(67,620,139)
Net settlement	948,663	2,216,526	1,761,726	4,926,915
Total	\$ 1,096,233,017	\$ 328,130,013	\$ 1,214,258,476	\$ 2,638,621,506
Financial liabilities				
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 12,148,806	\$ 3,263,493	\$ -	\$ 15,412,299
Due to Central Bank and other banks	596,000	79,000	-	675,000
Financial liabilities at fair value through profit or loss	69,292,164	2,925,332	2,143,394	74,360,890
Bills and bonds payable under repurchase agreements	147,038,875	34,368,399	35,213,913	216,621,187
Commercial paper payable	19,497,099	7,920,390	-	27,417,489
Payables	171,798,838	21,651,552	53,329,810	246,780,200
Deposits and remittances	270,274,785	372,639,773	568,105,836	1,211,020,394
Bonds payable	3,535,198	13,690,505	58,410,734	75,636,437
Other borrowings	41,908,532	3,722,598	12,164,931	57,796,061
Other financial liabilities	79,583,504	875,539	8,254,541	88,713,584
Other liabilities	38,741,761	40,879	3,125,657	41,908,297
Lease liabilities	374,691	1,065,135	6,558,187	7,998,013
Derivative financial instruments				
Financial liabilities at fair value through profit or loss				
Gross settlement				
Cash inflow	(72,766,299)	(12,395,832)	-	(85,162,131)
Cash outflow	75,008,495	12,573,748	-	87,582,243
Net settlement	88,499	113,131	947,401	1,149,031
Total	\$ 857,120,948	\$ 462,533,642	\$ 748,254,404	\$ 2,067,908,994

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, 2021 and 2020, expenses on period of 0-90 days will increase by \$729,314,251 and \$597,259,138, 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, 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
		December 31, 2020			
		Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet					
Unused loan commitment	\$	23,460,752	\$ -	\$ -	\$ 23,460,752
Unused credit commitment		3,332,772	-	-	3,332,772
Guarantees		13,042,579	-	-	13,042,579
Capital expenditure commitment		1,730,586	1,499,386	-	3,229,972

(D) Transfer of financial assets

Transferred financial assets not fully derecognized

- 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 recognizes 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.
- 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, 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
December 31, 2020		
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	\$ 18,662,717	\$ 16,468,096
Bonds sold under repurchase agreements	221,793,240	216,621,187

(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, 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	

December 31, 2020

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of 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	\$ 9,144,473	\$ -	\$ 9,144,473	\$ 4,523,498	\$ 3,528,033	\$ 1,092,942
Bonds purchased under resale agreements	58,336,318	-	58,336,318	53,394,111	3,633,266	1,308,941

b. Financial liabilities

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	-

December 31, 2020

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	\$ 10,002,124	\$ -	\$ 10,002,124	\$ 6,896,975	\$ 1,508,225	\$ 1,596,924
Bonds sold under repurchase agreements	216,621,187	-	216,621,187	216,615,003	6,184	-

Note 1: The related offsetting amount shall not exceed the recognized financial assets or liabilities.

Note 2: Including net settled master netting arrangements and non-cash collaterals.

Note 3: Including net settled master netting arrangements.

(F) 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 portfolio. 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 recognized insurance liability is adequate. In respect of overall insurance contracts of the Yuanta Group as of December 31, 2021 and 2020, 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 recognized 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, 2021</u>	<u>December 31, 2020</u>
Less than 1 year	(\$ 3,321,539)	(\$ 7,293,976)
1 ~5 years	18,352,896	13,171,251
6 ~15 years	94,350,259	90,306,283
More than 15 years	522,891,775	549,530,819
Total	<u>\$ 632,273,391</u>	<u>\$ 645,714,377</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 recognized 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, 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		\$ 221,452,769	\$ 148,912,046
Capital adequacy ratio of the Consolidated Company			148.71%

Expressed In Thousands of New Taiwan Dollars
December 31, 2020

	Financial Holding Company		
	Shareholding Ratio	Eligible capital	Minimum capital
Financial holding company	-	\$ 253,283,180	\$ 287,117,233
Bank subsidiaries	100.00%	135,484,353	83,760,534
Securities subsidiaries	100.00%	64,396,654	30,263,028
Insurances subsidiaries	100.00%	27,988,739	9,371,832
Futures subsidiaries	66.27%	7,858,669	4,185,861
Venture capital subsidiaries	100.00%	2,803,302	1,394,162
Securities Investment Trust subsidiaries	74.71%	4,072,515	2,363,749
Other subsidiaries	100.00%	3,881,090	2,059,641
Deduction items		(300,194,722)	(283,824,795)
Subtotal		\$ 199,573,780	\$ 136,691,245
Capital adequacy ratio of the Consolidated Company			146.00%

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>

As of December 31, 2020, 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	14,633,733
Special reserve	6,549,234
Accumulated earnings	60,333,790
Other equity	12,559,523
Less: goodwill and other intangible assets	(6,156)
Less: deferred assets	(47,253)
Total net eligible capital	<u>\$ 253,283,180</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, 2021	
	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
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

(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 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
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

(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:		
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	<u>\$ 966,658</u>	<u>359.31</u>
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
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	<u>\$ 148,333</u>	<u>55.14</u>
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

(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:		
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
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

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2020		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Central Bank, R.O.C	\$ 148,259	58.52
Securities Korea_Korea_Finance and Insurance Industry	124,597	49.18
Central Government, R.O.C	113,144	44.66
Taiwan Power Company	24,784	9.78
Securities Korea_Korea_Public Administration and National Defense	16,982	6.70
Taiwan Semiconductor Manufacturing Co., Ltd.	15,788	6.23
Taiwan Cement Corporation	12,570	4.96
Taiwan Mobile Co., Ltd.	11,707	4.62
CPC Corporation, Taiwan	11,061	4.37
Nan Ya Plastics Corporation	9,741	3.85
CTBC Financial Holding Co., Ltd.	9,303	3.67
Uni-President Enterprises Group	8,452	3.34
Chunghwa Telecom Co., Ltd.	8,438	3.33
Fubon Securities Investment Trust Co., Ltd.	8,067	3.19
Formosa Plastics Corporation	7,505	2.96
Capital Securities Investment Trust Co., Ltd.	7,459	2.95
ASE Technology Holding Co., Ltd.	7,264	2.87
Highwealth Construction Corp.	6,993	2.76
Far Eastone Telecommunications Co., Ltd.	6,914	2.73
China Steel Corporation	6,665	2.63
Far Eastern New Century Corporation	6,463	2.55
Taiwan Depository & Clearing Corporation	6,447	2.55
The Export-Import Bank of the Republic of China	6,416	2.53
Federal Home Loan Mortgage CORPORATION	6,256	2.47
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	6,246	2.47
Taiwan Cooperative Bank	6,151	2.43
Formosa Group (Cayman) Limited	6,138	2.42
Formosa Chemicals & Fibre Corporation	6,035	2.38
Asia Cement Corporation	6,020	2.38
STATE OF ISRAEL	5,643	2.23
U.S. Government	5,641	2.23
CTBC Investments	5,550	2.19
Cathay Financial Holding Co., Ltd.	5,523	2.18
Taiwan Futures Exchange	5,481	2.16
NATIONAL BK OF ABU DHABI	5,455	2.15
China Airlines Ltd.	5,435	2.15
JPMorgan Chase & Co.	5,105	2.02
EVA Airways Corporation	5,090	2.01
The Bank of Tokyo-Mitsubishi UFJ	5,022	1.98
Taiwan Water Corporation	5,003	1.98
Taiwan Railways Administration	4,946	1.95
National Australia Bank	4,942	1.95
Taishin International Bank Co., Ltd.	4,794	1.89
Securities Hong Kong_Cayman Islands_Finance and Insurance Industry	4,746	1.87

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2020		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same individual:		
Shanghai Commercial and Savings Bank	\$ 4,640	1.83
BNP Paribas	4,594	1.81
HSBC Bank (Taiwan)	4,527	1.79
Shin Kong Financial Holding Co., Ltd.	4,449	1.76
Yuan Ding Investment Corp.	4,400	1.74
Federal National Mortgage Association	4,367	1.72
Pegatron Corporation	4,271	1.69
Radium Life Tech Co., Ltd.	4,231	1.67
Wavely Logistics Limited., Taiwan Branch	4,180	1.65
Cheng Shin Rubber Ind., Co., Ltd.	4,114	1.62
JPMorgan Chase Bank, N.A.	4,111	1.62
Commonwealth Bank of Australia	4,053	1.60
International Bills Finance Corp	4,032	1.59
USI Corporation	3,934	1.55
Hua Nan Financial Holdings Co., Ltd.	3,853	1.52
Agricultural Bank of Taiwan	3,817	1.51
Central American Bank for Economic Integration	3,625	1.43
Westpac Banking Corporation	3,607	1.42
Apple Inc.	3,461	1.37
RABO BANK NEDERLANDS	3,450	1.36
KKY Co., Ltd.	3,415	1.35
Shang Chih Asset Development Co., Ltd.	3,400	1.34
Taishin Securities Investment Trust Co., Ltd.	3,349	1.32
China Development Financial Holding Corp.	3,327	1.31
Bank Korea Branch_Korea_Natural Person	3,316	1.31
YULON MOTOR CO., LTD	3,304	1.30
Taiwan Stock Exchange	3,296	1.30
KGI Securities Investment Trust Co., Ltd.	3,281	1.30
Wells Fargo & Company	3,271	1.29
Chang Chun Petrochemical Co., Ltd.	3,224	1.27
ADCB FINANCE CAYMAN LTD	3,215	1.27
VERIZON COMMUNICATIONS	3,196	1.26
Bank Korea Branch_Korea_Real Estate Industry	3,119	1.23
Visa Inc.	3,077	1.22
Dragon Steel Corporation	3,067	1.21
Alphabet Inc.	3,055	1.21
Shuohe Development Co., Ltd.	3,042	1.20
Lien-Jade Construction Co., Ltd.	3,029	1.20
Pou Chen Corporation	3,020	1.19
Leofoo Development Co., Ltd.	3,000	1.18
Total	845,960	333.93
Same related party:		
Mr. Jin and its related parties	\$ 17,120	6.76
Mr. Fang and its related parties	15,805	6.24
Mr. Lin and its related parties	12,850	5.07
Mr. Chen and its related parties	10,148	4.01

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2020		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same related party:		
Mr. Cheng and its related parties	\$ 8,495	3.35
Mr. Lin and its related parties	8,368	3.30
Mr. Wu and its related parties	6,517	2.57
Mr. Ding and its related parties	6,469	2.55
Mr. Huang and its related parties	5,266	2.08
Mr. Huang and its related parties	4,970	1.96
Mr. Chang and its related parties	4,903	1.94
Mr. Chang and its related parties	4,736	1.87
Mr. Lin and its related parties	4,502	1.78
Mr. Chang and its related parties	4,044	1.60
Mr. Chang and its related parties	3,961	1.56
Mr. Yang and its related parties	3,558	1.40
Mr. Yang and its related parties	3,522	1.39
Mr. Yang and its related parties	3,517	1.39
Mr. Chang and its related parties	3,094	1.22
Total	131,845	52.04
Same affiliated company:		
Formosa Plastic Group	\$ 36,845	14.54
Far Eastern Group	26,979	10.65
CTBC Financial Holding Group	21,965	8.67
Fubon Group	20,956	8.27
Taiwan Semiconductor Group	18,028	7.12
Uni-President Enterprises Group	14,068	5.55
Taiwan Cement Group	12,906	5.09
Cathay Holdings Group	10,953	4.32
China Steel Corporation Group	10,780	4.26
ASE Group	10,460	4.13
Taishin Financial Holdings Group	10,406	4.11
Taiwan Cooperative Financial Holding Co., Ltd.	9,938	3.92
Taiwan Stock Exchange	9,751	3.85
China Development Group	9,547	3.77
JPMorgan Chase & Co.	9,411	3.71
Yong Feng Yu Group	9,250	3.65
Chunghwa Telecom Company, Ltd.	8,475	3.35
HIGHWEALTH Group	7,502	2.96
Shin Kong Group	7,257	2.86
Evergreen Group	7,071	2.79
HSBC Group	7,041	2.78
Foxconn Technology Group	6,462	2.55
First Financial Holdings Group	6,404	2.53
Yulon Group	6,362	2.51
Hua Nan Financial Holdings Group	5,999	2.37
Commonwealth Bank of Australia	5,698	2.25
China Airlines Group	5,480	2.16
BNP Paribas S.A.	5,463	2.16
IBF Financial Holdings Group	4,772	1.88

(Expressed In Millions of New Taiwan Dollars)		
December 31, 2020		
Name	Total of business credit, endorsements, or other transactions	Percentage of net value of the company (%)
Same affiliated company:		
CHANG CHUN Group	\$ 4,735	1.87
Cheng Shin Group	4,684	1.85
Mega Financial Holdings Group	4,682	1.85
The Shanghai Commercial & Savings Bank, Ltd.	4,645	1.83
Pegatron Group	4,560	1.80
Radium Life Tech Group	4,453	1.76
USI Group	3,975	1.57
Sinar Mas Group	3,966	1.57
Societe Generale Group	3,770	1.49
Taiwan Broadband (TBC) Group	3,762	1.49
Lealea Group	3,662	1.45
Wells Fargo & Company	3,598	1.42
Vedan Group	3,531	1.39
Wei Chuan Foods Corporation	3,491	1.38
POU CHEN Group	3,425	1.35
Tatung Company	3,405	1.34
BenQ Group	3,303	1.30
Grand River D. Limited	3,277	1.29
Kingtown & Construction Co., Ltd	3,272	1.29
Foxlink Group	3,260	1.29
Four Union Group	3,242	1.28
Union Group	3,210	1.27
Chailease Group	3,186	1.26
LIEN JADE Construction Group	3,182	1.26
Royal Golden Eagle Group	3,130	1.24
Crédit Agricole Group	3,122	1.23
E.SUN Financial Holding Co., Ltd.	3,117	1.23
Supreme Electronics Co., Ltd.	3,103	1.22
Charoen Pokphand Group	3,022	1.19
Total	431,999	170.52
	<u>\$ 1,409,804</u>	<u>556.49</u>

(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:

Please refer to Note 6(24).

(11) Financial information by business segments

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 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

Information by business segments For the year ended December 31, 2020 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)	\$ 12,875,087	\$ 5,136,383	\$ 593,674	\$ 8,599,699	\$ 285,891
Net non-interest income	7,011,193	40,126,690	2,061,097	35,375,247	4,135,687
Net profit	19,886,280	45,263,073	2,654,771	43,974,946	3,849,796
Provision for bad debt expenses, commitment and guarantee policy reserve	(1,942,978)	(174,808)	(34,492)	227	(1)
Net change in provisions for insurance liabilities	-	-	-	(39,928,431)	-
Operating expenses	(10,022,968)	(27,466,833)	(1,244,622)	(1,401,873)	(2,645,809)
Net income from continuing operations					
before income tax	7,920,334	17,621,432	1,375,657	2,644,869	1,203,986
Income tax (expense) benefits	(1,135,956)	(2,916,936)	(255,480)	(249,055)	(729,917)
Consolidated income, net of tax	\$ 6,784,378	\$ 14,704,496	\$ 1,120,177	\$ 2,893,924	\$ 474,069
					\$ 25,977,044

(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, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 841,258	\$ 881,767	Commercial paper payable - net	\$ 2,788,125	\$ 999,866
Financial assets at fair value through other comprehensive income	45,653	28,483	Payables	3,232,641	5,668,801
Investments in bill and bonds under resale agreements	-	892,672	Current income tax liabilities	5,657,148	4,088,398
Receivables - net	4,344,257	3,110,877	Bonds payable	25,900,000	24,900,000
Current income tax assets	-	196,336	Liabilities reserve	37,629	36,903
Equity investments accounted for under the equity method - net	301,303,505	283,824,795	Lease liability	56,625	106,690
Property and equipment - net	47,060	36,224	Other liabilities	5,415	4,170
Right-of-use assets - net	54,468	104,957	Total liabilities	37,677,583	35,804,828
Intangible assets - net	14,504	6,156	Equity		
Deferred income tax assets	50,332	47,253	Common stock	121,374,360	121,374,360
Other assets - net	12,007	11,897	Additional paid-in capital	37,885,949	37,885,949
			Retained earnings		
			Legal reserve	17,040,473	14,633,733
			Special reserve	6,549,234	6,549,234
			Undistributed earnings	77,775,254	60,333,790
			Other equity	8,410,191	12,559,523
			Total equity	269,035,461	253,336,589
Total assets	\$ 306,713,044	\$ 289,141,417	Total liabilities and equity	\$ 306,713,044	\$ 289,141,417

Yuanta Financial Holding Co., Ltd.
Individual Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the years ended December 31,	
	2021	2020
Revenues		
Share of the profit or loss of associates and joint ventures accounted for using the equity method	\$ 36,575,675	\$ 25,658,736
Realised gain on financial assets at fair value through other comprehensive income	1,453	1,103
Other revenues	19,817	40,201
	<u>36,596,945</u>	<u>25,700,040</u>
Expenses and losses		
Operating expenses	(1,350,334)	(941,174)
Other expenses and losses	(282,217)	(336,651)
	<u>(1,632,551)</u>	<u>(1,277,825)</u>
Income from continuing operations before income tax	34,964,394	24,422,215
Income tax expense	(98,437)	(317,639)
Net income	<u>34,865,957</u>	<u>24,104,576</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	(649)	(594)
Gain on valuation of investments in equity instruments measured at fair value through other comprehensive income	17,170	3,993
Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	6,747,533	1,981,696
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 using the equity method, components of other comprehensive income that will be reclassified to profit or loss	(11,366,216)	2,148,214
Other comprehensive (loss) income	<u>(4,602,162)</u>	<u>4,133,309</u>
Total comprehensive income	<u>\$ 30,263,795</u>	<u>\$ 28,237,885</u>
Earnings per share (in dollars)		
Basic and diluted earnings per share	<u>\$ 2.87</u>	<u>\$ 1.99</u>

Yunta Financial Holding Co., Ltd.
Individual Statement of Change in Equity
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings				Other equity			Total 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 on reclassification under the overlay approach
For the year ended December 31, 2020										
Balance, January 1, 2020	\$ 116,706,115	\$ 37,402,480	\$ 12,589,183	\$ 6,549,234	\$ 50,565,092	\$ 3,528,386	\$ 11,907,186	\$ 36,730	\$ 46,959	\$ 232,201,133
Appropriation of 2019 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	2,044,550	-	(2,044,550)	-	-	-	-	-
Cash dividend	-	-	-	-	(7,585,898)	-	-	-	-	(7,585,898)
Stock dividend	4,668,245	-	-	-	(4,668,245)	-	-	-	-	-
Net income for the period	-	-	-	-	24,104,576	-	-	-	-	24,104,576
Other comprehensive income (loss) for the period	-	-	-	-	(688,708)	(938,750)	5,470,485	(8,408)	298,690	41,333,309
Total comprehensive income (loss) for the period	-	-	-	-	23,415,868	(938,750)	5,470,485	(8,408)	298,690	28,237,885
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	483,469	-	-	-	-	-	-	-	483,469
Balance, December 31, 2020	\$ 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
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 period	-	-	-	-	34,865,957	-	-	-	-	34,865,957
Other comprehensive income (loss) for the period	-	-	-	-	(642,790)	(3,932,987)	1,394,484	(2,483)	1,418,386	(4,602,162)
Total comprehensive income (loss) for the period	-	-	-	-	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

Yuanta Financial Holding Co., Ltd.
Individual Statement of Cash Flows
For the year ended December 31, 2021 and 2020
(Expressed In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2021	2020
<u>Cash Flows From Operating Activities</u>		
Profit before tax	\$ 34,964,394	\$ 24,422,215
Adjustment items		
Income and expense item		
Depreciation	56,094	49,936
Amortization	2,697	1,961
Interest expense	257,623	250,702
Interest income	(5,448)	(38,803)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(36,575,675)	(25,658,736)
Gain on lease modification	(511)	-
Gain (loss) from disposal or retirement of property and equipment	(640)	3
Changes in operating assets and liabilities		
Decrease (increase) in receivables	28,104	(193,256)
Increase in other assets	(110)	(5,477)
Increase in payables	284,054	236,466
Increase in liabilities reserve	76	193
Increase in other liabilities	1,245	2,156
Interest received	5,575	40,458
Dividend received	14,478,283	13,485,784
Interest paid	(249,196)	(250,702)
Income tax paid	(2,327,423)	(509,246)
Net cash flows generated from operating activities	<u>10,919,142</u>	<u>11,833,654</u>
<u>Cash Flows From Investing Activities</u>		
Acquisition of investments accounted for using equity method	-	(15,549,708)
Acquisition of property and equipment	(25,534)	(24,578)
Proceeds from disposal of property and equipment	1,920	-
Acquisition of intangible assets	(11,045)	(3,218)
Acquisition of right-of-use assets	(27)	(24)
Net cash flows used in investing activities	<u>(34,686)</u>	<u>(15,577,528)</u>
<u>Cash Flows From Financing Activities</u>		
Increase in commercial paper payable	1,789,000	999,866
Proceeds from issuance of bonds	5,000,000	-
Repayments of bonds	(4,000,000)	-
Cash dividends paid	(14,564,923)	(7,585,898)
Principal payment for lease liabilities	(41,714)	(35,656)
Net cash flows used in financing activities	<u>(11,817,637)</u>	<u>(6,621,688)</u>
Net decrease in cash and cash equivalents	(933,181)	(10,365,562)
Cash and cash equivalents at beginning of period	<u>1,774,439</u>	<u>12,140,001</u>
Cash and cash equivalents at end of period	<u>\$ 841,258</u>	<u>\$ 1,774,439</u>
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	\$ 841,258	\$ 881,767
Investments in bills and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7	-	892,672
Cash and cash equivalents at end of reporting period	<u>\$ 841,258</u>	<u>\$ 1,774,439</u>

B. Condensed financial statements of subsidiaries and significant components

(A) Yuanta Commercial Bank

Yuanta Commercial Bank
Individual Balance Sheets
December 31, 2021 and 2020

ASSETS	(Reclassified)		LIABILITIES AND EQUITY		(Expressed In Thousands of New Taiwan Dollars)	
	December 31, 2021	December 31, 2020			December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 19,643,928	\$ 19,247,262	Deposits from Central Bank and other banks		\$ 25,624,124	\$ 15,412,299
Due from Central Bank and call loans to other banks	78,084,601	51,741,804	Financial liabilities at fair value through profit or loss		839,700	675,000
Financial assets at fair value through profit or loss	161,867,167	166,389,485	Bills and bonds payable under repurchase agreements		2,169,051	3,014,414
Financial assets at fair value through other comprehensive income	210,637,712	152,215,988	Payables		2,769,734	-
Investments in debt instruments			Current income tax liabilities		8,205,358	7,585,582
at amortised cost	266,805,420	218,122,761	Deposits and remittances		1,302,784	750,367
Investments in bills and bonds			Bank debentures payable		1,457,271,213	1,236,742,507
under resale agreements	4,268,212	2,098,668	Other financial liabilities		22,200,000	34,500,000
Receivables- net	18,173,257	16,927,015	Liabilities reserve		2,553,403	3,349,248
Current income tax assets	120,152	1,557,461	Lease reserve		1,107,679	1,246,528
Assets held for sale- net	194,563	203,730	Deferred income tax liabilities		2,308,934	2,539,411
Bills discounted and loans- net	850,861,516	760,528,904	Other liabilities		469,722	416,992
Equity investments accounted for under the equity method- net	4,688,779	4,458,062	Total liabilities		1,633,031	1,678,891
Other financial assets- net	4,682	35,042			1,528,454,733	1,307,911,239
Property and equipment- net	13,705,909	13,583,396				
Right-of-use assets- net	10,082,232	10,437,892	Common stock		73,940,390	73,940,390
Investment property- net	818,751	816,689	Additional paid-in capital		25,960,441	25,960,441
Intangible assets- net	9,021,529	9,423,352	Retained earnings		23,623,460	20,859,402
Deferred income tax assets	1,067,740	918,957	Other equity		(500,113)	3,182,507
Other assets - net	1,432,761	3,147,511	Total equity		123,024,178	123,942,740
Total assets	\$ 1,651,478,911	\$ 1,431,853,979	Total liabilities and equity		\$ 1,651,478,911	\$ 1,431,853,979

Yuanta Commercial Bank
Individual Condensed Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Interest income	\$ 16,957,020	82	\$ 18,278,282	92
Less: Interest expense	(4,329,781)	(21)	(6,106,605)	(31)
Net interest income	12,627,239	61	12,171,677	61
Net non-interest income	8,110,257	39	7,701,204	39
Net profit	20,737,496	100	19,872,881	100
Provision for bad debt expenses, commitment and guarantee policy reserve	(539,619)	(3)	(1,919,004)	(10)
Operating expenses	(11,023,350)	(53)	(9,936,777)	(50)
Income from continuing operations before income tax	9,174,527	44	8,017,100	40
Income tax expense	(1,152,665)	(5)	(1,121,229)	(6)
Net income	8,021,862	39	6,895,871	34
Other comprehensive (loss) income (net of tax)	(3,866,203)	(19)	1,933,224	10
Total comprehensive income	<u>\$ 4,155,659</u>	<u>20</u>	<u>\$ 8,829,095</u>	<u>44</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 1.08</u>		<u>\$ 0.93</u>	

(B) Yuanta Securities

Yuanta Securities
Individual Condensed Balance Sheets
December 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 456,131,835	\$ 378,581,442	Current liabilities	\$ 381,658,714	\$ 323,936,526
Financial assets at fair value through profit or loss-non-current	51,208	52,117	Bonds payable	23,500,000	13,500,000
Financial assets at fair value through other comprehensive income-non-current	10,902,585		Liabilities reserve- non-current	63,464	63,560
Equity investments accounted for under the equity method	49,053,724	46,560,701	Lease liabilities- non-current	595,925	714,569
Property and equipment	5,286,076	4,498,641	Deferred income tax liabilities	1,471,698	2,149,830
Right-of-use assets	854,175	969,825	Other non-current liabilities	3,062,871	2,778,838
Investment property	2,145,846	2,788,000	Total liabilities	410,352,672	343,143,323
Intangible assets	11,576,055	11,577,697			
Deferred income tax assets	734,460	594,495	Common stock	59,820,321	57,820,321
Other non-current assets	2,270,277	2,209,082	Additional paid-in capital	980,441	980,441
Total assets	\$ 539,006,241	\$ 454,697,118	Retained earnings	58,242,887	44,976,252
			Other equity	9,609,920	7,776,781
			Total equity	128,653,569	111,553,795
			Total liabilities and equity	\$ 539,006,241	\$ 454,697,118

Yuanta Securities
Individual Condensed Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 46,504,238	100	\$ 30,608,089	100
Service fee expense	(1,917,705)	(5)	(1,083,687)	(4)
Employee benefit expense	(13,071,312)	(28)	(9,081,083)	(29)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	4,323,523	9	2,588,124	8
Operating expenses	(9,314,959)	(19)	(6,741,164)	(22)
Income from continuing operations before income tax	26,523,785	57	16,290,279	53
Income tax expense	(3,230,705)	(7)	(1,890,850)	(6)
Net income	23,293,080	50	14,399,429	47
Other comprehensive income (net of tax)	1,525,136	3	1,455,367	5
Total comprehensive income	<u>\$ 24,818,216</u>	<u>\$ 53</u>	<u>\$ 15,854,796</u>	<u>52</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 3.89</u>		<u>\$ 2.41</u>	

(C) Yuanta Securities (Korea)

Yuanta Securities (Korea)
Individual Condensed Balance Sheets
December 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 48,572,310	\$ 36,426,606	Current liabilities	\$ 142,316,397	\$ 159,534,919
Financial assets at fair value			Bonds payable	124,917,190	146,229,616
through profit or loss-non-current	194,030,857	240,999,343	Liabilities reserve- non-current	3,709,044	425,230
Financial assets at fair value through			Lease liabilities- non-current	1,611,895	2,077,494
other comprehensive income			Other non-current liabilities	20,849,250	31,616,319
-non-current	4,855,033	5,152,229	Total liabilities	293,403,776	339,883,578
Equity investments accounted for					
under the equity method	2,383,915	2,695,378			
Property and equipment	1,235,722	1,364,285			
Right-of-use assets	1,505,362	1,970,352	Common stock	24,748,773	27,892,841
Investment property	1,663,804	2,188,325	Additional paid-in capital	(1,312,622)	(1,479,377)
Intangible assets	790,207	851,156	Retained earnings	8,436,879	6,550,796
Deferred income tax assets	1,215,198	1,846,927	Other equity	2,641,458	2,646,370
Other non-current assets	71,665,856	81,999,607	Total equity	34,514,488	35,610,630
Total assets	\$ 327,918,264	\$ 375,494,208	Total liabilities and equity	\$ 327,918,264	\$ 375,494,208

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 year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 56,531,729	100	\$ 67,487,733	100
Service fee expense	(483,018)	(1)	(464,596)	(1)
Employee benefit expense	(7,381,184)	(13)	(6,387,063)	(9)
Operating expenses	(44,126,672)	(78)	(57,621,607)	(85)
Income from continuing operations before income tax	4,540,855	8	3,014,467	5
Income tax expense	(1,127,570)	(2)	(717,403)	(1)
Net income	3,413,285	6	2,297,064	4
Other comprehensive income (net of tax)	301,383	1	856,625	1
Total comprehensive income	<u>\$ 3,714,668</u>	<u>\$ 7</u>	<u>\$ 3,153,689</u>	<u>5</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 16.27</u>		<u>\$ 10.90</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, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 90,816,473	\$ 91,215,855	Current liabilities	\$ 81,596,771	\$ 83,636,571
Financial assets at fair value through other comprehensive income			Non-current liabilities	1,706,286	241,416
-non-current	1,932,733	1,618,523	Total liabilities	83,303,057	83,877,987
Equity investments accounted for under the equity method	1,141,781	1,207,101			
Property and equipment	624,845	607,595	Common stock	2,899,763	2,899,763
Right-of-use assets	147,548	190,744	Additional paid-in capital	3,070,484	3,070,484
Intangible assets	86,979	42,137	Retained earnings	4,763,738	4,610,872
Deferred income tax assets	31,686	43,647	Other equity	1,615,913	1,277,443
Other non-current assets	870,910	810,947	Total equity	12,349,898	11,858,562
Total assets	\$ 95,652,955	\$ 95,736,549	Total liabilities and equity	\$ 95,652,955	\$ 95,736,549

Yuanta Futures
Individual Condensed Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Revenues	\$ 3,782,309	100	\$ 3,721,526	100
Service fee expense	(780,550)	(21)	(751,660)	(20)
Employee benefit expense	(676,198)	(18)	(662,662)	(18)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(33,082)	(1)	(24,553)	-
Operating expenses	(1,243,519)	(32)	(957,071)	(26)
Income from continuing operations before income tax	1,048,960	28	1,325,580	36
Income tax expense	(188,678)	(5)	(255,481)	(7)
Net income	860,282	23	1,070,099	29
Other comprehensive income (net of tax)	442,988	11	25,742	-
Total comprehensive income	<u>\$ 1,303,270</u>	<u>\$ 34</u>	<u>\$ 1,095,841</u>	<u>29</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 2.97</u>		<u>\$ 4.23</u>	

(E) Yuanta Life

Yuanta Life
Individual Condensed Balance Sheets
December 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 17,022,396	\$ 10,901,763	Payables	\$ 1,905,538	\$ 2,329,290
Receivables	2,472,495	2,921,226	Current tax liabilities	636,728	376,174
Current income tax assets	1,768,897	2,928,717	Financial liabilities at fair value through profit or loss	670,673	470,798
Financial assets at fair value	41,357,010	52,772,612	Insurance liabilities	321,600,082	301,154,444
Financial assets at fair value through other comprehensive income	31,650,962	36,555,023	Reserve for insurance contract with the nature of financial products	58,139	-
Financial assets at amortized cost	236,310,741	209,475,778	Foreign exchange reserve	333,427	714,669
Other financial assets	1,000,000	-	Liabilities reserve	77,764	92,559
Right-of-use assets	310,858	57,878	Lease liabilities	1,117,799	870,635
Investment property	12,491,047	12,315,628	Deferred income tax liabilities	659,937	1,116,749
Loans	7,303,121	7,078,145	Other liabilities	3,509,168	4,933,378
Reinsurance contract assets	1,329,521	1,099,457	Investment-linked insurance products liabilities	30,724,970	1,923,783
Property and equipment	48,665	52,605	Total liabilities	361,294,225	314,002,479
Intangible assets	95,369	82,707	Common stock	23,735,695	23,735,695
Deferred income tax assets	2,779,416	1,995,200	Retained earnings	5,722,767	3,629,002
Other assets	3,863,624	3,629,977	Other equity	(223,596)	2,423,323
Investment-linked insurance products assets	30,724,969	1,923,783	Total equity	29,234,866	29,788,020
Total assets	\$ 390,529,091	\$ 343,790,499	Total liabilities and equity	\$ 390,529,091	\$ 343,790,499

Yuanta Life
Individual Condensed Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 53,250,605	100	\$ 59,644,825	100
Operating costs	(49,694,069)	(93)	(56,523,989)	(95)
Operating expenses	(1,589,338)	(3)	(1,553,206)	(2)
Net operating income	1,967,198	4	1,567,630	3
Non-operating revenues and expenses	(3,511)	-	(6,478)	-
Income from continuing operations				
before income tax	1,963,687	4	1,561,152	3
Income tax benefit	110,602	-	249,055	-
Net income	2,074,289	4	1,810,207	3
Other comprehensive (loss) income (net of tax)	(2,627,443)	(5)	761,009	1
Total comprehensive (loss) income	(\$ 553,154)	(1)	\$ 2,571,216	4
Earnings per share (in dollars)				
Basic and diluted earnings per share	\$ 0.87		\$ 0.88	

(F) Yuanta Securities Investment Trust

Yuanta Securities Investment Trust
Individual Condensed Balance Sheets
December 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 4,939,965	\$ 4,378,017	Current liabilities	\$ 817,453	\$ 626,869
Financial assets at fair value through other comprehensive income	327,755	274,486	Deferred income tax liabilities	159,031	160,964
Equity investments accounted for under the equity method	337,265	335,729	Lease liability- non-current	35,504	47,147
Property and equipment	324,456	294,372	Other non-current liabilities	35,962	41,703
Intangible assets	768,551	768,551	Total liabilities	1,047,950	876,683
Prepaid pension cost	31,125	39,149	Common stock	2,269,235	2,269,235
Deferred income tax assets	8,653	629	Additional paid-in capital	296,729	296,729
Right-of-use assets	48,010	58,269	Retained earnings	3,214,285	2,829,488
Other non-current assets	148,484	178,464	Other equity	106,065	55,531
Total assets	\$ 6,934,264	\$ 6,327,666	Total equity	5,886,314	5,450,983
			Total liabilities and equity	\$ 6,934,264	\$ 6,327,666

Yuanta Securities Investment Trust
Individual Condensed Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 3,732,164	100	\$ 3,557,011	100
Operating expenses	(1,490,577)	(40)	(1,463,496)	(41)
Operating income	2,241,587	60	2,093,515	59
Non-operating revenues and expenses	120,261	4	46,857	1
Income from continuing operations				
before income tax	2,361,848	64	2,140,372	60
Income tax expense	(442,888)	(12)	(421,152)	(12)
Net income	1,918,960	52	1,719,220	48
Other comprehensive income (loss) (net of tax)	44,020	1	(40,204)	(1)
Total comprehensive income	<u>\$ 1,962,980</u>	<u>53</u>	<u>\$ 1,679,016</u>	<u>47</u>
Earnings per share (in dollars)				
Basic and diluted earnings per share	<u>\$ 8.46</u>		<u>\$ 7.58</u>	

(G) Yuanfa Asset Management

Yuanfa Asset Management
Individual Condensed Balance Sheets
December 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY		December 31, 2021	December 31, 2020
Current assets	\$ 2,746,721	\$ 2,460,598	Current liabilities		\$ 121,557	\$ 87,443
Financial assets at fair value through other comprehensive income	39,842	37,134	Non-current liabilities		20,745	25,738
Property and equipment	8,830	3,093	Total liabilities		142,302	113,181
Right-of-use assets	15,266	21,938	Common stock		3,220,649	3,111,630
Investment property	1,208,951	1,325,358	Additional paid-in capital		1,047	1,047
Deferred income tax assets	2,951	2,811	Retained earnings		637,528	607,114
Other non-current assets	777	1,145	Other equity		21,812	19,105
Total assets	\$ 4,023,338	\$ 3,852,077	Total equity		3,881,036	3,738,896
			Total liabilities and equity		\$ 4,023,338	\$ 3,852,077

Yuanta Asset Management
Individual Condensed Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 383,329	100	\$ 354,533	100
Operating expenses	(222,442)	(58)	(210,088)	(59)
Operating income	160,887	42	144,445	41
Non-operating revenues and expenses	10,757	3	3,336	1
Income from continuing operations before income tax	171,644	45	147,781	42
Income tax expense	(32,211)	(9)	(26,649)	(8)
Net income	139,433	36	121,132	34
Other comprehensive income (net of tax)	2,707	1	1,318	1
Total comprehensive income	<u>\$ 142,140</u>	<u>\$ 37</u>	<u>\$ 122,450</u>	<u>35</u>

(H) Yuanta Venture Capital

Yuanta Venture Capital
Individual Condensed Balance Sheets
December 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 2,594,922	\$ 1,887,405	Current liabilities	\$ 182,775	\$ 87,281
Financial assets at fair value through other comprehensive income	78,012	106,416	Lease liability- non-current	-	3,165
Equity investments accounted for under the equity method	1,227,016	869,474	Other non-current liabilities	4,000	3,200
Property and equipment	2,697	3,366	Total liabilities	186,775	93,646
Right-of-use assets	3,142	6,912	Common stock	2,715,221	2,460,000
Deferred income tax assets	39,620	22,739	Additional paid-in capital	918	918
Other non-current assets	635	636	Retained earnings	968,328	332,715
Total assets	\$ 3,946,044	\$ 2,896,948	Other equity	74,802	9,669
			Total equity	3,759,269	2,803,302
			Total liabilities and equity	\$ 3,946,044	\$ 2,896,948

Yuanta Venture Capital
Individual Condensed Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 1,178,548	100	\$ 317,866	100
Operating expenses	(224,278)	(19)	(78,520)	(25)
Operating income	954,270	81	239,346	75
Non-operating revenues and expenses	(2,104)	-	480	-
Income from continuing operations before income tax	952,166	81	239,826	75
Income tax (expense) benefit	(12,861)	(1)	47,516	15
Net income	939,305	80	287,342	90
Other comprehensive income (loss) (net of tax)	16,663	1	(6,775)	(2)
Total comprehensive income	<u>\$ 955,968</u>	<u>81</u>	<u>\$ 280,567</u>	<u>88</u>

(I) Yuanta Securities Investment Consulting

Yuanta Securities Investment Consulting
Individual Condensed Balance Sheets
December 31, 2021 and 2020

(Expressed In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021	December 31, 2020	LIABILITIES AND EQUITY	December 31, 2021	December 31, 2020
Current assets	\$ 242,450	\$ 222,843	Current liabilities	\$ 125,904	\$ 100,661
Property and equipment	15,589	3,659	Non-current liabilities	33,023	41,339
Right-of-use assets	25,315	32,219	Total liabilities	158,927	142,000
Intangible assets	991	306	Common stock	100,000	100,000
Deferred income tax assets	5,621	7,332	Additional paid-in capital	6,017	6,017
Other non-current assets	10,018	17,835	Retained earnings	35,040	36,177
			Total equity	141,057	142,194
Total assets	\$ 299,984	\$ 284,194	Total liabilities and equity	\$ 299,984	\$ 284,194

Yuanta Securities Investment Consulting
Individual Condensed Statements of Comprehensive Income
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended December 31,			
	2021		2020	
	Amount	%	Amount	%
Operating revenues	\$ 238,477	100	\$ 203,391	100
Operating costs	(1,108)	-	(1,193)	(1)
Operating expenses	(237,078)	(100)	(195,790)	(96)
Operating income	291	-	6,408	3
Non-operating revenues and expenses	1,011	-	1,689	1
Income from continuing operations				
before income tax	1,302	-	8,097	4
Income tax expense	(217)	-	(1,619)	(1)
Net income	1,085	-	6,478	3
Other comprehensive income (net of tax)	4,001	2	436	-
Total comprehensive income	<u>\$ 5,086</u>	<u>2</u>	<u>\$ 6,914</u>	<u>3</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,	
		2021	2020
Return on total assets	Before tax	11.74	8.78
	After tax	11.70	8.66
Return on equity	Before tax	13.39	10.06
	After tax	13.35	9.93
Net profit margin ratio		96.01	95.04

(B) Yuanta Financial Holdings and its subsidiaries

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	1.53	1.19
	After tax	1.29	1.00
Return on equity	Before tax	15.69	11.75
	After tax	13.22	9.92
Net profit margin ratio		31.19	22.47

(C) Yuanta Bank

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	0.60	0.58
	After tax	0.52	0.50
Return on equity	Before tax	7.43	6.52
	After tax	6.50	5.61
Net profit margin ratio		38.68	34.70

(D) Yuanta Securities

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	5.34	3.97
	After tax	4.69	3.51
Return on equity	Before tax	22.08	15.36
	After tax	19.39	13.58
Net profit margin ratio		47.62	44.84

(E) Yuanta Life

		For the years ended December 31,	
		2021	2020
Return on total assets	Before tax	0.53	0.50
	After tax	0.56	0.58
Return on equity	Before tax	6.65	7.26
	After tax	7.03	8.42
Net profit margin ratio		58.38	58.12

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 Yuantan Bank is as follows:

(A) Non-performing loans and non-performing loan asset quality

Unit: In thousands of NT Dollars

Month / Year		December 31, 2021					December 31, 2020				
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	Secured loans	441,633	247,754,056	0.18%	3,298,612	746.91%	152,050	212,006,282	0.07%	2,882,450	1,895.73%
	Unsecured loans	182,046	175,705,281	0.10%	3,123,289	1,715.66%	614,396	174,449,111	0.35%	3,717,801	605.11%
	Residential mortgage	142,016	256,543,082	0.06%	3,854,972	2,714.46%	169,796	216,420,949	0.08%	3,250,643	1,914.44%
	Cash card services	-	32,440	-	643	-	-	49,077	-	1,035	-
Consumer banking	Small amount of credit loans	4,112	12,528,651	0.03%	136,289	3,314.42%	5,243	11,053,722	0.05%	127,861	2,438.70%
	Secured loans	95,825	179,590,545	0.05%	1,873,330	1,954.95%	128,942	164,536,653	0.08%	1,707,962	1,324.60%
	Unsecured loans	752	3,265,710	0.02%	32,932	4,379.26%	87	4,242,100	-	42,536	48,891.95%
Gross loan business		866,384	875,419,765	0.10%	12,320,067	1,422.01%	1,070,514	782,757,894	0.14%	11,730,288	1,095.76%

Month / Year		December 31, 2021					December 31, 2020				
		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		6,289	8,348,643	0.08%	104,297	1,658.40%	6,697	8,789,379	0.08%	111,054	1,658.26%
	Without recourse factoring	-	5,463,356	-	79,692	-	9,396	4,159,900	0.23%	74,235	790.07%

Note 1: The amount recognized as non-performing loans is in compliance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". The amount included in overdue accounts for credit cards is in compliance with Jin-Guan-Yin (4) Letter No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio=non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.

Note 3: Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards=allowance for doubtful accounts for accounts receivable of credit cards/overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 5: Small amount of credit loans apply to the norms of 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 Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

(B) Non-performing loans and overdue receivables exempted from reporting to the competent authority

Unit: In thousands of NT Dollars

	December 31, 2021		December 31, 2020	
	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)	32,907	20,919	49,620	28,219
Perform in accordance with debt liquidation program and restructuring program (Note 2)	766,243	313,242	905,211	338,173
Total	799,150	334,161	954,831	366,392

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 (I) 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 (I) 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, 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	Company F–Manufacture of Power Generation, Transmission and Distribution Machinery	4,300,000	3.50
7	Company G–Real Estate Development	3,513,318	2.86
8	Group H–Chemical Materials Manufacturing	3,381,673	2.75
9	Group I–Real Estate Development	3,371,923	2.74
10	Group J–Real Estate Development	3,280,269	2.67

Unit: In thousands of NT Dollars, %

December 31, 2020			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / Total equity
1	Group A–Financial Leasing	\$ 4,747,470	3.83
2	Group B–Real Estate Leasing	4,180,000	3.37
3	Group C–Air Transport	3,870,417	3.12
4	Company D–Real Estate Development	3,790,216	3.06
5	Group E–Chemical Materials Manufacturing	3,415,000	2.76
6	Group F–Real Estate Development	3,400,000	2.74
7	Company G–Real Estate Development	3,276,820	2.64
8	Group H–Manufacture of Footwear	3,267,924	2.64
9	Company I–Real Estate Development	3,181,573	2.57
10	Company J–Activities of Amusement Park and Theme Parks	3,000,000	2.42

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of enterprise group should be categorized and listed in total, and disclosed by “code” plus “industry type” (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with “Standard Industrial Classification System” of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

Note 2: Definition of enterprise group is based on the Article 6 of “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Reviews of Securities Listings”.

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, 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, 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)

December 31, 2020

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

b. Structure analysis of time to maturity (USD)

December 31, 2021

	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

December 31, 2020

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

(E) Sensitivity analysis of interest rate for assets and liabilities

a. Sensitivity analysis of interest rate for assets and liabilities (NTD)

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

December 31, 2020

Item	(Expressed in Thousands of New Taiwan Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	817,786,741	63,802,552	26,567,464	253,298,979	1,161,455,736
Interest-rate-sensitive liabilities	257,320,518	688,398,640	146,094,436	29,216,673	1,121,030,267
Interest-rate-sensitive gap	560,466,223	(624,596,088)	(119,526,972)	224,082,306	40,425,469
Total equity					120,703,459
Ratio of interest-rate-sensitive assets to liabilities					103.61
Ratio of interest-rate-sensitive gap to equity					33.49

Note 1: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both head office and domestic branches and overseas branches, 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, 2021

Item	(Expressed in Thousands of US Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	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

December 31, 2020

Item	(Expressed in Thousands of US Dollars, %)				
	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	3,233,841	178,547	46,686	1,872,163	5,331,237
Interest-rate-sensitive liabilities	1,937,706	496,957	920,806	1,371,298	4,726,767
Interest-rate-sensitive gap	1,296,135	(318,410)	(874,120)	500,865	604,470
Total equity					120,447
Ratio of interest-rate-sensitive assets to liabilities					112.79
Ratio of interest-rate-sensitive gap to equity					501.86

Note 1: The above amounts included only USD denominated assets and liabilities of head office, domestic and foreign branches, and the OBU and the OBU branch, 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, 2021	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	\$ 2,835,216 (Note)	-	\$ -	-	1,423	\$ -
Yuanta Financial Holdings	Yuanta Bank	Subsidiary of the Company	627,063 (Note)	-	-	-	1,168	-
Yuanta Financial Holdings	Yuanta Life	Subsidiary of the Company	613,730 (Note)	-	-	-	896	-

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)
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	\$ 129,074,330	\$ 23,290,206	5,982,032	-	5,982,032
"	Yuanta Commercial Bank Co., Ltd.	"	Banking	100	123,078,691	8,020,530	7,394,039	-	7,394,039
"	Yuanta Futures Co., Ltd.	"	Futures, futures managers, futures consultant, securities, securities trading assistance	66.27	8,743,301	568,772	192,167	-	192,167
"	Yuanta Life Co., Ltd.	"	Life insurance business	100	26,432,936	2,182,659	2,373,570	-	2,373,570
"	Yuanta Asset Management Co., Ltd.	"	Management of monetary debts of financial institutions	100	3,808,719	139,433	322,065	-	322,065
"	Yuanta Venture Capital Co., Ltd.	"	Venture capital business	100	3,759,269	939,305	271,522	-	271,522
"	Yuanta Securities Investment Consulting Co., Ltd.	"	Investment consulting on securities	100	141,057	1,085	10,000	-	10,000
"	Yuanta Securities Investment Trust Co., Ltd.	"	Investment trust	74.71	6,265,202	1,433,685	169,538	-	169,538
Yuanta Commercial Bank Co., Ltd.	Yuanta International Leasing Co., Ltd.	"	Lease businesses of personal property and real assets	100	105,205	-	10,000	-	10,000
"	Yuanta Savings Bank (Philippines)	Philippines	Deposit services	100	1,134,776	-	2,400,000	-	2,400,000
"	Yuanta Savings Bank (Korea)	Korea	Deposit services	100	3,448,798	-	13,516	-	13,516

(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)
Yuanta Securities Co., Ltd.	Yuanta Securities Asia Financial Services Limited	Singapore (Notc3)	Investment holding	100	\$ 35,605,408	\$ -	290,909	-	290,909
"	Yuanta International Insurance Brokers Co., Ltd.	R.O.C	Insurance agent	100	365,302	-	500	-	500
"	Yuanta Securities Finance Co., Ltd.	"	Margin loans and short sales of securities	100	13,083,014	-	400,000	-	400,000
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	7,667,817	-	2,268,133	-	2,268,133
"	Yuanta Asia Investment (Hong Kong) Ltd.	"	Securities trading and providing assets management services	100	1,164,046	-	293,892	-	293,892

(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	Percentage of ownership (%)
Yuanta Securities Asia Financial Services Limited	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	57.39	\$ 20,287,654	\$ -	114,558	-	57.39
"	Yuanta Hong Kong Holdings(Cayman) Co., Ltd.	Cayman Islands	Investment holding	100	36,533	-	74	-	100
"	Yuanta Securities (Thailand) Co., Ltd.	Thailand	Security brokerage, proprietary trading, underwriting, and investment consulting; mutual fund management; private fund management; security borrowing; venture capital fund management; derivative product brokerage, proprietary trading, Brokerage, dealing, underwriting, Securities investment consulting Derivatives product	99.99	4,783,564	-	450,000	-	99.99
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam		92.62	2,834,357	-	-	-	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)	Total			Percentage of ownership (%)
							Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	
Yuanta Securities Korea Co., Ltd.	Yuanta Investment Co., Ltd.	Korea	Venture investment	100	\$ 1,309,665	-	6,401	-	6,401	100
"	Yuanta Financial (Hong Kong) Limited	Hong Kong	Investment holding	100	403,507	-	18,954	-	18,954	100
"	Woori Asset Management Corp.	Korea	Asset management	27	751,041	-	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	345,256	-	12,500	-	12,500	100
Yuanta Securities (Hong Kong) Limited	Yuanta International Investment (Hong Kong) Ltd.	Hong Kong	Solicitation of financial products, proprietary investment	100	225,783	-	50,000	-	50,000	100
"	Yuanta Finance (Hong Kong) Ltd.	"	Credit loans	100	204,393	-	50,000	-	50,000	100
"	Yuanta Investment Management (Cayman) Ltd. (Note 4)	Cayman Islands	Investment management	100	317,810	-	12,500	-	12,500	100
"	Yuanta Securities (Vietnam) Co., Ltd.	Vietnam	Brokerage, dealing, underwriting, Securities investment consulting, Derivatives product	7.38	226,249	-	-	-	-	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)	Total			Percentage of ownership (%)
							Shares (In thousands)	Pro-forma share of ownership	Shares (In thousands)	
Yuanta Securities (Hong Kong) Limited	PT Yuanta Sekuritas Indonesia	Indonesia	Securities trading and underwriting services	99	\$ 401,916	-	474	-	474	99
"	PT Yuanta Asset Management (Note 7)	"	Investment management	0.002	-	-	51	-	51	100
PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management (Note 7)	"	Investment management	99.998	26,722	-	51	-	51	100
Yuanta Venture Capital Co., Ltd.	Yuanta I Venture Capital Co., Ltd.	R.O.C	Venture capital business	100	1,227,016	-	85,000	-	85,000	100
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Limited	Hong Kong	Financial services	100	855,254	-	34,000	-	34,000	100
"	SYF Information Limited	R.O.C	Information software and data processing services	100	286,527	-	35,000	-	35,000	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: In July 2018, the Board of Directors approved to liquidate Yuanta Security (United Kingdom), and Yuanta Security (United Kingdom) was liquidated on June 24, 2021.

Note 3: Yuanta Securities Asia Financial Services acquired approval from Accounting and Corporate Regulatory Authority of Singapore to redomicile from Bermuda to Singapore on October 21, 2021.

Note 4: In February of 2022, the board of directors of Yuanta Investment Management(Cayman) approved a resolution of dissolution and liquidation. The reference date of liquidation is February 16, 2022.

Note 5: 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. Yuanta Securities will apply for establishing company to Ministry of Economic Affairs.

Note 6: The case concerning Yuanta Securities applying for reinvesting established Yuanta Wealth Management had been approved by the FSC, Jin-Guan-Cheng-Quan-Zi Letter No.1110330161 on February 24, 2022. After applying to Investment commission, MOEA, and authorities of Singapore, the follow-up procedures will carry on.

Note 7: The equity shares of PT Yuanta Asset Management that were held by PT Yuanta Sekuritas Indonesia and Yuanta Securities(Hong Kong) were all sold under the consent of the board of directors on August 19, 2021. However, it was approved by the FSC, Jin-Guan-Cheng-Quan-Zi Letter No.1100358373 on October 13, 2021 and the related sales procedures are still pending and waiting for the approval of Indonesian Authorities.

(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: None.
- 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, 2021	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	\$ 1,753,432	-	\$ -	-	\$ -	-

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)	April 6, 2021	SOLLIMHELPAMC CORPORATION	Loans and Temporary Payments for Others	\$ -	\$ 4,227	\$ 4,227	None	None	Note 1
Yuanta Bank	May 18, 2021	S.C. Lowy Primary Investments, Ltd.	Medium-term Loans (International Syndicated Loan)	\$ 345,756	\$ 447,298	\$ 101,542	None	None	Note 2

Note 1: The carrying amount and the sale price of the loan was KRW0 thousand and KRW172,518 thousand, using the exchange rate of 1 KRW to 0.024503 NT\$.
Note 2: The carrying amount and the sale price of the loan was USD12,452 thousand and USD16,109 thousand, using the exchange rate of 1 USD to 27.767 NT\$.

- (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	Yuantia Securities Asia Finance Service	Yuantia Securities Asia Finance Service	Accounts receivable-related party	Yes	\$ 2,769,000	\$ 2,769,000	\$ -	-	Short-term loans	\$ -	Working capital	\$ -	-	\$ -	12,865,357 (Note 1)	\$ 51,461,428 (Note 1)
2	Yuantia Securities Asia Finance Service	PT Yuanta Sekuritas Indonesia	Accounts receivable-related party	Yes	1,246,050	830,700	553,800	2.20%	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	35,625,398 (Note 3)	35,625,398 (Note 3)
3	Yuantia Securities Asia Finance Service	Yuantia Securities (Hong Kong)	Accounts receivable-related party	Yes	1,384,500	1,384,500	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	35,625,398 (Note 3)	35,625,398 (Note 3)
4	Yuantia Securities Asia Finance Service	Yuantia Securities (Thailand)	Accounts receivable-related party	Yes	1,384,500	1,384,500	-	-	Short-term loans	-	Fulfill operating cost and working capital	-	-	-	35,625,398 (Note 3)	35,625,398 (Note 3)
5	Yuantia Securities Asia Finance Service	Yuantia Securities (Vietnam)	Accounts receivable-related party	Yes	830,700	830,700	-	-	Short-term loans	-	Working capital	-	-	-	35,625,398 (Note 3)	35,625,398 (Note 3)
6	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Accounts receivable-related party	Yes	11,943	11,943	9,030	10.00%	Short-term loans	-	Fulfill operating cost and working capital	9,030	-	-	405,975 (Note 5)	405,975 (Note 5)

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.

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.

Note 5: The ceiling on total loans granted and limit to loans granted to a single party by PT Yuanta Sekuritas Indonesia should not exceed the net worth of its latest audited/reviewed financial statements.

Note 6: With respect to the loans granted to PT Yuanta Asset Management by PT Yuanta Sekuritas Indonesia, it was difficult to recover the loans based on the assessment due to the liquidation of PT Yuanta Asset Management. Therefore, the entire amount was recognized as an impairment loss.

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 guarantee amount during December 31, 2021	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and 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	\$ 25,730,714 (Note 1)	\$ 96,915	\$ 96,915	\$ 92,300	\$ -	0.08%	\$ 51,461,428 (Note 1)	Yes	No	No	
2	Yuanta Securities	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	25,730,714 (Note 1)	415,350	415,350	-	-	0.32%	51,461,428 (Note 1)	Yes	No	No	
3	Yuanta Securities	Yuanta International Investment (Hong Kong) (Note 2)	More than 50% common stock-directly-owned subsidiary	25,730,714 (Note 1)	1,384,500	1,384,500	-	-	1.08%	51,461,428 (Note 1)	Yes	No	No	
4	Yuanta Securities Asia Financial Service	Yuanta Securities (Thailand)	More than 50% common stock-directly-owned subsidiary	35,625,398 (Note 3)	2,888,400	2,058,400	166,000	-	5.78%	35,625,398 (Note 3)	Yes	No	No	
5	Yuanta Securities Asia Financial Service	PT Yuanta Sekuritas Indonesia	More than 50% common stock-directly-owned subsidiary	35,625,398 (Note 3)	354,580	216,130	99,684	-	0.61%	35,625,398 (Note 3)	Yes	No	No	
6	Yuanta Securities Asia Financial Service	Yuanta Securities (Vietnam)	More than 50% common stock-directly-owned subsidiary	35,625,398 (Note 3)	553,800	553,800	553,800	-	1.55%	35,625,398 (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 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)	December 31, 2021			Note
					Book value	Percentage of ownership (%)	Market value	
Yuanta Securities Investment Trust	Beneficiary certificates:							
	Yuanta/P-shares Taiwan Top 50 ETF		Financial assets at fair value through profit or loss	255	\$ 37,065	-	\$ 37,065	
	Yuanta/P-shares Taiwan Mid-Cap 100 ETF	"	"	10	612	-	612	
	Yuanta/P-shares Taiwan Electronics Tech ETF	"	"	22	1,573	-	1,573	
	Yuanta/P-shares S&P Custom China Play 50	"	"	21	655	-	655	
	Yuanta/P-shares MSCI Taiwan Financials ETF	"	"	22	542	-	542	
	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	33	1,096	-	1,096	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	"	"	27	622	-	622	
	Yuanta S&P500	"	"	8	345	-	345	
	Yuanta/P-shares Taiwan GreTai 50 ETF	"	"	20	488	-	488	
	Yuanta/P-shares MSCI Taiwan ETF	"	"	14	963	-	963	
	Yuanta/P-shares SSE50 ETF	"	"	22	801	-	801	
	Yuanta S&P GSCI Gold ER Futures ETF	"	"	7	170	-	170	
	Yuanta S&P GSCI Crude Oil ER Futures ETF	"	"	1	11	-	11	
	Yuanta EURO STOXX 50 ETF	"	"	6	188	-	188	
	Yuanta Nikkei 225 ETF	"	"	1	34	-	34	
	Yuanta U.S. Treasury 20+ Year Bond ETF	"	"	2	63	-	63	
	Yuanta S&P US Dollar ER Futures ETF	"	"	-	8	-	8	
	Yuanta U.S. Treasury 7-10 Year Bond ETF	"	"	10	403	-	403	
	Yuanta Taiwan High Dividend LowVolatility ETF	"	"	8	328	-	328	
	Yuanta U.S. Treasury 1-3 Year Bond ETF	"	"	2	66	-	66	
	Yuanta U.S. 20+ Year BBB Corporate Bond ETF	"	"	8	362	-	362	
	Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	"	"	2	80	-	80	
	Yuanta DJCI Silver ER Futures ETF	"	"	1	33	-	33	
	Yuanta MSCI China A ETF	"	"	11	304	-	304	
	Yuanta US 20+ Year AAA-A Corporate Bond ETF	"	"	12	520	-	520	
	Yuanta STOXX Global Artificial Intelligence ETF	"	"	1	28	-	28	
	Yuanta S&P U.S. High Yield Preferred Stock ETF	"	"	1	13	-	13	
	Yuanta US 10+ Investment Grade Bank Bond ETF	"	"	5	219	-	219	
	Yuanta US 10+ Investment Grade Healthcare Bond ETF	"	"	12	506	-	506	
	Yuanta US 10+ Investment Grade Utility Electric Power Bond ETF	"	"	5	205	-	205	
	Yuanta FTSE4Good TIP Taiwan ESG ETF	"	"	7	249	-	249	

December 31, 2021								
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 Global NextGen Communications ETF	The managing company of the fund	Financial assets at fair value through profit or loss	14	\$ 452	-	\$ 452	
	Yuanta 15+ Year Emerging Markets Sovereign Bond ETF.		"	1	35	-	35	
	Yuanta Global NexGen Communication		"	20	672	-	672	
	Yuanta De- Bao Money Market Fund		"	8,245	100,009	-	100,009	
	Yuanta Real Multi-Asset Fund TWD		"	1,541	15,349	-	15,349	
				\$ 165,069		\$ 165,069		
	Stocks:							
	Taiwan Futures Exchange	-	Financial assets at fair value through other comprehensive income	3,696	\$ 317,982	0.88	\$ 317,982	
	FundRich Securities Co. Ltd.	-	"	819	9,773	1.37	9,773	
			\$ 327,755		\$ 327,755			
			\$ 337,265		\$ 337,265			
Yuanta Asset Management	CR Yuanta Fund Management Company Limited	-	Long-term equity accounted for under the equity method					
	Beneficiary certificates:							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	13,943	\$ 190,718	-	\$ 190,718	
	Franklin Templeton Sincorn Money Market Fund	-	"	9,604	100,393	-	100,393	
	Jih Sun Money Market Fund	-	"	9,369	140,410	-	140,410	
				\$ 431,521		\$ 431,521		
	Stocks:							
	Taiwan Finance Corporation	-	Financial assets at fair value through other comprehensive income	828	\$ 8,018	0.16	\$ 8,018	
	Sunsino Venture Co., Ltd.	-	"	443	4,142	0.93	4,142	
	DaYeh Development Co., Ltd.	-	"	333	894	2.22	894	
	Yuanta Venture Capital	Chung Yi Development Co., Ltd.	-	"	2,278	114	6.63	114
Global Investment Holdings Co., LTD.		-	"	1,980	15,979	1.23	15,979	
China Trade And Development Corporation		-	"	500	10,695	0.76	10,695	
				\$ 39,842		\$ 39,842		
Stocks:								
United Renewable Energy Co., Ltd.		-	Financial assets at fair value through profit or loss	513	\$ 8,914	0.03	\$ 8,914	Private equity
Taiwan Chelie Corp. Ltd.		-	"	500	26,700	0.75	26,700	
Eurocharm Holdings Co., Ltd.		-	"	430	65,145	0.65	65,145	
Ever Supreme Bio Technology Co., Ltd.		-	"	350	73,675	0.57	73,675	
ALLIED SUPREME CORP.		-	"	572	166,166	0.83	166,166	

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	December 31, 2021			
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Note
Yuanta Venture Capital	Tot Biopharm International Company Limited	-	Financial assets at fair value through profit or loss	15,606	\$ 236,603	2.54	\$ 236,603
	Taiwan J Pharmaceuticals Co.,Ltd.	-	"	1,282	12,733	1.71	12,733
	Jing-Jan Retail Business Co., Ltd.	-	"	1,408	56,447	2.35	56,447
	M3 Technology Inc.	-	"	1,290	424,487	3.51	424,487
	Saultech Technology Co., Ltd.	-	"	474	86,565	1.61	86,565
	Taiwan Microloops Co., Ltd.	-	"	855	50,086	2.28	50,086
	Ever Fortune AI Co., Ltd.	-	"	1,200	99,144	1.33	99,144
	Gorilla Technology Group Inc.	-	"	95	9,001	0.79	9,001 Preferred stock B
	CGK International Co., Ltd (Cayman)	-	"	877	6,822	2.39	6,822
	BRIM Biotechnology, Inc.	-	"	3,500	84,455	5.05	84,455
	Aprevent Medical, Inc.	-	"	394	220	2.12	220
	Li Ling Film Co., Ltd.	-	"	1,808	24,386	9.71	24,386 Preferred stock B
	Apollomics, Inc.	-	"	1,666	7,614	2.78	7,614
	Bioflag International Corporation	-	"	1,634	8,170	0.12	8,170
	Pharmosa Biopharm Co., Ltd.	-	"	3,400	120,938	2.96	120,938
	International Ocean Vessel Technical Consultant Co. Ltd	-	"	4,195	90,652	4.29	90,652
	Taiwan Speciality Chemicals Corporation	-	"	564	35,039	4.47	35,039
	Seng-An Biomedical Co., Ltd.	-	"	235	39,429	0.17	39,429
	GRAID Technology, Inc.	-	"	1,000	27,650	2.33	27,650
	Veden Dental Group	-	"	682	33,210	2.96	33,210 Preferred stock A
	Pheeda Technology Co. Ltd.	-	"	246	-	0.64	-
	Long Diann Marine Bio Technology Co., Ltd.	-	"	252	-	0.89	-
	MagV Co., Ltd	-	"	1,290	-	9.25	-
	GenePharm Biotech Corp.	-	"	2,145	-	12.69	-
	Great Dream Pictures, Inc.	-	"	2,667	-	10.42	-
	Jump Media International Co., Ltd.	-	"	200	-	19.96	-
	Asia Pacific Venture Invest II L.P.	-	"	906	-	3.20	-
	GCT Semiconductor Inc.	-	"	-	671	0.02	671
		-	"	1,402	-	1.62	- Preferred stock G
					<u>\$ 1,794,922</u>		<u>\$ 1,794,922</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>\$ 1,227,016</u>	100.00	<u>\$ 1,227,016</u>
	Da Hwa Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	800	\$ 9,184	0.50	\$ 9,184
	Prudence Capital Management	-	"	939	25,342	9.00	25,342
	Sheng Hwa Venture Capital Co., Ltd.	-	"	1,064	7,934	4.80	7,934
	Lian Xin Sun Venture Capital Co., Ltd.	-	"	10	208	10.00	208

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	December 31, 2021			
			Account	Number of shares (In thousands)	Book value	Percentage of ownership (%)
Yuanta Venture Capital	Hwa Lu Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income	261	\$ 12,650	8.70
	Hwa Sheng Venture Capital Co., Ltd.	-	"	5	521	3.33
	Sheng Yuan Venture Capital Co., Ltd.	-	"	84	4,858	9.88
	Guan Hwa Venture Capital Co., Ltd.	-	"	121	293	5.56
	Qi Ding Venture Capital Co., Ltd.	-	"	670	7,310	4.35
	Der Yang Biotechnology Venture Capital Co., Ltd.	-	"	319	3,903	10.00
	Huiyang Venture Capital Co., Ltd.	-	"	67	5,809	2.46
					<u>\$ 78,012</u>	<u>\$ 78,012</u>

(4) Investments in Mainland China

A. Information of investment in Mainland China

Yuanta Venture Capital

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, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 4)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Tot Biopharm International Company Limited	Pharmaceutical company specializes in cancer treatment	\$ 6,159,641 (USD 222,450)	(2) HONG KONG TOT BIOPHARM INTERNATIONAL COMPANY LIMITED	\$ 200,935	\$ -	\$ -	\$ 200,935	Note 5	2.54%	\$ -	\$ 200,935	\$ -
Jhong Shan Dong Yi Technology Co., Ltd.	Protection glass grinding and sales	221,520 (USD 8,000)	(2) CAYMAN ISLANDS CGK INTERNATIONAL CO., LTD.	8,258	-	-	8,258	Note 5	2.39%	-	8,258	-
Orient Optical Crystal Mfg. Co	Protection glass grinding and sales	17,754 (HKD 5,000)										
Veden Dental Labs Inc.	Manufacturing dental restoration	294,708 (HKD 83,000)	(2) CAYMAN ISLANDS VEDEN DENTAL GROUP	22,762	-	-	22,762	Note 5	0.64%	-	22,762	-

(Expressed in thousands of dollars)

Yuanta I Venture Capital

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, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 4)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Jie Qun Electronic Technology (Dong Guan) Ltd.	Transistors	\$ 2,439,949 (USD 88,117)	(2) VIRGIN ISLANDS GREAT TEAM BACKEND FOUNDRY, INC.	\$ 53,513	\$ -	\$ 12,778	\$ 40,735	Note 5	3.09%	\$ -	\$ 27,112	\$ 26,029

Yuanta Securities

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, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
GC Investment Consultant (Shanghai)	Investment consultation	\$ 17,982 (RMB 4,138)	(3)	\$ -	\$ -	\$ -	\$ -	\$ 193	100.00%	In liquidation	\$ 20,216	\$ -

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, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan							
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	80,088 (RMB 18,428)	(2) Yuanta Securities Asia Financial Service	\$ -	\$ -	\$ -	\$ -	\$ -	(\$ 6,822)	100.00%	(\$ 6,822) (2)b	\$ 11,893	\$ -

Yuanta Securities Investment Trust

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, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
CR Yuanta Fund Management Company Limited	Fund raising and sale	\$ 2,607,540 (RMB 600,000)	(1)	\$ 705,666	\$ -	\$ -	\$ 705,666	\$ 17,422	24.50%	\$ 4,271 (2)e	\$ 337,265	\$ -

Yuanta Futures

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, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan For the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
SYF Information (Shanghai)	Computer software services	\$ 157,209 (RMB 33,080)	(3)	\$ 157,209	\$ -	\$ -	\$ 157,209	\$ (356)	100.00%	\$ (2)e	\$ 113,698	\$ -

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, 2021	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	\$272,690	\$310,905	\$2,255,561
GC Investment Consultant (Shanghai)	-	Note 6	Note 6
Yuanta Investment Consulting Beijing	-	91,973	85,962,686
Yuanta Securities Investment Trust	705,666	705,666	3,531,788
Yuanta Futures	157,209	174,000	7,409,939

Note: The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Venture Capital's net worth of \$3,759,269.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities's net worth of \$143,271,144.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Securities Investment Trust's net worth of \$5,886,314.

The abovementioned limitations on investments in Mainland China were based on 60% of Yuanta Futures's net worth of \$12,349,898.

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) recognized by the Company for the years ended December 31, 2021' 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 recognized as financial assets at fair value through profit or loss, therefore, there was no investment income (loss) recognized.

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, 2021.

(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	2,833,710	No significant difference from general customers		0.09%
0	Yuanta Financial Holdings	Yuanta Bank	1	Receivables – net	625,763	"		0.02%
0	Yuanta Financial Holdings	Yuanta Life	1	Receivables – net	612,649	"		0.02%
0	Yuanta Financial Holdings	Yuanta Life	1	Payables	1,751,615	"		0.06%
0	Yuanta Financial Holdings	Yuanta Bank	3	Cash and cash equivalents	804,395	"		0.03%
1	Yuanta Securities	Yuanta Futures	3	Cash and cash equivalents	3,278,224	"		0.11%
1	Yuanta Securities	Yuanta Futures(Hong Kong)	3	Cash and cash equivalents	118,207	"		0.00%
1	Yuanta Securities	Yuanta Futures	3	Financial assets at fair value through profit or loss	1,476,044	"		0.05%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Receivables – net	162,126	"		0.01%
1	Yuanta Securities	Yuanta Securities (Hong Kong)	3	Payables	216,474	"		0.01%
1	Yuanta Securities	Yuanta Life	3	Right-of-use assets – net	368,144	"		0.01%
1	Yuanta Securities	Yuanta Life	3	Lease liabilities	402,182	"		0.01%
1	Yuanta Securities	Yuanta Futures	3	Net service fee and commission income	303,403	"		0.25%
1	Yuanta Securities	Yuanta Securities Investment Consulting	3	Other business and administrative expenses	201,000	"		0.17%
1	Yuanta Securities	Yuanta Bank	3	Net other miscellaneous income	205,178	"		0.17%
1	Yuanta Securities	Yuanta International Insurance Brokers	3	Net other miscellaneous income	312,330	"		0.26%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	563,877	"		0.02%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	558,499	"		0.02%
2	Yuanta Bank	Yuanta International Insurance Brokers	3	Deposits and remittances	398,759	"		0.01%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	160,814	"		0.01%
2	Yuanta Bank	Yuanta Life	3	Deposits and remittances	183,017	"		0.01%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	13,071,407	"		0.43%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	498,851	"		0.02%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	3,173,600	"		0.10%
2	Yuanta Bank	Yuanta Securities Investment Trust	3	Deposits and remittances	3,242,500	"		0.11%

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	Yuanta Securities Investment Consulting	3	Deposits and remittances	234,300	No significant difference from general customers	0.01%
2	Yuanta Bank	Yuanta Venture Capital	3	Deposits and remittances	630,700	"	0.02%
2	Yuanta Bank	Yuanta I Venture Capital	3	Deposits and remittances	277,200	"	0.01%
2	Yuanta Bank	Yuanta Asset Management	3	Deposits and remittances	148,500	"	0.00%
2	Yuanta Bank	Yuanta Securities	3	Deposits and remittances	52,194,720	"	1.73%
2	Yuanta Bank	Yuanta Securities (Hong Kong)	3	Deposits and remittances	1,798,617	"	0.06%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	1,702,320	"	0.06%
2	Yuanta Bank	Yuanta Futures	3	Deposits and remittances	14,698,693	"	0.49%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	481,319	"	0.40%
2	Yuanta Bank	Yuanta Life	3	Net service fee and commission income	412,449	"	0.35%
3	Yuanta Futures	Yuanta Futures(Hong Kong)	3	Other financial assets – net	519,977	"	0.02%
3	Yuanta Futures	Yuanta Life	3	Right-of-use assets – net	139,734	"	0.00%
3	Yuanta Futures	Yuanta Futures(Hong Kong)	3	Other financial liabilities	165,748	"	0.01%
3	Yuanta Futures	Yuanta Securities (Korea)	3	Other financial liabilities	209,437	"	0.01%
3	Yuanta Futures	Yuanta Securities (Hong Kong)	3	Other financial liabilities	118,304	"	0.00%
3	Yuanta Futures	Yuanta Life	3	Lease liabilities	153,175	"	0.01%
4	Yuanta Life	Yuanta International Insurance Brokers	3	Net service fee and commission income	1,092,011	"	0.92%
5	Yuanta Securities Investment Trust	Yuanta Securities	3	Net other miscellaneous income	115,607	"	0.10%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Indonesia)	3	Receivables – net	554,065	"	0.02%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Hong Kong)	3	Bonds payable	426,324	"	0.01%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Financial assets at fair value through profit or loss	2,676,831	"	0.09%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Equity investments accounted for under the equity method – net	278,178	"	0.01%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage of total consolidated net revenues or assets (Note 3)
				Account	Amount	Conditions	
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Exchange differences on translation of foreign financial statements	128,956	No significant difference from general customers	0.11%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Non-controlling interests	180,411	"	0.01%
6	Yuanta Securities Asia Financial Services	Yuanta Securities (Korea)	3	Gain on financial assets and financial liabilities at fair value through profit or loss	123,319	"	0.10%
7	Yuanta Securities (Hong Kong)	Yuanta Securities (Hong Kong) Company Limited	3	Investments in bills and bonds under resale agreements	166,973	"	0.01%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company.

2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as 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) :

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. 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 recognized reporting segments based on the policies adopted by the CODM.

B. The income sources and service types of each reporting segment

The management has recognized 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, 2021

	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 before income tax	\$ 9,196,807	\$ 29,915,050	\$ 1,048,960	\$ 1,963,687	\$ 2,260,389	\$ 243,549	\$ 44,141,344

Expressed in Thousands of New Taiwan Dollars
For the year ended December 31, 2020

	Banking	Securities	Futures	Insurance	Others	Adjustment and elimination	Consolidated
Revenue from external customers	\$ 19,886,280	\$ 45,263,073	\$ 2,654,771	\$ 43,974,946	\$ 3,849,796	\$ -	\$ 115,628,866
Revenue (loss) from transactions with other operating segments of the same entity	378,669	891,434	(8,777)	(768,498)	366,310	(859,138)	-
Net revenues (Note)	20,264,949	46,154,507	2,645,994	43,206,448	4,216,106	(859,138)	115,628,866
Provision for bad debt expenses, commitment and guarantee policy reserve	(1,942,978)	(174,808)	(34,492)	227	(1)	-	(2,152,052)
Net change in provisions for insurance liabilities	-	-	-	(40,092,039)	-	163,608	(39,928,431)
Operating expenses	(10,290,144)	(27,595,713)	(1,285,922)	(1,553,484)	(2,889,468)	832,626	(42,782,105)
Income from continuing operations before income tax	\$ 8,031,827	\$ 18,383,986	\$ 1,325,580	\$ 1,561,152	\$ 1,326,637	\$ 137,096	\$ 30,766,278

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,	
	2021	2020
R.O.C.	\$ 97,828,337	\$ 98,297,679
South Korea	16,527,007	13,745,580
Others	4,885,159	3,585,607
	<u>\$ 119,240,503</u>	<u>\$ 115,628,866</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.

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